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SECTION ONE: INTRODUCTION – OVERVIEW OF ECONOMIC POLICY AND THE BUDGET FOR 2005

1. **Mr. Speaker**, it is an honour to present, on behalf of His Excellency President John Agyekum Kufuor, the 2005 Budget Statement and Economic Policy of the second term of the NPP Government.

2. His Excellency the President set the tone for "POSITIVE CHANGE CHAPTER TWO" when he stated during his recent State of the Nation Address that a businesslike approach will be adopted in the governance of this country and in the management of its economy.

3. The adoption of the terminology "GHANA INCORPORATED" is, therefore, meant to keep all of us citizens firmly focused on the business of accelerated growth by inspiring the public sector, the private sector, and organized labour to work together towards the singular objective of national development.

4. Like all good businesses, the human being is the key to the success of Ghana Incorporated and this is the underlying factor of the national corporate plan of the Republic of Ghana for the year 2005.

5. **Mr. Speaker**, the policy framework and the successive Budgets implemented during the NPP's first term of office brought significant achievements. These achievements are not mere statistics but real changes that would lead to fundamental transformation of the economy and the lives of the people. Surely, these achievements must have convinced the people of Ghana to renew the mandate of his Excellency the President to govern the nation for a further four years.

6. The macroeconomic targets we set ourselves over the period were, in the main, achieved and have led to a stable economic environment, with reduced inflation, lower interest rates, a relatively stable currency, and a strong external reserves position.

7. **Mr. Speaker**, the nation's public finances are in a much healthier position today than they were some four years ago, with a sharp reduction in the fiscal deficit and the domestic and external debt burdens. Overall revenue performance has improved and creating the scope for increasingly larger public spending.

8. A number of measures have been undertaken to reform public expenditure management through better planning and budget formulation, the setting of realistic and achievable ceilings, clear spending priorities, and enhanced monitoring of disbursements. This has introduced transparency and accountability in the implementation of the Budget and has resulted in better cash management and significant plugging of loopholes that made public finances susceptible to waste and financial malpractice in the past.

9. **Mr. Speaker**, the Revenue Agencies deserve commendation. Their staff have been motivated and their operations are now more efficient and effective. Revenue has increased from ¢4.4 trillion representing 16.3 percent of GDP of ¢27,150 billion at end of 2000, to an all time high of ¢17.4 trillion, equivalent to 21.8 percent of GDP of ¢79,800 billion at the end of 2004.

10. The Non-Tax Revenue Unit of the Ministry of Finance and Economic Planning is now better resourced, leading to enhanced mobilization of non-tax revenue.

11. Focused and effective expenditure reforms have led to low and sustainable levels of fiscal deficits and lower net domestic financing of the Budget, thereby enabling Government to reduce the domestic debt from about 30 percent of GDP at the end of 2000 to 17.6 percent of GDP at the end of 2004.

12. **Mr. Speaker**, two policy documents, the Ghana Poverty Reduction Strategy (GPRS), and the 2000 NPP Manifesto drove Government's

declared programme of Positive Change for the 2001 to 2004 period. The five priority areas selected by Government were used to operationalise the implementation of the programme in the effort to transform the economy. The Presidential Special Initiatives also gave further impetus to the economic agenda.

13. **Mr. Speaker**, I am proud to state that with the inspired leadership of His Excellency the President and the firm and competent stewardship of my Honourable friend and predecessor as Minister of Finance and Economic Planning, this nation has been able to break the myth of election year financial overspending and economic mismanagement. The economy remains in sound shape despite the unforeseen fiscal shocks, and the decision of Government to mitigate the effects of the full market cost of fuel prices in the last year to the society.

14. Doubtless, our Development Partners will take note that Government has been able to avoid slippages and kept to prudent economic policies to enable us sustain our current stable economic environment. This should enable us maintain the excellent and fruitful dialogue through the Multi-Donor Budgetary Support Framework which, for the first time in our country's history, has yielded in the last two consecutive years, 100 percent disbursement of donor pledges to support our budget in the implementation of the GPRS. We kept our part of the bargain and we are grateful they kept their part as well.

15. We welcome the transparency in our dialogue with our Development Partners and the ongoing effort at harmonizing the various development policy frameworks for the accelerated execution of our Growth Agenda. Our declared intention to participate in the Paris Conference from February 28th – 3rd March shows our commitment to this harmonization process.

16. **Mr. Speaker**, one pointer to our positive economic achievements is that for the first time the Government subjected the nation to sovereign credit ratings by credible international ratings agencies. Standards & Poors gave a rating of B+ while Fitch gave a rating of B with a positive outlook in 2003 and again in 2004, after review.

17. **Mr. Speaker**, one other significant development on the economic front in 2004 was Ghana being one of the sixteen eligible countries out of the 62 pre-qualified countries to benefit from the first tranche of US$1 billion initial funding in the Millennium Challenge Account.

18. **Mr. Speaker**, in 2001 His Excellency the President took the bold decision to opt for the HIPC initiative. Ghana reached the completion point of the programme within a record time of thirty months. The reason was that we sustained policy reforms. The implications of these were the cancellation of approximately US$1.5 billion (¢13.65 trillion) of Ghana's stock of debts in nominal terms and a total debt relief from Ghana's creditors amounting to $3.5 billion (¢31.85 trillion) in nominal terms. Ghana will save approximately $230 million (¢2.093 trillion) annually in debt service cost in the next twenty years. Funds from HIPC savings are being invested in poverty reduction programmes all over the country.

19. It is important to point out the significance of Ghana's decision to opt for the HIPC initiatives.

- Ghana had incurred international debts for development programmes over the years, and every year had to repay principal and interest on the loans;

- Allocations were therefore made annually to repay principal and interest. Obviously these repayments were from Ghana's earnings from cocoa, gold and timber. Sometimes we had to borrow new loans to settle old ones.

- Now with debt cancellation, we will not have to repay with our hard earned foreign exchange (dollars & pound sterling etc). Rather, we are required to lodge the cedi equivalent into a HIPC Account at Bank of Ghana. In some instances the loans are completely forgiven.

- The net effect of this initiative is that our debt burden is reduced, and more resources become available to us for the financing of development projects from the HIPC account at the Bank of Ghana on terms agreed with our creditors.

20. **Mr. Speaker**, on behalf of Government, I wish to express our gratitude to the people of Ghana and members of the last Parliament for their corporation and support.

21. **Mr. Speaker**, the President aptly described the stage we are, in the implementation of our development agenda when in his State of the Nation Address at the First Session of the Fourth Parliament of the Fourth Republic, he made this following statement:

"I am happy to be able to state with reasonable confidence that even though Ghana's economy is not yet in the league of the "Asian tigers", stability and growing confidence are now its hallmarks".

22. **Mr. Speaker**, the President had set the stage for his Second Term of Office when in his last address to the Third Parliament of the Fourth Republic before its dissolution on January 4th, 2005 he made the following observation:

"…in the past four years we have made great strides in all spheres of our national endeavour. Our long stagnant and drifting economy has been stabilized and is now poised for accelerated growth and development. There is peace and security. The future is bright."

23. **Mr. Speaker**, the President has identified the priority areas of the NPP Development Agenda for the coming years. These are:

- Human resource development through education and improved health service delivery, and other related services;
- Private sector development; envisaging agriculture based on human development, infrastructure by government in partnership with the private sector; and
- Good Governance

24. The Budget for 2005 is formulated around these three priority areas, which cut across the five priorities in the GPRS. The Budget provides the macroeconomic underpinnings for continued progress to achieve the medium term objectives set out in the GPRS.

25. **Mr. Speaker**, this year's Budget is one, which offers all Ghanaians Hope and the vision for Prosperity. It is anchored on an Accelerated Growth Agenda with policies and programmes to supply the means and incentives to create the platform for all to work to achieve a much higher standard of welfare.

26. The Government will begin in 2005, its programme to build a knowledge-based economy over the next generation and to concretize the President's vision to develop human capital as an important tool for national development for accelerated growth, and job creation with high productivity.

27. Steps will be taken to integrate training at all levels with ICT, in order to position Ghanaian workers at the cutting edge of technology. Structures will be put in place to provide incentives to telecommunication operators. It is in furtherance of the Government's determination to give universal access service to all. We are focusing in particular on underserved rural and urban deprived areas. This policy is to support Government's distance learning programs.

28. Technical and Vocational Education and Training will be expanded and facilities of sector institutions improved to deliver adequate services.

29. **Mr. Speaker**, a healthy population is a productive population. Government will fully implement the National Health Insurance Scheme (NHIS) to give affordable access to healthcare, particularly the poor and vulnerable.

30. The private sector will undergo radical transformation to push forward the growth agenda. Government will pursue collaborative policies developed with the Private Sector Associations that would increase efficiency, transparency, reduce transactions costs and facilitate business growth.

31. **Mr. Speaker,** as expected the private sector would enjoy predictable and less burdensome tax regime with significant tax reliefs so as to enable both domestic and foreign investors expand their activities and invest in new ventures. The tax bracket for personal income tax would be reviewed and its span further increased to give more relief to workers.

32. Against this background, start-up companies will be encouraged and assisted to become viable businesses; they will have access to equity funds through the Government's Venture Capital scheme provided they present feasible projects and viable business plans.

33. Budgetary provision has been made for a Fund created to support industries that will commercialize research findings from local research institutions.

34. **Mr. Speaker,** we are taking measures to enhance financial market transparency in order to boost investor confidence in our financial markets. The critical confidence needed to attract international capital flows will be achieved through the expansion of a Central

Systems Depository for Securities (CSDS) recently introduced by the Bank of Ghana. CSDS is a computer based data recording system, which records the holdings of all securities, (Government Debt, Equities, Corporate Bonds etc.) in electronic form. It commenced operations in November 2004, at the Bank of Ghana.

35. Government has put in place structures to support exports to existing and new markets, while at the same time taking measures to stimulate demand for locally produced goods and services through the promotion of consumption of locally manufactured products.

36. Our land and environment, as we all know have continued to suffer massive degradation, and our forests, minerals and water have been depleting at a frightening pace. Measures will therefore be taken to stem this tide.

37. Cash crops i.e. cocoa and shea nuts would continue to be at the core of the government's agenda. The productivity enhancement programmes would be sustained to boost incomes of farmers.

38. The Free Zone programme will be reviewed in order to enhance the operations of companies within the free zone enclave, ensure transparency and reduce tax evasion. It must be noted that the Government income is the taxes paid by corporate entities and individuals.

39. Under the on-going Public Sector Reforms, the human resource capacity of the Civil and Public Services would be redeveloped to positioned them to deliver more efficient services aimed at satisfying the needs of its clientele.

40. **Mr. Speaker**, the transparency and integrity of the financial sector will be strengthened and safeguarded to enable the financial

community gain the confidence it requires to transact financial business in the country.

41. The insurance industry would be made to enhance its saving mobilization role. By broadening its shareholding structure, the insurance industry must be able to raise enough capital to meet risks they underwrite. It must create a level playing field for all stakeholders. Towards this end the insurance law is under review to strengthen good governance in the industry. It would be put before Parliament this year for consideration. Several other financial legislations will be presented to Parliament during the year for promulgation.

42. Now **Mr. Speaker,** I move to the substantive paragraphs of the Budget Statement and Economic Policy.



SECTION TWO: WORLD ECONOMIC DEVELOPMENTS AND OUTLOOK

Global Economic Developments

43. After a rebound in 2003, the world economy strengthened in 2004 despite threats from the increases in international crude oil prices, and grew by an estimated 4.0 percent. Although the accelerated global growth experienced in 2004 was driven by the United States with strong support from Asia, the recovery, became increasingly broad-based with activity in all the other regions of the world picking up strongly.

44. Growth in developing countries was estimated to reach more than 6.0 percent in 2004, propelled largely by strong performances from emerging economies in Asia, Europe and the Pacific. By contrast, sub-Saharan Africa registered a relatively slower growth estimated at 3.2 percent.

45. **Mr. Speaker**, strong import demand in China and higher than expected demand in the United States in 2004 contributed to an exceptional 10.2 percent increase in world trade volumes.

46. During 2004, oil prices were both high and volatile. Crude oil prices rose to historically high levels underpinned by a combination of surging global demand and geo-political supply-side concerns in some oil–exporting countries, including Iraq, Russia and Venezuela. In contrast, non-fuel commodity prices, which rose substantially in early 2004, showed signs of easing partly on account of a slow down in growth in China — a significant consumer of some key commodities and intermediate products.

47. After falling to unusually low levels in mid-2003, headline inflation across the world surged upwards reflecting higher prices of crude oil and intermediate materials even though the rates continue to be

moderate. Consumer price inflation in the advanced countries rose from an average of 1.8 percent in 2003 to an estimated 2.1 percent in 2004 and remained below 10 percent in the developing countries.

Developments in the ECOWAS Sub-Region

48. **Mr. Speaker,** our region is full of contrast, with some member countries enjoying peace, stability and economic improvements, and others with internal conflicts and fragile economies. The situation engaged the attention of Heads of Member States as peacekeeping measures have tendered to divert resources meant for economic development towards conflict resolution and management.

49. **Mr. Speaker,** it is heartening to indicate that since 2002, efforts have been intensified to overcome some of the challenges that have militated against the timely implementation of some protocols eg. the ECOWAS Trade Liberalization Scheme (ETLS). These include:

- steps to harmonize the ECOWAS and UEMOA liberalization schemes;
- the reviving of the community levy;
- simplification of procedures on the rules of origin and payment of compensation; and
- initiatives aimed at adopting and enforcing the UEMOA Common External Tariff (CET) regime for the whole of ECOWAS.

50. Though we have not achieved the expected levels of progress in the implementation of the protocols, there is the will and the resolve to pursue their attainment.

51. Countries of the West African Monetary Zone (WAMZ) are expected to launch programs in 2005 to implement the CET with a three-year transitional period to allow member States make the necessary adjustments for a successful and uniform implementation in 2008.

52. The ECOWAS Authority has also adopted the mandate for the negotiation of an Economic Partnership Agreement (EPA) between West Africa and the European Union leading to the progressive establishment of a reciprocal free trade zone between the two communities. The agreement will be for a period of twelve years beginning from January 2008. It was also decided that the EPA should be used to deepen the integration process in the sub-region and promote speedy implementation of the ETLS.

Developments in the West African Monetary Zone (WAMZ)

53. **Mr. Speaker**, the Authority of Heads of State and Government of the West African Monetary Zone (WAMZ), meeting in Conakry Guinea in September 2004, noted that significant progress had been made in meeting the convergence criteria but the level of convergence remained inadequate relative to the targets. The Authority, while encouraging member countries to intensify efforts at strengthening macroeconomic and structural policy reforms, requested for a detailed study by the West African Monetary Institute (WAMI) to establish the state of preparedness and provide firm basis for the launch of the monetary union. This study is expected to be completed by March 2005.

Outlook for 2005

54. **Mr. Speaker**, the global growth momentum is projected to slow down in 2005 and 2006 to an estimated 3.2 percent in each year due to dampening effects of volatile and high oil prices, expected tightening of fiscal policies in the United States and Europe, rising interests rates as well as China's effort to bring growth down to a more sustainable pace and the devastating effect of the Indian Ocean tsunami.

55. Headline inflation and interest rates in the advanced countries are expected to continue to rise in 2005 due to high volatility in oil prices and continued shifting of monetary policy by major central banks from an accommodation to a more neutral stance.

56. Non-fuel commodity prices are projected to fall in tandem with weaker global growth and demand in 2005.

57. Oil-importing sub-Saharan African countries are likely to experience unfavourable terms of trade due to the negative income effects of projected high oil prices and falling prices of non-oil commodity.

58. Financing requirements of the U.S. current account and fiscal deficits, and the renewed downward pressure on the US dollar are strong signals that long-term interest rates will continue to rise worldwide in 2005.

59. Notwithstanding these seeming difficulties, improvements in macroeconomic fundamentals, falling debt levels, enhanced structural flexibility, stronger investment climate and further progress towards reduction in trade barriers will, if sustained, create the needed policy space for developing countries to achieve and sustain high growth levels. Consequently, GDP growth in sub-Saharan Africa is projected to improve marginally to 3.6 percent in 2005.

SECTION THREE: MACROECONOMIC PERFORMANCE IN 2004

60. **Mr. Speaker**, in our bid to further consolidate the progress made in previous years, we set goals for ourselves in 2004 which were consistent with the GPRS. These goals included the following:

- increasing revenue to create scope for increased poverty-related spending and accelerated development;
- strengthening public expenditure management; and
- using an appropriate mix of fiscal and monetary policies to deliver on our declared objectives of dampening inflationary expectations with a view to reducing the rate of inflation to single digit levels and sustaining overall macroeconomic stability.

61. We also indicated that with the policies outlined in the Budget Statement, Ghana would reach the Completion Point under the enhanced HIPC Initiative during the course of the 2004 fiscal year. Indeed Ghana reached the Completion Point in July 2004.

Macroeconomic Objectives for 2004

62. In the 2004 Budget Statement the fiscal programme for the medium-term which was driven by the underlying economic framework of the GPRS set the following specific macroeconomic targets:

- A real GDP growth rate of at least 5.2 percent;
- A commitment to bringing the 12-month CPI inflation rate down to under 10 percent by the end of December, 2004;
- Maintaining our goal to buildup the gross international reserves to not less than 3 months of imports cover;

- A domestic primary surplus of 1.7 percent of GDP; and
- An overall budget deficit equivalent to 1.7 percent of GDP.

Performance during 2004

63. The implementation of the 2004 Budget was beset by a number of difficulties. These included:

- The persistent volatile increases in world crude oil prices which necessitated the transfer of resources earmarked for social and development programmes to the procurement of crude oil; and
- The huge transfer of resources to the Tema Oil Refinery to subsidise the prices of petroleum products in order to prevent financial bleeding at TOR resulting from the under-recovery in the ex-refinery prices of petroleum products.

64. In spite of these challenges, the economy was prudently managed and the performance was quite remarkable. Indeed, all the key economic indicators show that the economy remained resilient in 2004. The provisional out-turn indicates that: -

- Real GDP grew at 5.8 percent, exceeding the projected growth of 5.2 percent;
- Year-on-year inflation declined to 11.8 percent at end-December, 2004, marginally over the target but well below the 23.6 percent at end-December 2003;
- Average inflation declined from 26.7 percent in 2003 to 12.6 percent in 2004;

- The cedi remained relatively stable throughout the year — depreciating by a moderate 2.2 percent against the US dollar;

- The domestic primary balance registered a surplus equivalent to 0.7 percent of GDP, while the overall budget was in a deficit equal to 3.2 percent of GDP;

- Net domestic financing of the budget was higher than programmed at ¢393 billion (equivalent to 0.5 percent of GDP) against the target of a net repayment of ¢1,732 billion (equivalent to 2.2 percent of GDP);

- Gross official foreign reserves were the equivalent to 3.8 months of imports, at the end of December 2004, against the target of 3.0 months of imports;

- Interest rates generally declined and stabilised, with the benchmark 91-day Treasury bill rate falling slightly from 18.7 percent at the end of 2003 to about 17.0 percent;

- Total revenues exceeded expectations in 2004 as a result of measures taken to improve efficiency in administration;

- Total expenditures exceeded projections mainly on account of transfers to fund petroleum price subsidies and capital outlays financed by higher-than-expected disbursement of external inflows including HIPC debt relief.

65. The details of economic developments in 2004 are presented in the sections that follow.

.

Growth of Gross Domestic Product (GDP)

66. The provisional outturn indicates that GDP recorded a growth rate of 5.8 percent in 2004, exceeding both the projection for the year and the 2003 outcome by 0.6 percentage points.

67. Once again, the **Agricultural Sector** led the way with an outstanding growth performance of 7.5 percent against the growth rate of 6.1 percent achieved in 2003, with the **Industrial and Services Sectors** registering growth performances of 5.1 percent and 4.7 percent, respectively, or at the same pace as last year.

68. In terms of the relative importance of the sectors to the overall growth, agriculture contributed 46.7 percent, up from the 41.4 percent in 2003. This surge in agriculture led by the cocoa sub-sector reduced the relative contributions of all other sectors. Industry and Services contributed 22.1 percent and 24.3 percent, down from 24.0 percent and 26.7 percent, recorded in 2003 respectively. The residual contributions of 7.8 percent and 6.8 percent to growth in 2003 and 2004, respectively, are attributable to Net Indirect Taxes.

Agriculture

69. The reported growth in the Agriculture Sector was propelled by the strong continued performance of the cocoa sub-sector. The growth of 29.9 percent of the cocoa sub-sector (the equivalent of 17.9 percent contribution to total GDP growth) was a further improvement on the 16.4 percent growth realised in 2003 (equivalent to 9.8 percent contribution to total growth). The mass spraying exercise and better husbandry practices initiated by the NPP Government in 2001 continue to have a positive impact on cocoa production.

70. Growth in the forestry and logging sub-sector slowed down in 2004,while that of the crops and livestock sub-sector mirrored the 2003 performance of 5.3 percent. The growth in the fishery sub-sector was 3.5 percent which represented a marked improvement over the performance in 2003.

Table 1: Percentage Growth in Agriculture (2002-2004)

	2002	2003	2004 Prov.
Agriculture	**4.4**	**6.1**	**7.5**
Crops and Livestock	5.2	5.3	5.4
Cocoa	-0.5	16.4	29.9
Forestry &Logging	5.0	6.1	5.8
Fishing	2.8	3.0	3.5

Source: Ghana Statistical Service /MoFEP

Table 2: Agriculture's Percentage Contribution to Overall Growth (2002-2004)

	2002	2003	2004 Prov.
Agriculture	**34.4**	**41.4**	**46.7**
Crops and Livestock	28.0	24.9	22.6
Cocoa	-0.4	9.8	17.9
Forestry	3.9	4.2	3.6
Fishing	2.8	2.6	2.6

Source: Ghana Statistical Service/MoFEP

Industry

71. The construction sub-sector was the highest performer under industry, registering 6.6 percent growth as against 6.1 percent in 2003. This shows a consistent increase in growth in the construction industry over the last three years. The growth in construction was boosted by road infrastructure development during the year. The manufacturing sub-sector's growth rate of 4.6 percent was similar to the performance in 2003. Growth in Mining and Quarrying, and Electricity and Water sub-sectors, however, decelerated relative to the 2003.

Table 3: Percentage Growth in Industry (2002-2004)

	2002	2003	2004 Prov.
Industry	**4.7**	**5.1**	**5.1**
Mining and Quarrying	4.5	4.7	4.5
Manufacturing	4.8	4.6	4.6
Electricity and Water	4.1	4.2	3.7
Construction	5.0	6.1	6.6

Source: Ghana Statistical Service/MoFEP

Table 4: Industry's Percentage Contribution to Overall Growth

	2002	2003	2004 Prov.
Industry	**25.9**	**24.0**	**22.1**
Mining and Quarrying	5.2	4.7	4.1
Manufacturing	9.6	8.0	7.2
Electricity	2.3	2.0	1.6
Construction	8.7	9.3	9.2

Source: Ghana Statistical Service /MoFEP

The contribution to overall GDP growth by all the sub-sectors in Industry in 2004 fell short of 2003 effort. The shortfall in the construction sub-sector was, however, only marginal.

Services

72. Growth performances of the various sub-sectors of the Services Sector were mixed. The three sub-sectors comprising Transport, Storage and Communications, Wholesale and Retail Trade,

Restaurants and Hotels, and Finance and Insurance, Real Estate and Business Services all registered lower growth rates in 2004 compared to 2003. The remaining sub-sectors, including Government Services, however, performed relatively better.

73. Again, as was the case in Industry, there were reductions (some very significant) in the contribution to the overall growth by all the sub-sectors of the services sector in 2004 relative to the 2003 performances.

Table 5: Percentage Growth in Services (2002-2004)

	2002	2003	2004 Prov.
Services	**4.7**	**4.7**	**4.7**
Transport, Storage and Communication	5.7	5.8	5.6
Wholesale, Trade & Retail	5.6	5.0	4.9
Finance and Insurance	5.5	5.2	4.8
Government Services	3.6	4.0	4.4
Community, Social and Personal Services	4.4	4.1	4.2
Producers of Private Services	3.1	3.3	3.5

Source: Ghana Statistical Service /MoFEP

Table 6: Services Contribution to Growth (2002-2004)

	2002	2003	2004 Prov
Services	**31.0**	**26.7**	**24.3**
Transport, Storage and Communication	6.0	5.4	4.7
Wholesale, Trade & Retail	8.5	6.6	5.9
Finance and Insurance	5.2	4.3	3.6
Government Services	8.8	8.4	8.2
Community	1.9	1.5	1.4
Private Non-Profit	0.6	0.5	0.5

Source: Ghana Statistical Service/MoFEP

Fiscal Developments

74. In 2004, as in the preceding years of the NPP administration, the principal objective of fiscal policy was to reduce and stabilize the domestic debt. The fiscal framework was, therefore, geared to eliminate the reliance on domestic financing of the operations of Government. The challenges that have confronted Government have been in relation to the increasing wage bill and the burden of servicing the domestic debt, including the accumulated debts of Tema Oil Refinery (TOR), Electricity Corporation of Ghana (ECG), and Ghana Water Company Limited (GWCL).

75. The 2004 Budget Statement and Economic Policy sought to address these challenges while expanding development and social spending to propel growth and reduce poverty.

76. **Mr. Speaker**, with the cooperation of all Ghanaians, we were able to achieve most of the fiscal objectives.

Total Receipts

77. Provisional fiscal data indicate that **total receipts** including donor grants, foreign loans and HIPC relief for 2004 amounted to ¢ 28,736.8 billion, about ¢3,883.7 billion above the budget projection of ¢24,853.1 billion. Total domestic resources including divestiture receipts constituted 67.1 percent of the total resource envelope, with donor assistance accounting for the remaining 32.9 percent.

78. Domestic revenues (tax and non-tax) amounted to ¢18,998.0 billion, exceeding the 2004 projection by 9.4 percent. In terms of GDP, the 2004 performance of 23.8 percent was a marked improvement over the 20.8 percent attained in 2003.

79. Non-Tax receipts of ¢1,136.3 billion exceeded the budgeted estimates by nearly 68 percent, mainly as a result of more effective implementation of the Financial Administration Act as it relates to State Owned Enterprises (SOEs). The 2004 performance

represented 1.4 percent of GDP compared to 0.5 percent of GDP in 2003.

80. All tax categories improved in performance compared to 2003. The 30.1 percent improvement in tax collections over the 2003 amount of ¢13,379.5 billion to ¢17,403.0 billion reflects, in part, the intensified efforts devoted to tax administration and enhanced compliance.

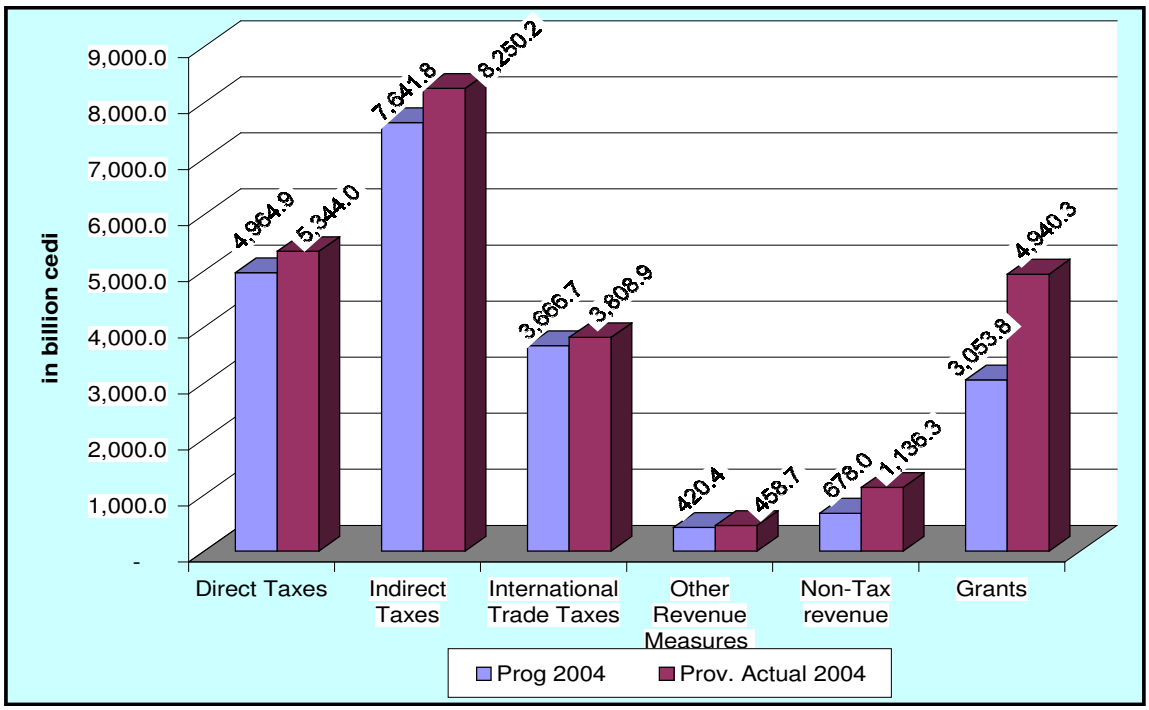
81. The Internal Revenue Service (IRS) accounted for 30.7 percent of total tax receipts in 2004, a marginal improvement over the 2003 performance of 30.6 per cent.

82. Tax revenues credited to the Value Added Tax (VAT) Service in 2004 represented nearly 26 percent of the total, up from the 2003 outcome of 25 per cent.

83. The tax share attributable to the Customs, Excise and Preventive Service (CEPS) in 2004 amounted to 37.7 percent down from the 2003 outcome of 38.6 percent mainly on account of losses in ad valorem excise duties resulting from non-adjustment of ex-refinery prices to reflect world market trends.

84. In terms of classification by tax type, Direct Taxes yielded ¢5,3440.0 billion compared with ¢4,964.9 billion projected in the budget. Taxes on International Trade amounted to ¢3,808.9 billion exceeding target of 3,666.7. Indirect Taxes turned out to be ¢ 8,250.2 billion exceeding the budget projected by 8.0 percent.

Figure 1: Total Receipts in 2004



Disbursement of External Grants

85. With better implementation of the policies underpinning the budget for 2004, disbursement of external grants reached a record level of ¢4,940.3 billion equivalent to 6.2 percent of GDP compared to the

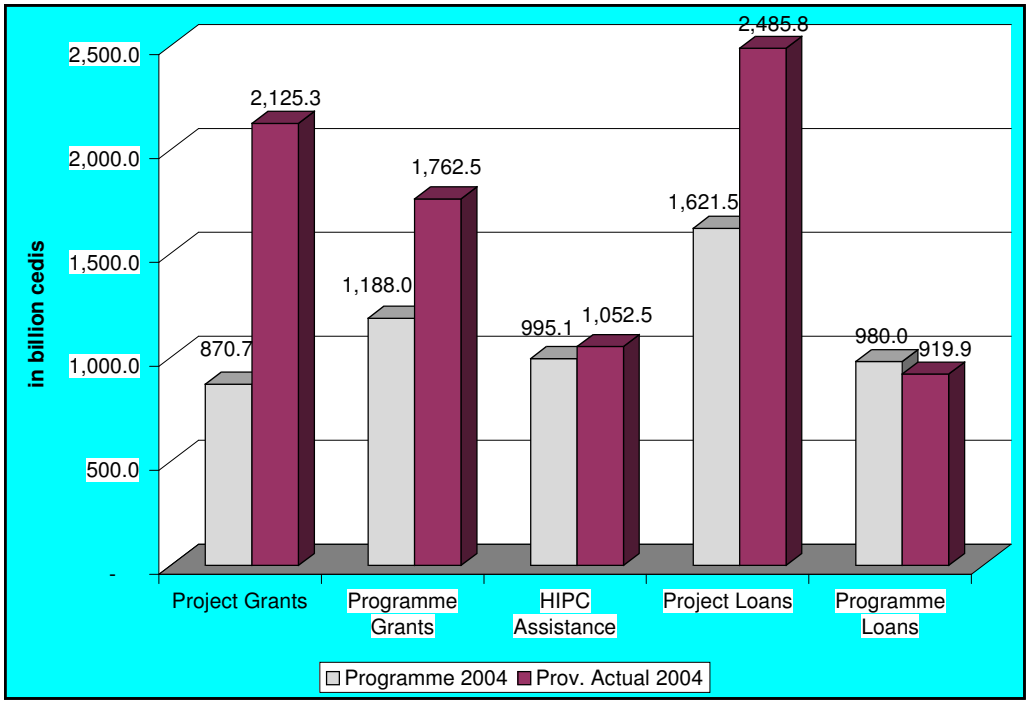
3.9 percent of GDP in 2003. This exceeded the budget estimate of ¢ 3,053.8 billion by ¢1,886.5 billion, equivalent to 61.8 percent.

86. **Project grants** amounted to ¢2,125.3 billion compared to the ¢ 870.7 billion projected for 2004, making room for the capital expenditure programme to be expanded during the year.

87. The outturn for **programme grants** at ¢ 1,762.5 billion, exceeded the budget estimate of ¢1,188.0 billion by ¢574.5 billion.

88. **HIPC debt relief** from our multilateral development partners amounted to ¢1,052.5 billion and was higher than the projected relief of ¢995.1 billion by ¢57.5 billion.

Figure 2: Programme and Outturn for External Loans and Grants in 2004



Disbursements of External Loans

89. Total disbursement of foreign loans in 2004 also exceeded the budget estimate of ¢2,601.5 billion by ¢804.2 billion on account of project loans which exceeded the budget projection of ¢1,621.5 billion by ¢864.3 billion. Programme loan disbursements, however, fell short of the budget estimate of ¢980.0 billion by ¢60.1 billion, although this represented full disbursement of commitment from the Multidonor Budget Support (MDBS) mechanism.

90. The MDBS framework operationalises arrangements with our Development Partners to harmonise and simplify procedures for disbursement of external flows in support of the Budget.

Other Receipts

91. **Divestiture receipts** amounted to ¢285.7 billion representing 67 percent of the target amount of ¢426.8 billion. The shortfall was due to delays in the evaluation and due diligence of SOEs earmarked for divestiture.

92. **HIPC relief** from bilateral and commercial creditors amounted to ¢ 1,064.8 billion, more than double the projection of ¢512.9 billion. This was the result of our reaching the Completion Point under the HIPC initiative, and the subsequent acceleration in negotiations in respect of inflows of relief expected from some bilateral development partners.

Total Payments

93. **Total budgeted payments** for the 2004 fiscal year were estimated at ¢24,853.1 billion. The provisional outturn for the period was ¢28,736.8 billion, consisting of ¢8,951.6 billion of statutory payments and ¢19,773.2 billion of discretionary spending representing 31.2 percent and 68.8 percent of the total respectively.

94. The overrun of ¢3,883.7 billion was due to four main expenditure items, two of which were self-financing. First, the increased disbursement of project loans and grants made room for the financing of additional capital expenditure without exerting any pressure on domestic resources.

95. Second, is the transfer of subsidies to TOR for under-recovery in their operations resulting from the non-adjustment of petroleum prices to reflect the hike in crude oil prices on international markets. In the event, these subsidies which were not accounted for in the budget amounted to ¢1,772.3 billion.

96. The third reason is attributable to HIPC-financed expenditures which were fully covered by resources from debt relief. The fourth item relates to personal emoluments which exceeded the budget projection of ¢6,632 billion by ¢314.8 billion. This was due to transfers to foreign missions (to mitigate the effect of the weakness of the US dollar vis-a-vis the euro and pound sterling on the international markets) and subvented organisations.

Statutory Payments

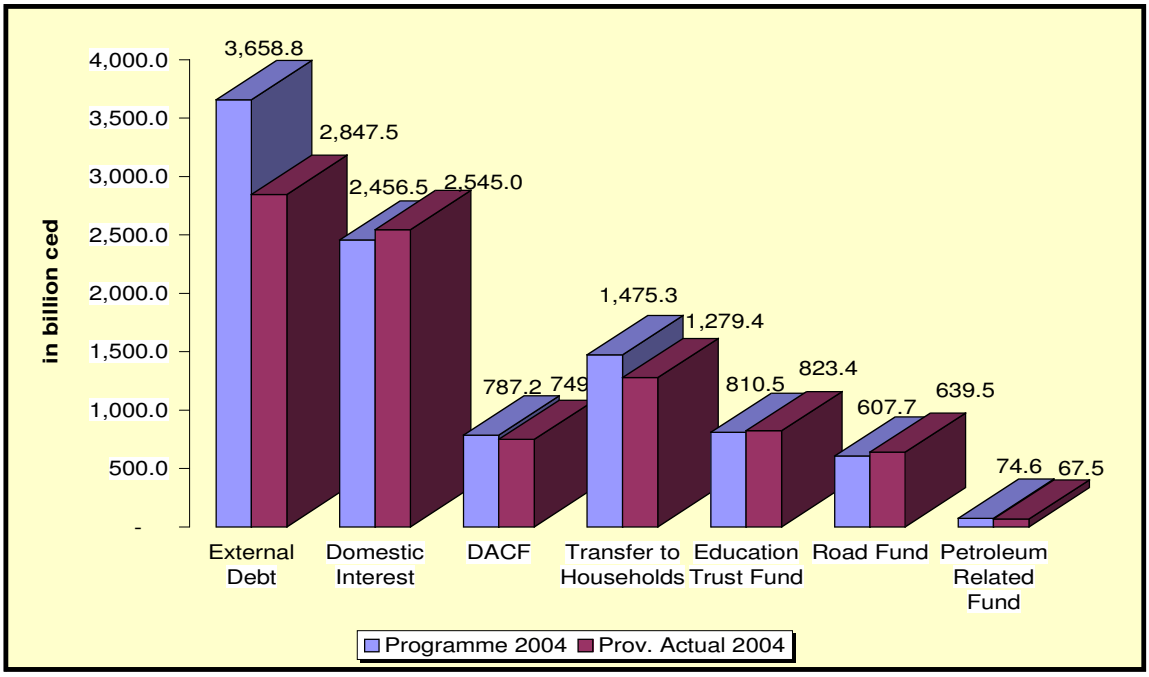
97. The realised amount of statutory payments of ¢8,951.6 billion fell short of the projection by 9.3 percent. External debt service due for payment amounted to ¢2,847.5 billion against a projection of ¢ 3,658.8 billion, showing savings of ¢811.3 billion attributable mainly to debt relief.

98. Repayments on the **principal component** of external debt due was ¢1,920.1 billion, against a targeted amount of ¢2,686.6 billion, while payments on external interest amounted to ¢927.4 billion, compared to a projection of ¢972.1 billion. The lower outturn is partly due to the fact that the budget estimates included contingent

liabilities. However, none of these guarantees crystalised as the SOEs in question were able to service their debts as planned.

99. **Debt service payments for Government of Ghana inflation-indexed bonds** amounted to ¢349.7 billion. This was the result of Government's decision to retire the inflation-indexed bonds that matured in the course of the year, and reflected higher capital appreciation than anticipated. In the event, the net retirement of the inflation-indexed bonds in 2004 amounted to ¢530.1 billion.

Figure 3: Programmed and Provisional Statutory Payments, 2004



100. **Interest payments** on the domestic debt amounted to ¢2,545.0 billion, ¢88.5 billion higher than programmed, as a result of the payment of additional interest of ¢339.4 billion on TOR bonds.

101. **The Road Fund** received a total of ¢639.5 billion, compared to the projected ¢607.7 billion. Other **Petroleum-Related Funds** received ¢67.5 billion in transfers compared with a projected ¢74.6 billion. Total transfers into the two Funds thus exceeded the projection by ¢24.7 billion.

102. **Transfers to households,** comprising **pensions**, **gratuities** and **social security** contributions by Government on behalf of public servants, collectively amounted to ¢1,279.4 billion, against a budget of ¢1,054.9 billion. The over-expenditure was associated with the commencement of implementation of the new policy on pensions computation.

103. In 2004 current transfers into the **District Assemblies Common Fund** (DACF) amounted to ¢749.4 billion, ¢37.8 billion less than the projection of ¢787.2 billion. While the projection was based on the total tax projections for 2004, the effective transfers were based on actual tax revenues realised from the 4th quarter of 2003, through the 3rd quarter of 2004, as agreed with the Fund's Administrator.

104. Total transfers into the **Ghana Education Trust Fund** (GETFund) in 2004 amounted to ¢823.4 billion, covering the twelve–month period of December 2003 through November 2004 ensuring that payments into the fund remained current. The transfers exceeded the budget estimate by about ¢12.9 billion.

Discretionary Payments

105. Total discretionary payments exceeded the budget provision by 32 percent. The outturn for **personal emoluments** amounted to ¢ 6,946.7 billion, exceeding the budget amount of ¢6,632.0 billion by ¢314.8 billion. The overrun was partly as a result of payment of increased Additional Duty Hours Allowance (ADHA) for health workers as well as increased transfers to foreign missions and other transfers to subvented agencies as indicated earlier.

106. Expenditure in respect of **Administration and Service** totalled ¢ 2,360.3 billion, against a budget of ¢2,734.3 billion, showing a lower outturn of ¢374.0 billion.

107. **Total Investment** expenditure excluding those funded from HIPC resources and resources transferred into statutory funds amounted to ¢5,805.2 billion, against a budget of ¢3,225.7 billion. The outturn comprised domestic-financed investment of ¢1,194.1 billion, and a foreign-financed component of ¢4,611.1 billion representing 20.6 percent and 79.4 percent of the total, respectively. The provisional outturn for domestically-financed investment expenditure was lower than the budget estimate by ¢39.5 billion while the foreign-financed component exceeded the estimate by ¢2,118.9 billion on account of higher than expected disbursements of project loans and grants.

108. Domestically-financed capital expenditure included transfers into the Venture Capital Fund from the National Reconstruction Levy. Development expenditure on its own, was lower than the budget estimate of ¢1,147 billion by ¢135.8 billion.

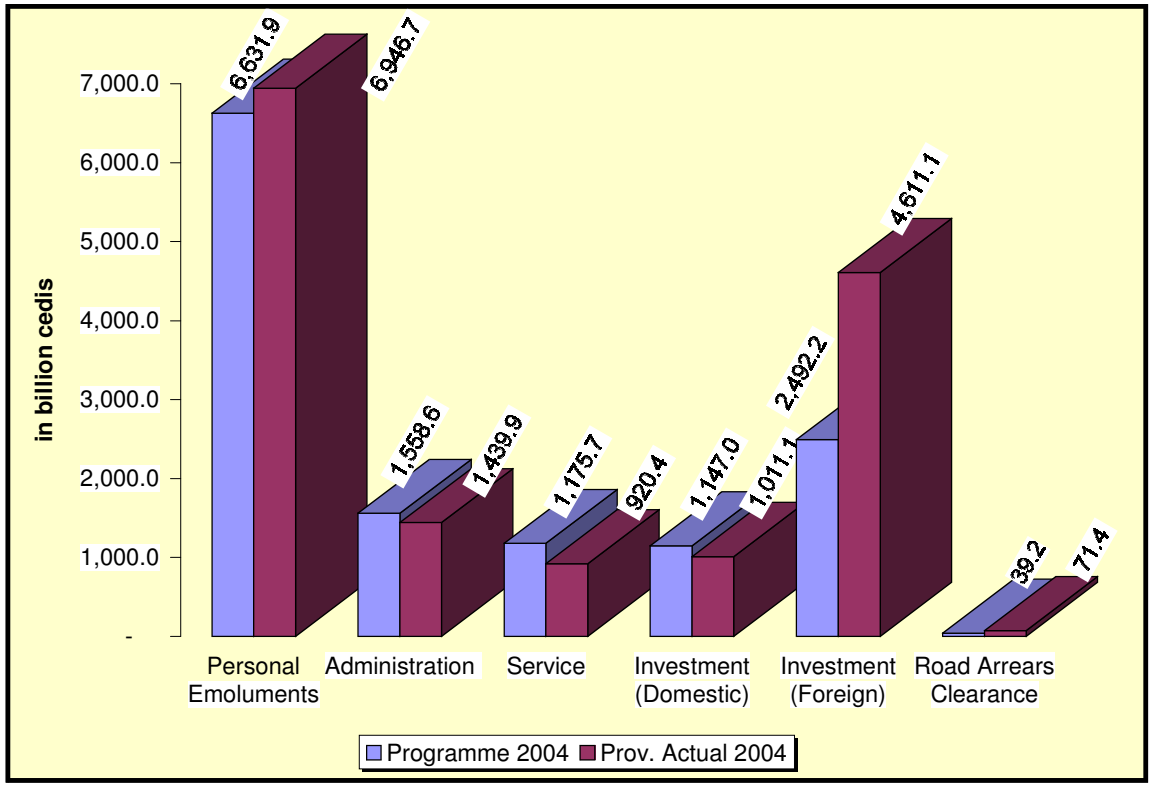


Figure 4: Programmed and Provisional Discretionary Payments, 2004

109. Expenditures financed from HIPC Debt Relief amounted to ¢1,869.6 billion, against the targeted amount of ¢1,206.4 billion. As already stated at the beginning of this section, HIPC-financed expenditures are self-financing; more was spent as more relief was received.

110. Payments in respect of subsidies amounted to ¢2,207 billion. The budget, allocated a total of ¢392 billion as subsidies to VRA (for the purchase of crude oil for the operation of the thermal plant to ensure reliable supply of electricity) and ECG to address the needs of lifeline electricity consumers. However, due to the higher-than-projected world crude oil prices, TOR had to be subsidized to the tune of ¢1,772.3 billion. In the event, additional domestic resources had to be mobilized to contain the situation.

Clearance of Arrears

111. An amount of ¢270.8 billion of arrears was cleared in 2004 consisting of road arrears of ¢71.4 billion and non-road arrears of ¢ 199.4 billion. Most of the road arrears were in connection with disputed claims that had to be settled after arbitration. About ¢97 billion of the outstanding stock of non-road arrears were scheduled payments of ¢43.1 billion and ¢53.9 billion in respect of DACF and GETFund, respectively, in fulfillment of the arrangements proposed in the 2003 Budget Statement and approved by Parliament.

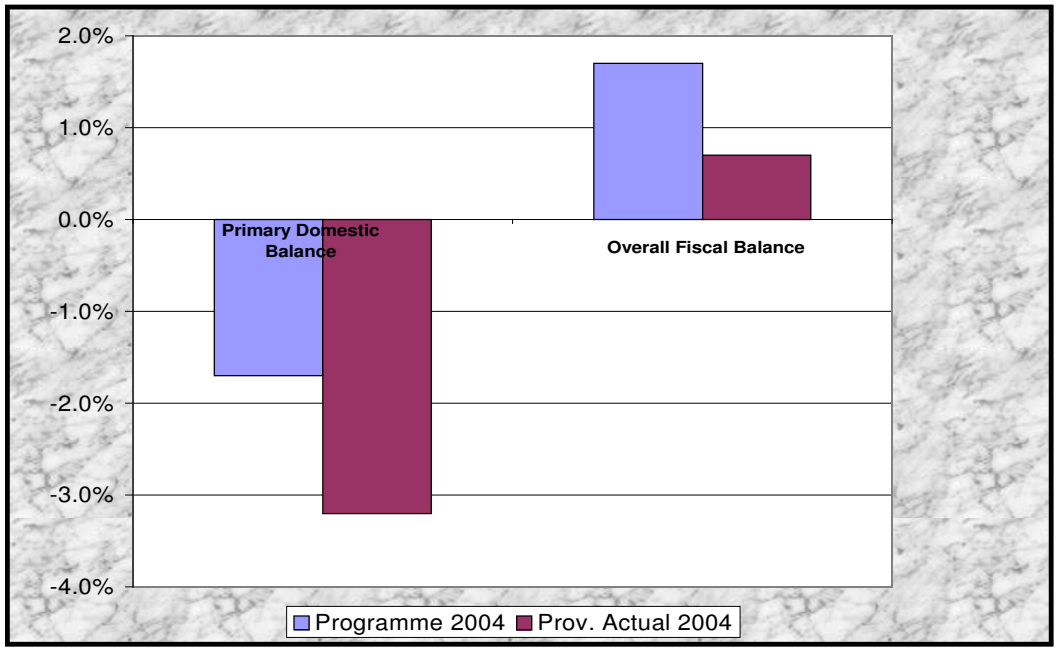
Budget Balances

112. The provisional fiscal outturn for 2004 shows an **overall budget deficit** of 3.2 percent of GDP while the outcome exceeded the target of 1.7 percent of GDP, it is nonetheless a marginal improvement over the fiscal performance of 3.3 percent of GDP achieved in 2003.

113. The **domestic primary balance**, recorded a surplus equivalent to 0.7 percent of GDP, lower than the target of 1.7 percent of GDP. **Net domestic financing** at the end of the year was equivalent to 0.5 percent of GDP.

114. As a result of these developments, the **domestic debt to GDP ratio** declined from 26.2 percent in 2002 to 17.6 percent in 2004 thus keeping us on track to meet the objective of halving the domestic debt burden by end 2005.

Figure 5: Overall Fiscal Balance and Primary Domestic Balance, 2004



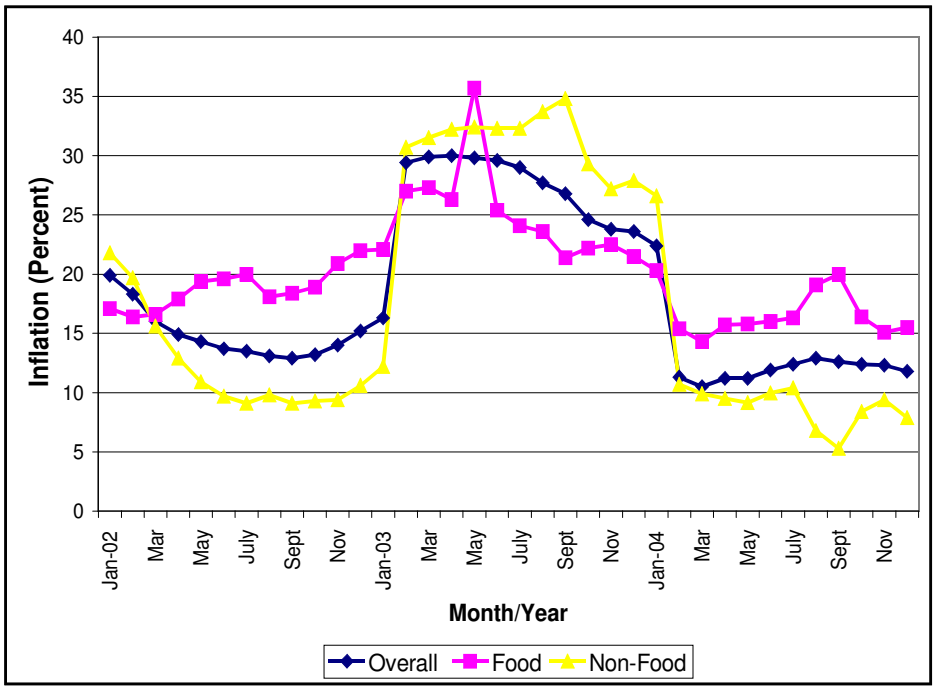
115. **Mr. Speaker**, in sum, in spite of the difficulties that confronted us in the implementation of the 2004 budget, especially in the face of the hikes in world crude oil prices, prudent economic management and the strong support from our fellow Ghanaians and our development partners provided the necessary cushion that enabled us to reasonably keep the fiscal position on course.

Monetary Policy, Price and Exchange Rate Developments

116. Monetary policy stance in 2004 aimed at sustaining the progress made in reducing inflation and maintaining exchange rate stability as part of its contribution towards the creation of an environment conducive to sustainable economic growth. To this end, the Bank of Ghana geared its policies in line with the commitment of Government to bring the 12-month CPI inflation down to single digit.

117. The monetary programme for 2004 envisaged annual growth rates of 20.5 and 20.0 percent, respectively, for reserve money and broad money including foreign currency deposits (M2+).

Figure 6: Year-on-Year and Average Annual Inflation Rates (2002-2004)



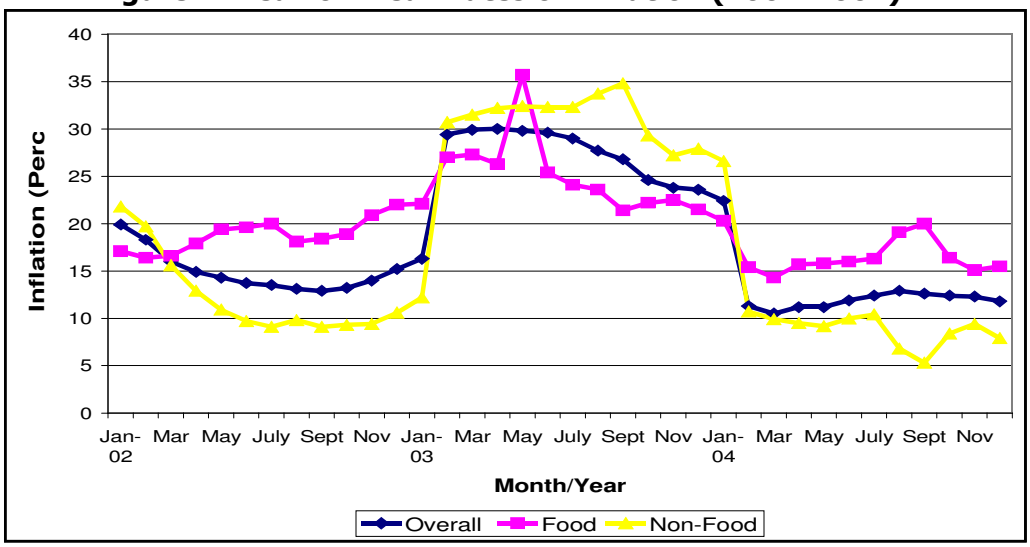
118. Some progress was made during the year. Monetary policy was successful in dampening inflationary expectations and keeping monetary growth within the targeted range, leading to a considerable easing of inflation pressures.

Price Developments

119. The CPI-based rate of inflation which stood at 23.6 percent in December 2003 declined to 11.8 percent at the end of 2004. The year-on-year inflation rate of the food component decreased from

21.5 percent in December 2003 to 15.5 percent by December 2004, while the non-food component declined considerably from 26.6 percent to 7.9 percent over the same period. The drop in inflation reflected a combination of improved food supply, monetary restraint, and a relatively stable exchange rate in an environment of diminishing inflationary expectations.

Figure 7: Year-on-Year Rates of Inflation (2002-2004)



Trends in Monetary Aggregates

120. Monetary policy instruments, particularly the prime rate, were effectively used to influence inflationary expectations and sterilisation of excess liquidity. The rate of growth of the monetary aggregates declined significantly from 2003 levels, leading to sustained decline in interest rates and a build-up in foreign exchange reserves.

121. Reserve money grew at 18.8 percent compared with 33.4 percent in 2003. Net Foreign Assets (NFA) of the Bank of Ghana, which

benefited from improved inflows from official loans and grants and cocoa export receipts continued to be the main source of growth in reserve money. Currency outside banks went up by 15.2 percent compared with 35.7 percent in 2003, as a result of Bank of Ghana's open market operations (OMO) and the slower pace of purchases of the 2004/2005 cocoa crop. Broad money (M2+) rose by 26.0 percent on year-on-year basis, significantly lower than the 37.8 percent recorded at end-December 2003.

Table 7: Trends in Monetary Aggregate (Annual Percentage Change)

Item	Dec. 02	Dec. 03	Dec. 04
Reserve Money	42.6	33.4	18.8
o/w Currency	51.2	35.7	16.8
Broad Money (M2)	50	40.5	26.6
o/w Demand Deposits	74.5	42	45.0
Quasi Money	30.7	45.3	22.5
Broad Money |(M2+)	50	37.8	26.0
o/w Foreign Currency Deposits	49.7	28.8	24.1
DMBs' Credit	11.4	49.6	24.7
o/w Private Sector Credit Growth	37.3	37.3	25.2

Source: Bank of Ghana

Interest Rates

122. Interest rates generally followed the declining pattern of 2003. Following the improvements in the macroeconomic situation in the country, the Monetary Policy Committee of the Bank of Ghana revised downwards by 150 basis points from 21.5 percent to 20.0 percent in February 2004. Sustained improvements in economic performance led to a further reduction in the prime rate to 18.5 percent in May 2004.

123. Money market interest rates also declined steadily throughout the year, in line with easing inflationary pressures, as the marginal increase in Government's borrowing requirements did not impact significantly on the money market.

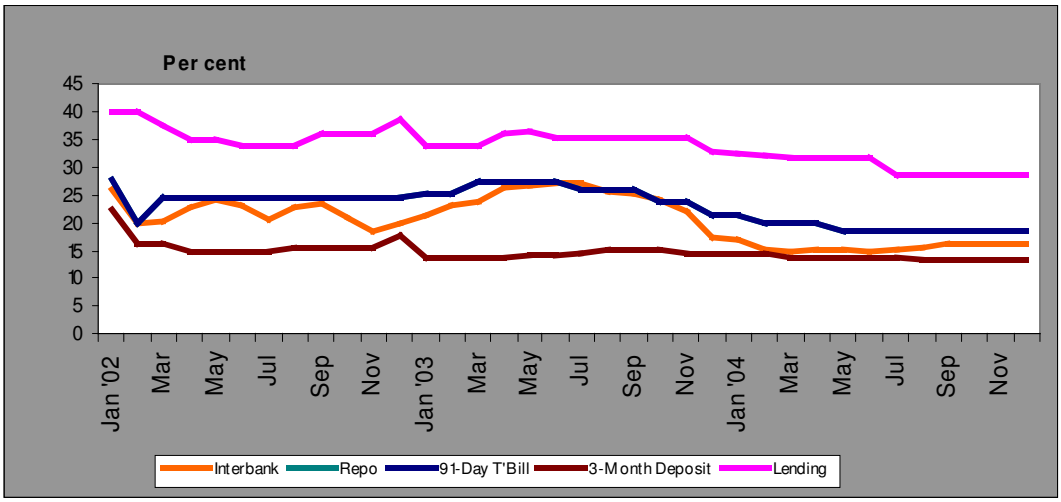
124. Interest rates for the 91-Day Treasury Bill trended downwards by 1.63 percentage points from 18.71 percent at the beginning of the year to 17.08 percent at the close of December 2004.

125. Similarly, the rates on the 182-Day Treasury bill and the 1-yearr Note dropped by 1.93 percentage points, and 2.15 percent, respectively. The 182-day Treasury bill rate moved downwards from 19.78 percent at the beginning of the year to close at 17.85 percent. The 1-Year Treasury Note rate on the other hand, declined from 20.0 percent to 17.85 percent at the end of 2004.

126. Interest rates in the Inter-bank market dropped from 17.12 percent in January to 16.23 percent at end-December 2004. Commercial banks' base rates also responded positively to the general pattern, dropping from an average of 29.0 percent to 25.4 percent.

127. Average lending rates of Deposit Money Banks (DMBs) similarly declined by 370 basis points during the year in line with the general developments. Interest rates on 3-Month time deposits also dipped by 275 basis points.

Figure 8: Interest Rate Trends (2002-2004)



Credit Delivery

128. The annual growth rate of credit to the private sector increased by 31.3 percent in 2004 compared to 38.8 percent in 2003. With the exception of Electricity, Gas and water, all other sectors registered positive growth in credit with Services topping the list with increases of ¢728.0 billion, followed by Manufacturing, ¢342.7 billion, Construction, ¢277.3 billion in that order.

Government of Ghana Instruments

129. Four new debt instruments were introduced into the market in September 2004 to refinance the Government of Ghana Indexed-linked Bonds (GGILBs) at maturity. The new instruments were designed with the objective of attracting investors in both the banking and non-bank sectors. It is also expected that the new securities will lengthen the average maturity of Government's domestic debt, reduce the concentration in specific maturities and create a benchmark yield curve that could serve as the basis for pricing non-GOG domestic debt securities.

130. The securities are the 2-year and 3-year Floating Rate Notes with interest rates tied to Treasury bill interest rates and the 2-year and 3-year Fixed Rate Notes. The 2 and 3 year Floating Rate Notes are linked to the 91-Day and 182-Day Treasury bills respectively. The 15% secondary reserve requirement that was imposed on banks by the Bank of Ghana when the GGILBs were first introduced in 2001 has been extended to include the four new securities in addition to the GGILBs.

131. There has been a gradual shift in market preference in favour of medium-term government securities. The share of 91-Day Treasury bills declined from about 24.9% in September 2004 to 20.0% by the end of December 2004, while the share of medium-term securities increased from about 10.0% to 19.2%.

Establishment of Central Securities Depository and Electronic Submission of Bids

132. The Central Securities Depository (CSD), a computer based data recording system, which electronically records the holdings of all securities, commenced operations in November 2004, at the Bank of Ghana.

133. The initial uptake of the records of the medium-term government debt instruments, i.e. 1-Year, 2-Year Fixed and Floating and 3-Year Fixed and Floating Rate commenced on 29th November, 2004. The 182-Day and 91-Day records were taken up in January and February 2005 respectively. With the CSD system in place it is expected that the risk associated with holding and trading of paper-based securities will be eliminated; it should ensure security of title and ease of secondary trading in debt instruments and securities.

Exchange Rate Developments

134. The foreign exchange market was relatively stable during 2004. The depreciation of the cedi against the pound sterling, dollar and euro in both the interbank and forex bureaux markets were lower than in 2003. This performance was the result of improved foreign exchange liquidity, fiscal discipline, and a firm commitment to the monetary programme.

135. The cedi depreciated by 2.2 percent in 2004 against the US dollar, the lowest since the foreign exchange market was liberalised. Against the pound sterling, the cedi depreciated by 12.1 percent, compared with the depreciation of 13.0 percent recorded in 2003. The annual depreciation of 10.7 percent against the euro in 2004 is lower than the 22.5 percent recorded in 2003. The behaviour of the cedi on the forex bureaux followed the developments in the inter bank market. During the year, the cedi depreciated by 1.4 percent against the US dollar and by 11.3 percent and 11.1 percent against the pound sterling and the euro, respectively. The relatively higher rates of depreciation against the pound sterling and the euro reflected the strengthening of these currencies against the US dollar on international markets.

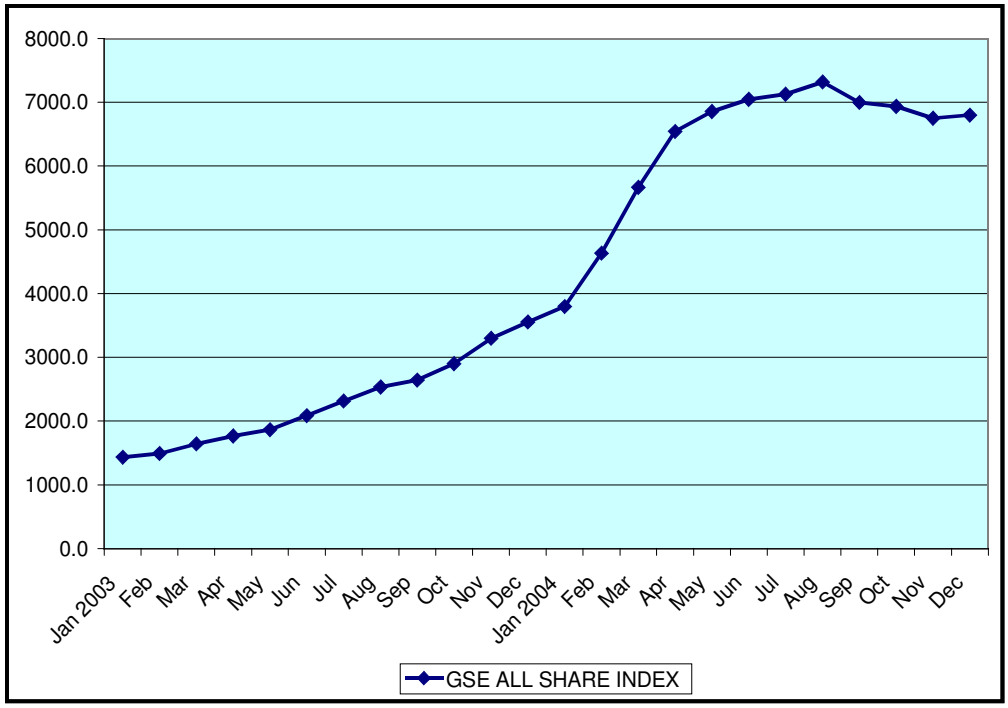
Stock Market Developments

136. The Ghana Stock Exchange (GSE) performed remarkably well in 2004 reflecting the improved macroeconomic environment. The GSE ALL SHARE INDEX, which is the main measure of market performance, appreciated by 91.3 percent (Year-On-Year). Although, the growth rate of the GSE All Share Index was lower than the 2003 growth of 154.7 percent, the index gained enough points to end the year as the best performing stock exchange in Africa. Moreover, as was the case in 2003,, the GSE was among the best performing markets in the World.

137. Market Capitalization went up by 673.6 percent (boosted by the floating of shares of Anglogold-Ashanti) and was higher than the

2003 figure of 104.0 percent. The total volume of 104.4 million shares valued at ¢655.9 billion traded on the floor of the Exchange also exceeded the previous year's volume of trade of 96.3 million shares, valued at ¢389.3 billion. Prices of all listed companies appreciated on the Exchange except three, which did not register any movement at all.

Figure 9: Ghana Stock Market Performance (2003-2004)



138. AngloGold Ashanti (AGA) replaced Ashanti Goldfields Company Limited on the Exchange during the year under review. The year also witnessed the listing of five new companies on the Exchange through Initial Public Offering (IPO). The debutant companies were Benso Oil Palm Plantation (BOPP), Clydestone (CLYD), Cal Bank, Starwin Products Limited (SPL), and AGA Depository Receipts. This represents the first group of companies to benefit from the policy imitative to reduce the corporate tax rate to 25 percent for the first

time listings on the Exchange announced in the 2004 Budget Statement.

Balance of Payments Developments

139. Government policy on the external sector since 2001 has focused on building international reserves to levels that can comfortably cushion the economy against external shocks. The strategy has been to adopt an outward-oriented trade policy by promoting and encouraging exports while, at the same time, encouraging inward direct investments. This strategy has been modestly effective. Exports have grown steadily, and the levels of investment into productive sectors of the economy have been encouraging.

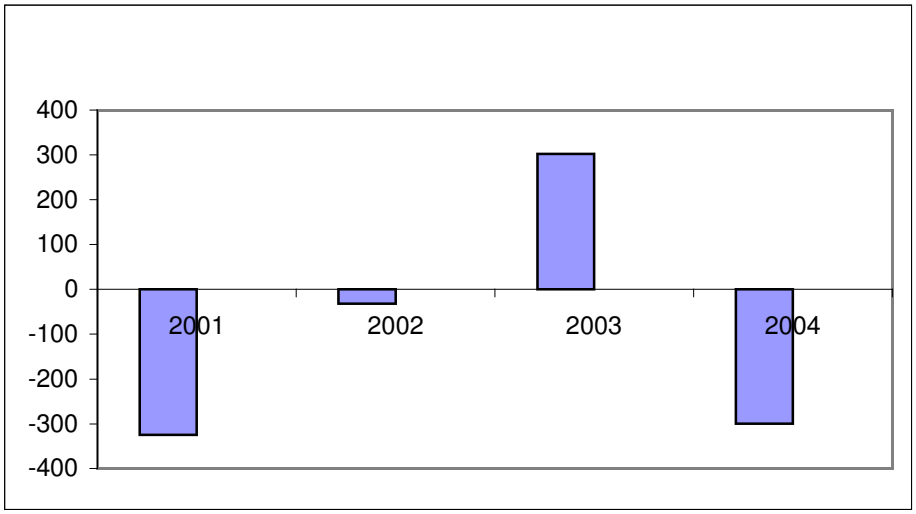
Overall Balance of Payments Position

140. Provisional estimates of the balance of payments (BOP) in 2004 indicated that economic transactions with the rest of the world posted a deficit of US$123.4 million compared to the surplus of US$558.3 million in the year 2003. This outturn was attributed to a surge in import values over the period, thereby enlarging the deficit on the merchandise trade account to US$1,425.4 million from $670.4 million recorded in 2003. In spite of this outturn, substantial inflows of inward remittances and exceptional financing enabled the build-up of reserves to US$1,732.0 million at the end of the year, enough to cover 3.8 months of imports of goods and services, against the background of the rising level of imports.

Balance on Current Account

141. The current account registered a deficit of $151.3 million in 2004 year compared with a surplus of $302.3 million in the previous year 2003. This development in the current account position was largely due to the worsening of the merchandise trade account by more than double from a deficit of $670.4 million in 2003 to a deficit of $1,425.4 million in 2004. The deficit on the services account also increased from $269.7 million in 2003 to $339.0 million. On account of the large growth in imports, the freight and insurance accounts were the major contributors to the worsened deficit in the services account. The deficit on the income account also worsened, moving from a deficit of $156.7 million in 2003 to a deficit of $202.5 million in the review year. There was however a large surplus of $1,815.7 million on the unrequited transfers account.

Table 8: Balance on Current Account (million dollars)



Merchandise Trade Balance

Merchandise Exports

142. **Mr. Speaker**, barely two weeks ago, the Government introduced a comprehensive trade policy as part of its private sector strategy for export-led growth. It is expected that the implementation of this policy over the next few years will result in a significant growth in exports, especially of non-traditional products in the agri-business sector. The new trade policy aims to make Ghana a competitive export economy. I would like to note that Ghana's proposal to access funding under the Millennium Challenge Account is for a major development in the infrastructure, business capacity, financial services and policy reforms that will stimulate export-led growth in the next few years.

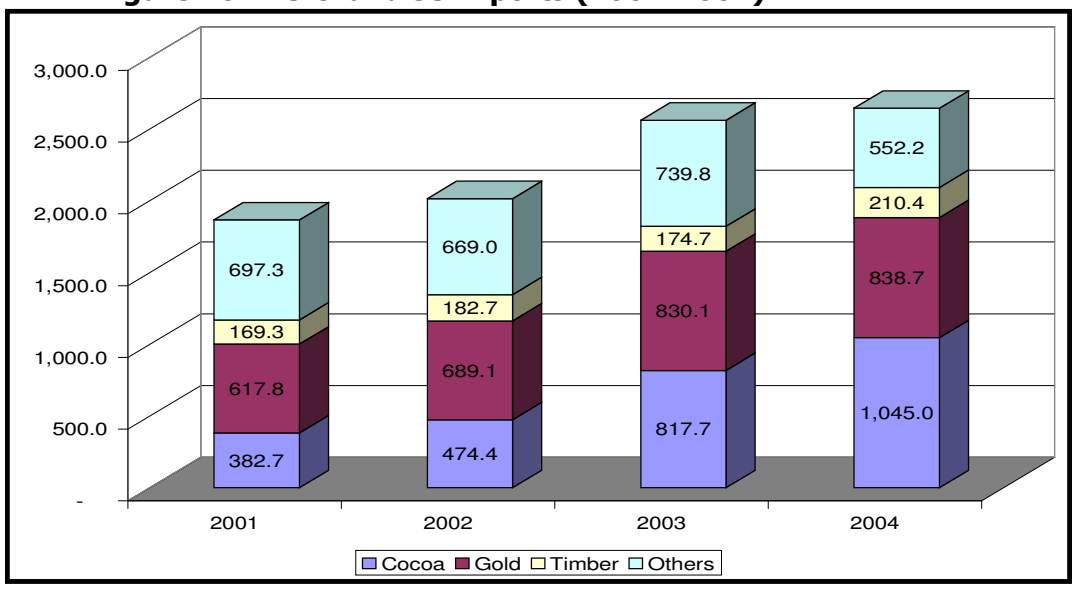
143. For the year under review, total merchandise export earnings amounted to $2,733.1 million, compared with $2562.4 million in 2003. Cocoa exports grew strongly in the year, recording a growth rate of 42.3 percent to push receipts to a level beyond the $1 billion mark. The cocoa industry in Ghana benefited more from productivity growth than from prices. Policy intervention in the cocoa industry kick-started productivity growth in 2001 and this is expected to continue into the medium term. The outturn indicates that export volumes of cocoa beans, went up by 75.0 percent from 354,775 tonnes in 2003 to the current level of 620,365 tonnes in 2004. On the average however, prices were lower in 2004 than in 2003, as realised prices averaged $1,949.5 per tonne in 2003 compared with $1,586.9 per tonne in 2004.

144. Earnings from the export of processed cocoa products were estimated at $86.7 million, that is, from 44,459 tonnes at an average price of $1,950 per tonne in 2004, against earnings of $126.1 million in 2003 from 48,536 tonnes exported at an average price of $2,598 per tonne in 2003.

145. Ghana's major exports other than cocoa performed very sluggishly in value terms in the markets. Gold exports remained flat in value terms on account of a decline in production, as output fell by about 200000 fine ounces. However a 12 percent gain in prices pushed export earnings to $838.7 million, slightly above the $830.1 million earned from exports of the metal in 2003.

146. Apart from the export of timber products that accounted for over $211.7 million in 2004, all other exports, by commodity type are lagging in their contribution to export earnings.

Figure 10: Merchandise Exports (2001-2004)



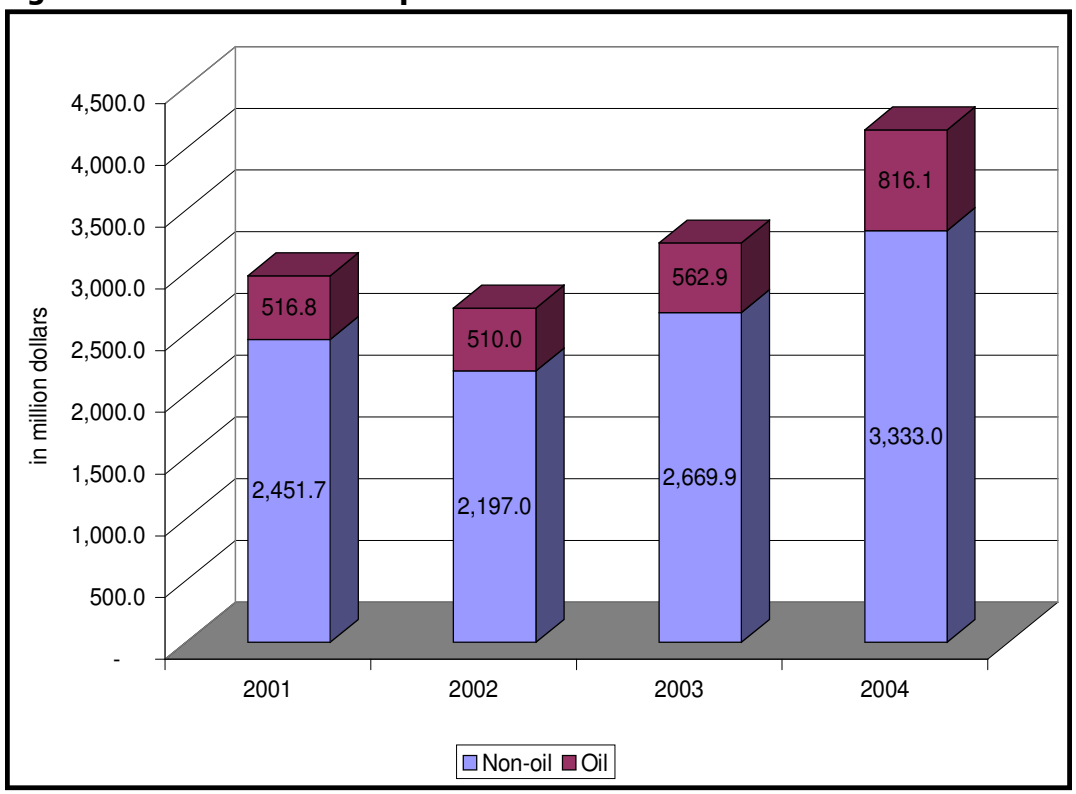
Merchandise Imports

147. Import growth in the year was underpinned by a number of factors, including rising crude oil prices and vibrant economic activity.

148. Growing reliance on oil, as a result of strong global growth, pushed oil prices up in 2004. As a consequence, the total oil import went up

by 38.0 percent to $775 million. Consumption of crude oil increased by only 1.0 percent in volume terms, while average realised prices surged by 32 percent in the period. Crude oil imports accounted for 70.0 percent of the total oil bill while finished products took up the rest.

Figure 11: Merchandise Imports



149. Non-oil merchandise imports are estimated to have gone up by 25% over the 2003 level. Import demand was very strong in the year due

to several factors. Increased investment in economic activity was one of the major factors that impinged on import demand as evidenced by the proportion of capital goods in the total imports basket, which is estimated to have gone up by 20.0 percent in 2004 compared to 14.0 percent in 2003.

Figure 12: End Uses of Merchandise Imports 2003

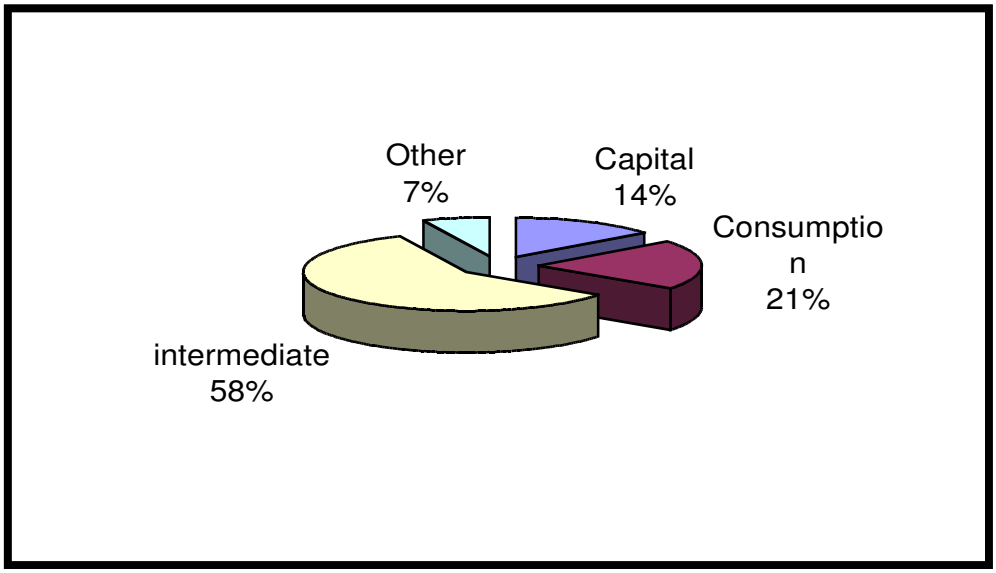
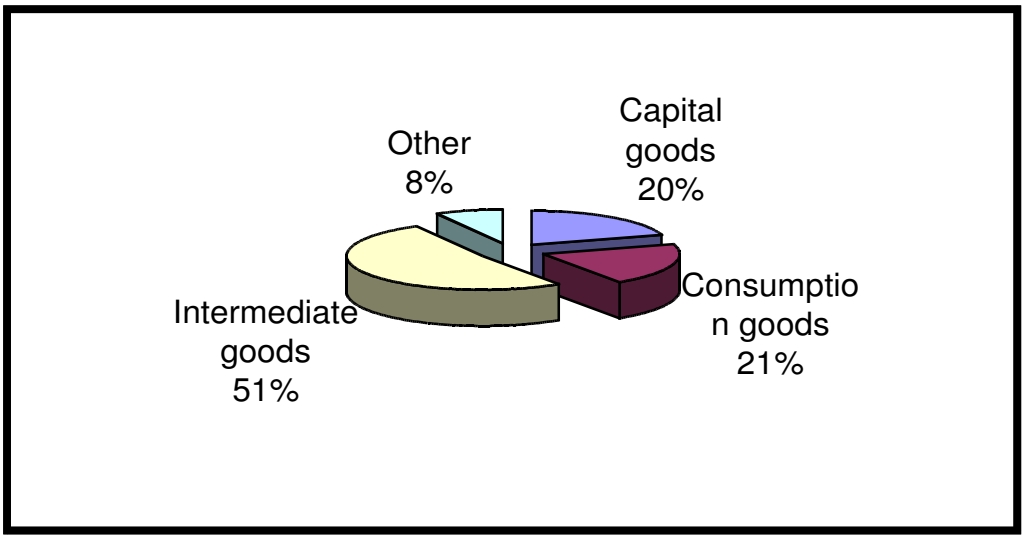


Figure 13: Provisional Imports (Merchandise) 2004



Trade in Services

150. The deficit on the services account increased from $269.1 million in 2003 to $339.0 million in 2004. On the credit side travel receipts also went up significantly, as the number of tourist arrivals was estimated to have increased. The increase in tourist receipts was only enough to moderate the dampening effect of the freight and insurance deficits on the accounts.

Investment Income

151. The income account as measured in the balance of payments showed a deficit of $197.8 million 2004 compared to a deficit of $156.7 million in the previous year. The deficit was a result of increased interest and charges on loans, including new debt, and the estimated increased outflow of profits and dividends. On the other hand, income receipts covered mainly interest on short-term investments in money market instruments by the public sector.

Unrequited transfers

152. Net unrequited transfers currently represent one of the major sources of meeting the external financing requirements of the economy. The phenomenal increases in transfer receipts have been due to several factors. The first is the increases in private sector transfers triggered by growing confidence in the economy. The growing number of non-government organizations also provides a channel for non-debt creating flows from non-residents to the economy. In 2004 the surplus on the transfers account was $1,815.7 million compared with $1,399.2 million in 2003, an increase of over 29.0 percent

Capital and Financial Accounts

Direct investments

153. Provisional inflow of direct investment financing as estimated by Ghana Investment Promotion Centre (GIPC) went up by 27 percent 2004. Investment flows (excluding divestiture) amounted to $139.3 million, compared with $110.0 million in 2003.

Reserve Assets

154. Gross International Reserves (GIR) recorded in 2004 amounted to $1732 million, an increase of $306 million over the level recorded in 2003. However, expressed in terms of import cover, the GIR was adequate to cover 3.8 months of imports of goods and services at the end of December 2004, compared with 3.9 months in 2003. The fall in the coverage rate of imports is a result of the sharp rise in the value of imports projected for 2005.

Developments in the Banking Sector

Licensing of New Banks

155. Approval and issuance of banking licenses were granted to one universal bank and four rural banks in 2004. The licenses of two existing banks were upgraded for them to engage in universal banking business. This brought the total number of universal banks to five. The policy on universal banking in Ghana is to remove the segregation of banks into Merchant, Agricultural or Commercial banks and to create a level playing field for all banks to carry out the permissible activities as provided for under the Banking Act 2004, Act 673. This policy would promote competition and thereby bring about efficiency and reduce the cost of doing business. It is anticipated that the banks, which have not as yet applied for upgrade to Universal Banking status, will do so by the end of 2006.

Approval of Bank Branches, Agencies and Mobilisation Centres

156. During 2004, approval was granted for the major banks to open thirty-one (31) branches, agencies and cash collection centres and the closure of two branches in five (5) out of ten (10) regions of the country. The rural banks were also permitted to open 30 new agencies and mobilisation centres without closing any. This is a manifestation that banking services were being extended closer to customers and would lead to enhanced competition.

The Banking Act 2004, Act 673

157. A new Banking Act was passed and gazetted in October 2004. The essential characteristics of the new Act are that it clearly defines the supervisory functions of the Bank of Ghana and grants it explicit powers to independently carry out its mandate on supervision of

banks with clearly defined enforcement powers. The Act therefore compares favourably with any modern law on banking supervision.

Developments in External Assistance Management

External Debt Stock

158. Ghana's total external debt as at end 2004 was US$6.2billion for medium and long-term debt for government, government guaranteed and non-government guaranteed debt (institutions that government has more than fifty percent (50%) shares).

159. Of the total debt stock for the medium and long-term including IMF, 89% is owed to multilateral institutions, notably World Bank, 8% to bilateral creditors (Paris Club and Non-Paris Club) and 3% to commercial creditors. The change in the percentage composition of debt by creditor category was as a result of the Paris Club Debt cancellation when Ghana reached Completion Point.

Disbursement of External Loans and Grants

160. Total external inflows into the economy stood at US$718.62million for 2004. This was made up of loan inflows of US$403.69million and grant inflows of US$332.79million.

161. Project loans and grants inflows of US$517.78million accounted for about 72.1% of the total external inflows. Of this, project loans accounted for US$280.5 million, with project grants recording US$237.29 million.

162. Total programme inflows to support the budget was about US$361.66million made up of loan disbursements of US$115.09million and grant disbursements of US$246.57million.

External Debt Service Payments

163. Projected debt service payments for the year 2004 was US$440.8 million. This was made up of US$ 321.8 million for principal repayments and US$119.0 million for interest and other charges. Actual debt service payment for 2004 was US$154.1million. Thus in 2004, government made total debt service savings of about US$286.7 million through debt relief under the HIPC Initiative.

New Aid Commitments

Loans

164. In 2004, 26 new concessional loans, mainly from multilateral institutions were contracted to support projects that are directly linked to the GPRS. The main sectors that benefited from the new loans included roads transport, health, education, water, and energy. The total amount committed was US$587.71million.

Average terms of new loan commitments

165. Government continued to pursue the policy of contracting new loans on concessionary terms. As in the table below on trends in average terms of new commitment from year 2000 to 2004. From an average rate of about 31.6% in 2000, the grant element, which defines the concessionality of a loan, rose sharply to about 74% in 2001, and further to about 80% in 2004.

Table 9: Trends in Average Terms of New Commitment (2000-2004)

ALL CREDITORS	2000	2001	2002*	2003*	2004*
Interest (%)	1.7	1.6	2.8	0.8	1
Maturity (years)	17	34.6	16	43.2	43.5
Grace Period (years)	4.8	8.4	5	10	10
Grant Element (%)	31.6	73.8	74.6	79.1	80

Grants

166. Total number of grant agreements signed in 2004 was 20, with a total committed amount of US$ 227.93million.

The HIPC Initiative

167. Ghana reached the Completion Point of the Enhanced HIPC Initiative in July 2004 through prudent fiscal and public expenditure management and monetary policy. In July 2004, government negotiated with the Paris Club Creditors for the cancellation of about US$1.64 billion of debt.

168. Multilateral agencies continue to provide debt service reduction which will be over a 20 year period. I would like to note that the UK government in recognizing the continued burden of multilateral debt is also providing additional relief by paying 10% of payments owed by the Ghana Government to the IDA and African Development Fund from January 2005 to 2015.

Lodgments into HIPC Account

169. About ¢1,508.0 billion was expected to be lodged into the HIPC account for 2004. As at end December 2004, government transferred about ¢1,946.5 billion (including ¢439.5billion of 2003 relief) into the HIPC account.

Disbursement from the HIPC Account

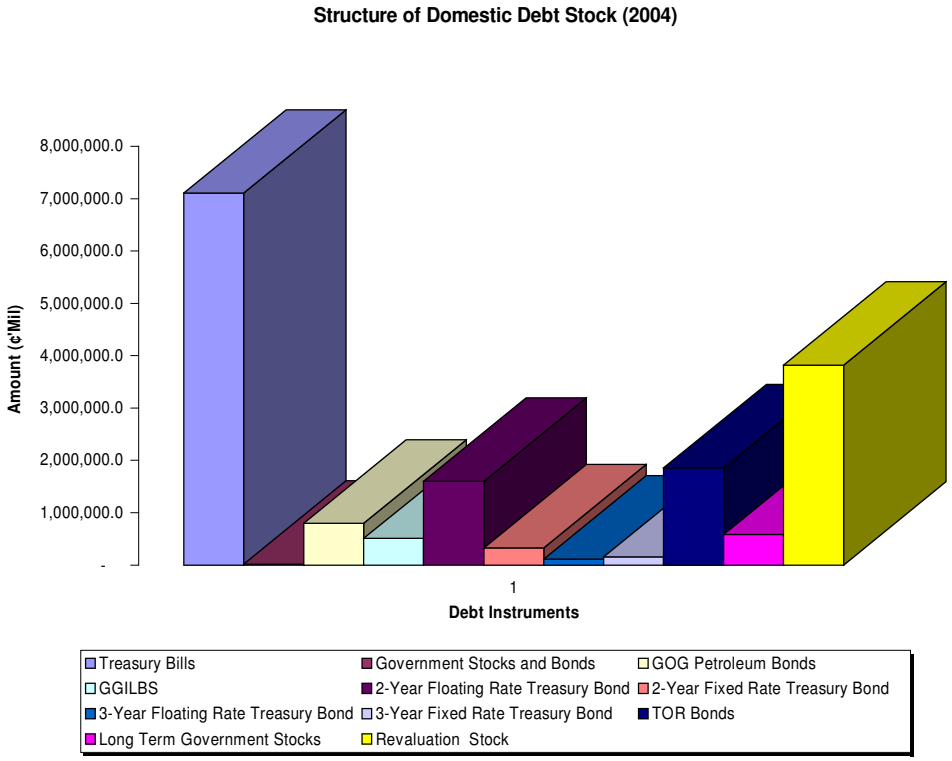
170. In 2004 Government approved a total amount of **¢1,975.77billion** from the HIPC Account to support poverty-related spending by MDAs and the reduction of domestic interest payments. Out of the total amount approved for year 2004, ¢301.4 billion was disbursed

for domestic debt reduction with the remaining amount going to the MDAs, Metropolitan, Municipal and District Assemblies.

Domestic Debt Stock

171. The Government's domestic debt stock (including the Bank of Ghana's non-interest bearing revaluation stock of ¢3.1 trillion) as at December 31, 2004 amounted to ¢16,897.2 billion. Short-term instruments accounted for 41.4 percent of the total debt, while medium-term and long-term instrument accounted for 32.7 percent and 25.9 percent respectively.

Figure 14: Structure of Domestic Debt Stock (2004)



SOVEREIGN CREDIT RATING

172. The sovereign credit rating conducted in 2003 by Standard & Poors and Fitch ratings was re-appraised in 2004 by the same ratings agencies. Ghana maintained its ratings of B+ and B with positive outlook range.

173. Based on this rating, Organisation of Economic Cooperation and Development (OECD) had revised Ghana credit risk assessment from band 7 to band 6. This indicates a lower insurance premium on export credit agencies' facilities and lower cost of borrowing on the international market.

174. Government is currently reviewing the options available for accessing funds from the International Capital Markets to finance massive infrastructure projects to accelerate growth.

SECTION FOUR: OUTLOOK FOR 2005

Macroeconomic Framework For 2005

175. **Mr. Speaker**, the Budget for 2005 is based on three key priorities of the NPP Government, namely human resource development, private-sector-led accelerated growth, and good governance.

176. To provide the macroeconomic underpinnings for continued progress, we are determined to maintain and even improve upon the medium-term macroeconomic objectives set out in the GPRS. We aim to sustain the pace of economic growth, reduce inflation, and make further inroads against poverty. We will achieve these objectives by:

- Furthering efforts to consolidate public expenditures, strengthen the revenue collection machinery, and reduce the domestic debt stock with the goal of "crowding-in" private investment, while accelerating public sector reforms.

- Maintaining the stance of monetary policy to achieve the targeted reduction of inflation and build on the improved external reserve position;

- Deregulating the petroleum sector to open up to private sector investment and activity and establishing a pricing regime that will be devoid of government influence while credibly and effectively isolating government from decisions relating to the determination of petroleum prices, except for taxes.

- Making further refinements to our poverty reduction strategy, based on the recommendations contained in the first GPRS Annual Progress Report (APR) that was completed in May 2004 and the feedback recommendations from the 2004 National Economic Dialogue.

Fiscal Policy

177. Our fiscal stance will remain anchored to our goal of accelerated growth while further reducing the domestic debt in 2005 and into the medium-term. We have made progress in this regard, and this is already paying dividends in terms of higher GDP growth, lower interest rates and domestic debt service. With these projections, we expect to reduce the domestic debt/GDP ratio by half, down from 26 percent in 2000 to 13.5 percent by the end of 2005.

178. Strengthening resource mobilization would receive continued impetus to create greater scope for improving the levels and quality of public spending to promote growth and poverty reduction. The tax-to-GDP ratio is projected to improve from 21.0 percent to 21.8 percent this year, largely on account of administrative efficiency.

179. We also expect to increase non-tax revenue to 1.4 percent of GDP this year by ensuring that public enterprises remit profits to the budget in line with the requirements of the Financial Administration Act (FAA). To this end, our policy on dividends will be vigorously enforced.

Public Expenditure Management

180. A number of measures have been undertaken to reform public expenditure management that have enhanced the transparency and accountability of government outlays. Nonetheless, there is substantial room for further improvement. In 2005, we intend to address weaknesses in public expenditure management by:

- increasing the coverage of fiscal information provided in the budget;

- disclosing fiscal information of all entities that carry out public services or activities;

- improving the ex-post integration of donor disbursements in the financial reports of MDAs;

- launching an appropriate and cost effective strategy to implement the Internal Audit Act and improve the effectiveness of internal audit;

- establishing and making operational, institutions created by the Procurement Law;

- monitoring the operation of the cash planning and commitment control systems in all MDAs, and ensuring that ceilings are respected and reports produced on schedule and ceilings respected;

- requiring all MDAs to submit to the Ministry of Finance and Economic Planning (as required under the FAA) quarterly financial report detailing receipts of all internally-generated funds, grants, and loans;

- re-launching the budget and Public Expenditure Management System (BPEMS); and

- replacing the current IPPD1 with the resource-based, IPPD2, and effectively integrate the wage payments to subvented agencies.

From Stability To Growth

181. **Mr. Speaker**, by the end of 2004, the macroeconomy had stabilized as a direct result of prudent policies and other measures undertaken by the NPP Government in its first term. This turn around in the macro-economy has led to a steady expansion of the economy from a growth rate of 3.7% in 2000 to 5.8% in 2004. This

upward growth trajectory is expected to continue in 2005 and beyond.

182. The NPP Government believes that while improvement and stability in the macro economic environment are necessary conditions for growth they are nonetheless, insufficient for the levels of sustained and accelerated growth required to create the quantum of wealth that gives true meaning to our concept of a property owning democracy while reducing poverty. Consequently, there is the need to vigorously ensure that the micro fundamentals of the economy are strengthened and fortified, while maintaining the right macro environment, to propel the economy into an accelerated growth mode, to push growth beyond the current "4% to 5% growth trap" into a higher growth regime to ensure that the national goal of attaining a per capita income of US$1,000 within a decade is realised. This will require that the economy grows well beyond 5 percent in the medium term, and over 10 percent in the long term.

183. The Government's strategies for accelerating the growth of the economy is to transform the underlying structure of our economy by focusing on the high growth sectors of tourism, trade, information and communication technology (ICT), and harnessing our agricultural resource potential through value additions through the application of science and technology.

184. In order to achieve our objectives for the medium-term, we have set the following key macroeconomic targets for the 2005 fiscal year:

- a real GDP growth of at least 5.8 percent;
- bringing the 12-month CPI inflation down to 13.5 percent by end December 2005 and toward a single digit in 2006: after the expected jump following the recent petrol price adjustment.

- maintaining the buildup in Gross International Reserves at 4 months of import cover;

- a domestic primary surplus equivalent to 2.4 percent of GDP; and

- an overall budget deficit equivalent to 2.7 percent of GDP.

185. In setting these macroeconomic targets, we have taken into consideration the expected impact of global economic conditions, including the outlook for crude oil prices on international markets, and the impact of the deregulation of petroleum sector.

Growth Prospects

186. Considering the prospects for global economic growth and that for sub-Saharan Africa, as well as the outlook for oil prices and cocoa output in 2005, a real GDP growth of at least 5.8 percent is projected for the 2005 fiscal year.

187. The **agricultural sector** will continue to spearhead this growth with a 6.5 percent growth rate. This translates into a contribution of 41.1 percent to the total growth effort. The crops and Livestock sub-sector is projected to grow at 6.0 percent, while Cocoa Production and Marketing is targeted to grow at 13.2 percent. The Forestry and Logging and Fishing, are projected to grow at 5.6 percent and 3.6 percent, respectively.

188. **Industry** is projected to grow at 5.8 percent in 2005 against the rate of 5.1 percent recorded in 2004. Industry is expected to contribute 24.5 percent to overall growth. The higher expected growth is in line with the Government's continued infrastructure development programme and the redirected focus on industrial development, especially in manufacturing. All the sub-sectors are expected to record rates higher than the provisional growth rates achieved in 2004. Mining and Quarrying sub-sector is targeted to grow at 4.9 percent, manufacturing at 5.5 percent and Water &

Electricity at 4.5 percent. Growth in the Construction sector is projected to be robust at 7.0 percent in 2005, in view of the several construction projects being undertaken in the energy and road sectors, including the West African Gas Pipeline project.

189. The **Services Sector** is projected to grow at 5.4 percent on account of the expected new investments in public transport and telecommunications during the year. This should translate into a contribution factor of 27.5 percent to the economy-wide growth prospects and the expected boost from the tourism sector. The Transport, Storage and Communication sub-sector is expected to grow at 6.0 percent.

190. Wholesale/Retail Trade and Restaurants and Hotels sub-sector is projected to grow at 6.1 percent, while Finance, Insurance, Real Estate and, Business Services, the Government Services and private non-profit services sub-sectors are projected to record growth rates of 5.6 percent and 4.3 percent, and 3.8 percent respectively.

Resource Mobilisation

191. **Mr. Speaker**, the **total resource envelope** in 2005 (including the amount programmed for domestic debt repayment) is estimated at ¢35,734.6 billion, after netting out amounts earmarked for domestic debt repayment. Domestic revenue accounts for 66.4 percent, divestiture receipts 1.5 percent and external resources 32.1 percent.

192. **Domestic revenue** are estimated at ¢23,739.3 billion, equivalent to 24.6 percent of GDP, about one percentage point above the 2004 outcome of 23.8 percent of GDP. **Tax revenue** is projected to contribute 88.6 percent (equivalent to 21.8 percent of GDP), while the **National Health Insurance Levy** and **non-tax revenue,** estimated at ¢1,339.2 billion (equivalent to 1.4 percent of GDP) and ¢1,372.3 billion (equivalent to 1.4 percent of GDP), respectively, account for 5.6 percent and 5.8 percent of the total.

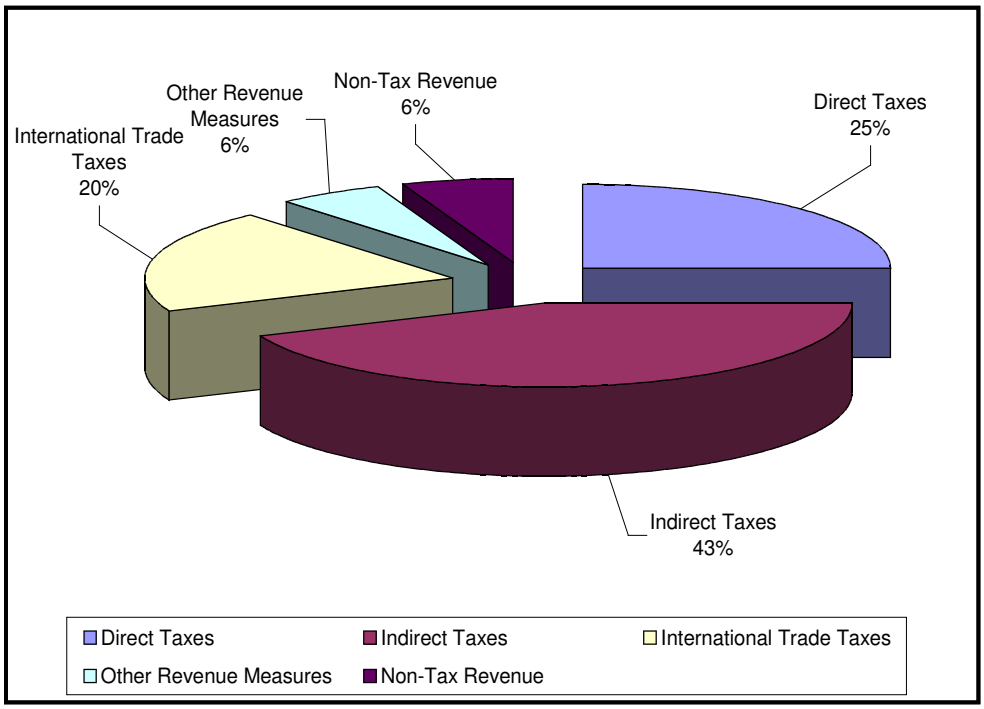
193. Of the projected tax revenue of ¢21,027.8 billion, the IRS, VAT Service and CEPS have been tasked to contribute 28.1 percent, 27.0 percent and 40.7 percent, respectively. The contribution of cocoa export tax to the total tax effort is estimated at 4.2 percent.

194. **Net domestic financing** of the budget in 2005 is programmed to result in a net repayment of ¢997.7 billion (1.0% of GDP), in line with our medium-term objective of reducing the domestic debt-to-GDP ratio. This includes applying 20 percent of the projected HIPC debt relief of ¢398.6 billion to domestic debt stock reduction. With regard to the Government of Ghana Inflation-Linked Bonds (GGILBs), we expect a dissaving or retirement of the instrument at maturity totaling ¢118.0 billion.

195. **External grants** disbursements are projected at ¢5,618.0 billion, of which **HIPC assistance** from multilateral development partners is ¢1,146.6 billion. Traditional programme grants are estimated at ¢ 1,599.4billion, and project grants disbursement are expected to yield ¢2,872 billion.

196. **Other Receipts** are estimated at ¢5,261.5 billion after netting out the amount of ¢ 997.7 billion required for the repayment of domestic debt and the retirement of GGILBs totaling ¢ 118.0 billion. These other receipts include **divestiture receipts** of ¢524.0 billion, **project loans** of ¢2,962.5 billion, **programme loans** of ¢1,351.5 billion, and e**xceptional financing** of ¢1,539.2 billion comprising traditional **debt rescheduling** of ¢692.9 billion and **HIPC debt relief** of ¢846.3 billion from bilateral development partners.

Figure 15: Composition of Domestic Revenue, 2005



197. **Total payments** are estimated at ¢34,618.9 billion. This comprises **Statutory Payments** of ¢12,240.3 billion and **Discretionary Payments** of ¢22,378.5 billion.

198. **Statutory payments** are made up of **external debt service** due of ¢3,620.9 billon, out of which ¢1,005.6 billion is earmarked for **external interest** payments. **Domestic interest** payments are estimated at ¢2,555.0 billion, including accrued interest payments for the restructured TOR debt that was taken over by Government as well as interest revaluation stocks held by the Bank of Ghana.

199. It is projected that the **District Assemblies Common Fund (DACF)** will receive ¢1,048.4 billion, while transfers into the **Ghana Education Trust Fund (GETF)** are estimated at ¢1,124.2 billion. The Government will remain current on all transfers to the GETF

and the DACF, and will pay the ¢43.1 billion and ¢53.9 billion respectively due under the medium-term plan for eliminating arrears to those statutory Funds, as proposed in the 2003 Budget and approved by this august House.

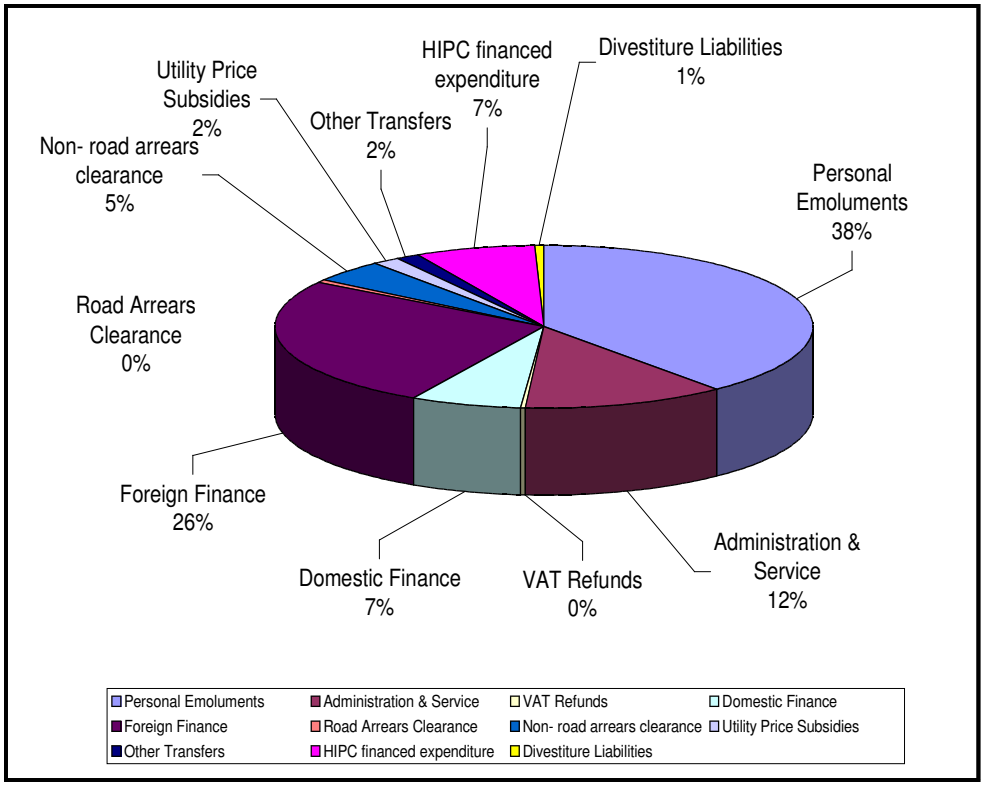
200. **Transfers to Households** which include **pensions**, **gratuities, social security** payments on behalf of workers, and transfers to the **National Insurance Fund** are programmed at ¢2,927.7 billion.

201. An amount of ¢969.7 billion is programmed for pensions and gratuities payments while that in respect of social security amounts to ¢618.8 billion. A total amount of ¢1,339.2 billion has been allocated to the National Health Fund to support the implementation of the National Health Insurance Scheme.

202. For 2005, an amount of ¢250.0 billion has been provided as safety net to mitigate expected negative effects of petroleum price deregulation on the most vulnerable.

203. **The Road Fund** is projected to receive ¢883.3 billion while other **Petroleum-related Funds** will receive ¢80.8 billion.

Figure 16: Composition of Statutory Expenditures, 2005



Discretionary Payments

204. **Personal Emoluments** are estimated at ¢8,683.3 billion, while expenditures in respect of **Administration and Service** are programmed at ¢1,613.0 billion and ¢969.6 billion, respectively. In addition, a provision of ¢145.0 billion has been made explicitly for the replenishment of strategic oil stocks to be managed by BOST. Consequently, the levy for strategic oil stocks, which used to be borne by consumers of petroleum products, has been abolished. **Total investments** are projected at ¢7,360.4 billion, out of which ¢5,834.5 billion, constituting 79.3 percent, will be foreign-financed.

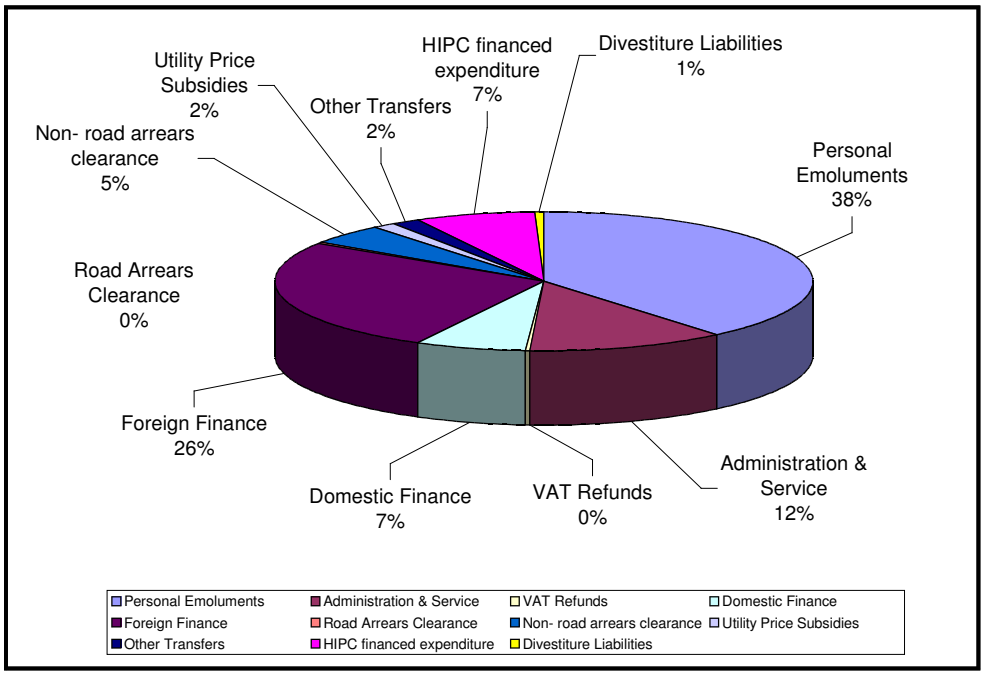
205. Of the domestic–financed investment expenditure of ¢1,427.9 billion an amount of ¢98.0 billion is expected to be transferred into the Venture Capital Fund.

206. Government has earmarked an amount of ¢349.5 billion as subsidy to TOR prior to the petroleum price deregulation. An amount of ¢ 100.0 billion has also been provided to ameliorate the adverse effects of utility prices on lifeline consumers.

207. In 2005, activities related to poverty reduction will be allocated additional resources of ¢1,594.4 billion through the **HIPC Debt Relief**.

208. An amount of ¢100 billion has been provided for the clearance of road arrears, mostly disputed claims. Non-road arrears of ¢1,016.7 billion have also been programmed for clearance, including those relating to the DACF and GETfund amounting to ¢53.9 billion and ¢ 43.1 billion, respectively.

Figure 17: Composition of Discretionary Expenditures, 2005



Overall Budget Balance

209. **An Overall budget deficit** equivalent to 2.2 percent of GDP is projected for 2005, while the **domestic primary balance** is expected to yield a surplus equivalent to 2.5 percent of GDP.

210. Working within the budget framework elaborated above, we project to achieve a **net domestic debt repayment** of ¢997.7 billion, equivalent to 1.0 percent of GDP in 2005. This is in line with government's objective to reduce domestic debt and free more financial resources to the private sector.

Monetary and Exchange Rate Policies

211. The goal of monetary policy will continue to focus on reducing the rate of inflation towards single digits. The BOG will use open market

operations and adjustments to the prime rate to achieve its objectives.

External Sector

External Sector Policy Outlook for Medium-Term

212. Ghana's exports are still concentrated in two primary commodities—cocoa and gold—whose prices are subject to considerable fluctuations on international markets. On the other hand, import demand continues to rise, sometimes accentuated by abrupt increases in crude oil prices.

213. In order to reduce the vulnerability of the economy to exogenous shocks, external sector policy will pursue the diversification of export earnings and the accumulation of foreign exchange reserves in the medium-term.

214. The value of merchandise exports is projected to grow by about 8 percent in 2005 to US$2,874.5 million. It is expected that cocoa will perform strongly on account of volume growth. Merchandise imports growth is projected to slow to about 7.0 percent over the previous year, recording a level of US$4,462.0 million. Crude oil prices are projected to average about $42 a barrel in 2005 and $40 a barrel in the medium-term.

215. The deficits on the services and income accounts are projected to be reasonably close to the out-turn in 2004. The surplus on unrequited transfers account will continue to grow, and in 2005, they are projected to reach a level of over US$1,765.4 million. However, the inflow of unrequited transfers will not be enough to offset the deficits on the merchandise trade, services and income accounts. Consequently, the current account is projected to be in deficit to the tune of US$187.9 million.

216. Debt service requirements are, however, expected to go down and remain moderate in the medium-term following the benefits of having reached the HIPC Completion Point which has resulted in some debt stock and cancellations.

217. It is not yet certain how the international community will respond to the need for additional financial resources in Africa, having turned attention to the disaster areas of Eastern Asia. However, it is projected that both private and official financial inflows will be more than outflows during 2005, resulting in a surplus that will be adequate to finance the deficit on the current account.

218. Exceptional financing secured from the debt relief under the HIPC is likely to continue into the medium-term, thus providing support to the external payments position and enabling the continued build-up of international reserves. It is expected that gross reserve levels will be able to finance about an average of 4.0 months of imports of goods and services in 2005.

SECTION FIVE: SECTORAL PERFORMANCE AND OUTLOOK FOR 2005

219. **Mr. Speaker,** during the first term of the Administration of His Excellency President J.A. Kufuor, the Ghana Poverty Reduction Strategy, (GPRS) was implemented with a focus on five priority areas namely:

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

220. During this second term the Government is sharpening its focus more by adoption a three-pronged strategy namely: -

- Human Resource Development;
- Private Sector Development; and
- Good Governance.

221. **Mr. Speaker,** the refocusing of the Government's priorities in the three areas is aimed at accelerating the growth of our economy to enhance wealth creation and sustained poverty reduction.

222. **Mr. Speaker,** in reviewing the performance of the sectors and outlook for the economy, we will highlight the extent to which progress was made towards achieving the goals set in the priority areas in 2004 and what action will be taken in 2005.

223. The Outlook for 2005 was informed by the findings of the Annual Progress Report of the GPRS as well as the Poverty and Social Impact analysis studies conducted on the implementation of GPRS.

INFRASTRUCTURE DEVELOPMENT

Introduction

224. **Mr. Speaker,** the goal of the government's infrastructure development agenda is to increase availability and access to safe and clean water, affordable housing as well as the provision of improved transportation, telecommunication and energy. This is aimed at opening up the rural areas for investment, enhance productivity, create jobs and facilitate inter district trade. The development of infrastructure does not only create an enabling environment for the private sector but also improve competitiveness.

225. The sector's contribution to growth was 15.5 percent in 2004. This is expected to increase to 17.6 percent in 2005.

226. The key MDAs with responsibility for infrastructure are:

- Ministry of Road Transport;
- Ministry of Harbours and Railways;
- Ministry of Communications;
- Ministry of Energy; and
- Ministry of Works and Housing.

Ministry of Road Transport

227. **Mr. Speaker**, the mandate of the Ministry of Road Transport is to ensure the formulation and implementation of policies for the provision of safe and reliable transport infrastructure and services. This is to enhance Ghana's socio-economic development as stated in the GPRS. In this regard, the focus of the sector is primarily to provide access through better distribution of transport infrastructure with special emphasis on deprived and urban areas.

Review of Performance in 2004

228. **Mr. Speaker,** the activities of the Ministry in 2004 were designed to achieve two major objectives:

229. First is to improve the road transport infrastructure for accelerated national economic development and integration.

230. The second objective is to enhance sub-regional integration and economic interdependence. In this regard, the construction of roads from Aflao to Elubo and Accra to Paga are major activities to be undertaken. The developments in these priority areas are summarised as follows: -

Accra – Kumasi Road

231. The Accra-Kumasi trunk road stretch has a total length of 240 km with the Ofankor to Nsawam and Kumasi to Fumesua sections to be developed into a dual carriageway. The following progress was achieved toward the development of the road into a transit corridor by the end of the year.

- Ofankor-Nsawam – 71% completed
- Apedwa-Bunso – 100% completed
- Bunso-Anyinam – 100% completed
- Anyinam-Konongo – 94% completed
- Konongo-Ejisu-Kumasi – 8% completed

Accra – Yamoransa Road

232. The Accra - Yamoransa stretch of the highway is about 116 km in length. Physical completion by end 2004 was 61%.

Accra – Aflao Road

233. The total length of the road is 166km, and significant progress has been made with about 78% of physical work completed.

Regional Roads

234. **Mr. Speaker,** as part of the policy to ensure equity in road development in the country, Government selected one major regional trunk road from each region for upgrading to bituminous surface. The total length involved is 1,032 km. Details of progress are given below:

- Wa-Han-Tumu (Upper West & Upper East) - 49% completed
- Asokwa-Bodwesango-Gyadem-Ofoase-Juaso (Ashanti) - 62% completed
- Kpando-Woraowra-Dambai-Kete Krachie (Volta) - 55% completed
- Twifo Praso-Dunkwa (Central) - 76% completed
- Bawdie-Asankragua-Enchi (Western) - 67% completed
- Mpraeso-Adawso-Donkorkorm (Eastern) - 35% completed
- Tamale-Yendi (Northern) - 94% completed
- Amasaman-Obeyeyie-Ayikai-Dobro-Odukponkpehe(GA) - 15% completed
- Hwidiem-Kenyasi No.1 Atronie-Sunyani (Brong Ahafo) - 10% completed

235. A total of 800km of feeder roads received spot improvement, while 500 km of roads were rehabilitated. In addition, 250km of roads were also upgraded to bituminous surface. Notable among works carried out by Department of Feeder Roads are as follows:

a. Spot Improvement:

- Zebilla – Kamenga Junction (Upper East)
- Naha –Loggu (Upper West)
- Salaga – Kalande (Northern)
- Atesikrom – Yaakrom (Phase 3) (Brong Ahafo)
- Mensonso- Yawusukrom (Ashanti)
- Assin Enyiresi – Otabilkrom (Central)

- Gyakiti – Ponponano (Eastern)
- Wassa Saaman – Adansi (Western)
- Nkonya Ntumuda – Konklobi (Volta)
- Medie – Adjenkotoku (Greater Accra)

b. Regravelling:

- Atieku – Nyinase (Western)
- Bonso – Dotobaa – Agyeikrom (Brong Ahafo)
- Tinkong – Amanfrom (Eastern)
- Sumbrungu – Zokko (Upper East)

c. Rehabilitation:

- Tokpo – Aveyime (Greater Accra)
- Kave – Agorve – Dekpoyaa (Volta)
- Walewale – Bugya (Northern)
- Otwereso – Kwaboadi (Eastern)

d. Upgrading to bituminous seal:

- Kumasi – Ahodwo – Trede (Ashanti)
- Nobekaw – Nyamebekyere (Brong Ahafo)
- Asempanaye – Kushea (Central)
- Huhunya – Ehiamankyere (Eastern)
- Amasaman – Odukponkphe (Kasoa) (Greater Accra)
- Bole – Bale (Northern)
- Tilli – Binaba (Upper East)
- Jasikan – Bodada – New Baika (Volta)
- Tarkwa – Bonsa –Bonsawire (Western)
- Jirapa – Babile (Upper West)

Urban Roads Programme

236. **Mr. Speaker**, further work to improve our urban roads was also embarked upon in 2004. Highlights of the progress made in this area as at December 2004 are as follows: -

- Within the Accra Metropolis rehabilitation works on the Abelenkpe, Tantra Hills and some roads within the Madina locality as well as Ashale Botwe and Ashaiman Middle East roads were 100 percent completed while that of the Kwashieman to Awoshie link was 44 percent completed. Work continued on the arterial development of the Nkrumah Circle – Achimota road.

- **Mr. Speaker,** Lot 2 of the rehabilitation of the Teshie North By-Pass was 80 percent completed while Lot 1 was 15 percent completed. In addition, 50 percent of the rehabilitation work on the Bubuashie road was completed.

237. In other regions, progress on rehabilitation works was recorded as follows:

- **Sekondi-Takoradi**

- European Town Roads (Fishing Comm.) 79% completed
- Ngyeresia – Kojokrom Roads (Phases 1 &2) 100% completed
- Baa Kodo Roads 90% complete

- **Kumasi**

- Asokore – Mampong Road 45% completed
- Odeneho - Kwadaso Road 100% completed
- Moshie Zongo Road 88% completed
- Tafo Hospital Area 45% completed
- Bomso Town roads 55% completed
- Atonsu Roads 65% completed
- Asafo Market – UTC Bridge (Work in Progress)

- **Cape Coast**

- 3rd Ridge Road 35% completed
- Atem Roads 85% completed

- **Koforidua**

- Zongo and Anloga Town Roads 50% completed
- Oyoko Town Roads 60% completed
- Slaughter House and Omanhene Palace Roads 100% completed

- **Bolgatanga**

- Rehabilitation of SSNIT/Plaza Roads 18% completed
- CIDA/Staff Quarters Roads 40% completed

- **Tamale**

- Regravelling of Salaga –St. Joseph Roads 100% completed
- Resurfacing of Vittin Main Roads 100% completed
- Resurfacing of Watherson and Bank Lane Roads 100% completed

- **Bawku**

- Reconstruction of New Lorry Station 40% completed
- Upgrading of Kariyama Fire Station Road 40% completed

Road Transport Services

238. To improve public transport, the Metro Mass Transit Limited (MMT) had increased its fleet to 354 buses by end 2004 and expanded its

operations to cover the six Metropolitan and Municipal areas of Accra, Kumasi, Sekondi/Takoradi, Tamale, Sunyani and Cape Coast. About 38 million passengers (measured by tickets sold) accessed the services of the transit bus services in these urban areas.

Road Safety

239. To improve on road safety activities and to reduce road traffic accidents and its associated injuries and fatalities in the country, the following activities were undertaken:

- The Road Traffic Act 2004 (Act 683) was passed by Parliament into Law to replace the Road Traffic Ordinance of 1952

- Various guidelines on vehicle inspection, regulation of operations of driving schools and modalities for driver testing were developed.

Aviation

240. The Ghana Civil Aviation Act 2004, Act 678, was passed by Parliament last year.

241. The national airline, Ghana Airways was wound up as a result of its huge indebtedness. A new national airline, the Ghana International Airlines Limited (GIAL) was incorporated to replace Ghana Airways to provide air services from Ghana to the rest of the world.

242. Within the period, the activities of private airlines have been promoted for domestic and sub-regional coverage. Local commercial airlines such as Antrak Air and City Link have been permitted to fly to countries in the West African sub-region.

243. The rehabilitation works and the modernisation of KIA continued in 2004 Work commenced on the installation of aerobridges and the VSAT equipment at Kotoka International Airport (KIA) as well as the upgrading of the KIA taxiway to category II status.

Outlook For 2005

244. In 2005, the focus of the road transport sub-sector is essentially geared towards provision of access through better distribution of the road network with special emphasis on deprived rural and urban areas.

245. The following activities will be undertaken under the road development programme:

Trunk Road Programme

246. For this year, 610km of trunk roads will undergo periodic maintenance. A total of 275km of trunk roads will also be awarded for reconstruction and major rehabilitation.

247. Roads to be awarded for reconstruction and major rehabilitation include the following:

- Ankamu (Apam Junction) – Yamoransa (Central)
- Nsawam – Apedwa (Eastern)
- Oda Akyem-Wenchi to Kade (Eastern)
- Techiman – Kintampo (Brong Ahafo)
- Sogakope – Akasti – Aflao (Volta)

- Akatsi – Akanu (Volta)

248. The following on-going periodic road maintenance works are expected to be completed within the year:

- Bolgatanga – Bawku Road (Upper East)
- Wa – Han – Tumu (Upper West)
- Walewale – Gambaga (Northern)
- Berekum – Sampa Road (Brong Ahafo)
- Mankraso – Tepa (Ashanti)
- Akim Oda – New Abrem – Nkawkaw (Eastern)
- Hohoe – Likpe – Wle (Volta)
- Mpataba – Half Assini (Western)
- Ayamfuri – Diaso (Central)
- Ayikuma – Doryumu (Greater Accra)

Feeder Road Programme

249. In 2005 a total of 26,400km of road will be covered under routine maintenance. Out of the remaining 9,600 km of the un-engineered roads or tracks 3,000 km will be engineered.

250. Also, during the year, 1,990 km of engineered roads will be rehabilitated. Regravelling and Spot Improvement works will be carried out on 1,672km of feeder roads, whilst 183km of feeder roads will be upgraded to surface dressed roads. A further 20km of reconstruction works will be undertaken in the Afram Plains.

251. Fifty-three bridges will be awarded for construction including the bridge over the White Volta on the Kpasenkpe-Kunkwa road to finally eliminate the "overseas syndrome" in the Northern Region.

Urban Road Programme

252. The Department of Urban Roads will establish road units in the newly created municipalities of Sunyani, Techiman, Obuasi and Ho.

253. The following major projects under the urban road programme will be commenced or continued:

- Continuation of the rehabilitation works in the Accra Central Business District including the redevelopment of the High Street and other associated roads.

- Commencement of Oforikrom – Asokwa bypass - As part of this project, the woodworkers at Anloga will be resettled at a newly developed Sokoban Wood Village near Kumasi.

254. Some of the other areas where rehabilitation, regravelling or upgrading will be carried out are as follows:

- Kwame Nkrumah Nkrumah Circle – Achimota road is expected to be completed in 2006.

- Road Rehabilitation in Tema and Sekondi-Takoradi.

- Asafo Market – UTC bridge project in Kumasi

255. The following roads among others in Regional and District capitals will be maintained:

Accra

- Baatsona Highway will be completed this year to serve as an alternative route to the over-congested Beach and Spintex Roads.

Ga District

- Rehabilitation of the Christian Village – Dome Road (4.5km)
- Rehabilitation of Kwashieman – Ofankor road (7.4km)

Kumasi

- Rehabilitation of Moshie Zongo roads
- Rehabilitation of Breman Town roads
- Rehabilitation of Afful Nkwanta – KTI School Link

Sekondi Takoradi

- Rehabilitation of Afrikania road (1.2km)
- Rehabilitation of Kwesimintsim Hospital area roads

Cape Coast

- Partial Reconstruction of Pedu – Ankaful – Elmina road

Tema

- Rehabilitation of the Hospital Road and Community 1 Local Roads to enhance access to Ashaiman Township.

Koforidua

- Nana Asafo Adjei road (Koforidua main road) will be completed
- Rehabilitation of Oyoko Town Roads.

Bolgatanga

- Rehabilitation of SSNIT – PLAZA road including the installation of Traffic Lights at SSNIT junction.

Bawku

- Installation of Traffic Light on Bawku Main Road including the Upgrading of GHA – New Lorry Park road.

Wenchi

- Rehabilitation of Wenchi Town roads

Tamale

- Rehabilitation of Industrial Area Roads
- Rehabilitation of Hurlingham Roads
- Rehabilitation of Dagomba Roads
- Rehabilitation of Daboya and Byohini

Road Safety

256. In 2005, the National Road Safety Commission (NRSC) will open 5 Regional Road Safety Offices in the Eastern, Central, Brong Ahafo, Upper East and Upper West Regions. The Commission will also embark on Road User Education and operationalise the new Road Traffic Act 683.

257. The Driver and Vehicle Licensing Authority (DVLA) will strengthen its capacity to provide effective inspection of vehicles and drivers and vehicles will now go through stringent tests to be certified. It will also computerize its operational system for more effective planning and monitoring.

Road Transport Services

258. The services of Metro Mass Transit (MMT) will be improved and expanded to other regional capitals presently not covered. More buses will be procured during the year to augment the current fleet in order to provide scheduled and more efficient services. MMT expects to finally take delivery of the 250 units of buses from China in addition to the 150 that have already been purchased, while the

chassis for the construction of 100 DAF/Neoplan buses will be delivered for the manufacturing of additional buses locally. In addition 150 Tata buses will be procured to expand services to the peri-urban, municipal and metropolitan areas where MMT is currently operating. The total fleet is expected to increase to 950 buses by the end of the year.

Civil Aviation

259. **Mr. Speaker**, Ghana Civil Aviation Authority (GCAA) will continue the modernization of facilities at the KIA such as the installation of Customer User Terminal Equipment System, Flight Display Units at the departure hall, as well as the construction of aerobridges.

260. The restructuring of the GCAA will be pursued and an Airports Company will be incorporated to take over the commercial and infrastructural development, maintenance and management of our airports and aerodromes.

Air Transport

261. **Mr. Speaker**, the newly incorporated airline, the Ghana International Airlines (GIAL), is expected to commence operations by July 2005. It will provide domestic, regional and inter-continental services.

262. To enable the Ministry of Road Transport carry out its programmes and projects in 2005, a total amount of **¢2,974.1 billion** comprising ¢428 billion from GOG, ¢1,662.1 billion donor funding and ¢883.3 billion from the Road Fund and ¢3.6 billion retained IGF has been allocated to the Ministry.

Ministry of Harbours and Railways

263. **Mr. Speaker,** the focus of the Ministry is on the development of our Ports and Rail system to facilitate the movement of goods and people. The priority areas of this sector is the continued acceleration of the development of the nation's ports of Tema and Takoradi, the proposed Inland Port at Boankra and the revitalization of the railway sector and the Volta Lake Transport system.

264. The objective is to open up the country, introduce competition and create an enabling environment for the private sector to actively participate in port and rail operations.

Performance In 2004

Railway Sector

265. The following were undertaken during the year:

- Selection of a company to rehabilitate, operate and manage Ghana Railway Company Limited;
- Procurement of funding to rehabilitate the 30 km Accra – Tema Railway line;
- Sod-cutting to mark the commencement of the Accra-Tema Railway Project on 22nd December 2004. Completion period for the bridge works is 10 months;
- Submission of Draft Ghana Railway Development Authority (GRDA) Bill to Parliament
- Signing of a Protocol Agreement between Ghana and Burkina Faso for the development of railways between the two countries; and

- Rehabilitation of existing wagons coupled with the new high density coaches resulting in a significant increase in haulage of goods to 1.76 million tonnes.

Maritime Sector

266. **Mr. Speaker,** Ghana Ports and Harbours Authority improved in the following areas:

- Reduction in turnaround time for ships and delays in the delivery of service to clients through extended operational hour; and

- Growth in container traffic.

267. The following activities were also undertaken:

- Quay 2 Extension project at the Tema Port was advanced and is now 50% complete;

- Container terminals at the Tema Port were developed;

- Dredging and rehabilitation of Takoradi Port were carried out; and

- Boankra Inland Port development project reached about 25% completion.

Outlook For 2005

268. **Mr. Speaker,** in furtherance of the achievement of its objectives the Ministry will undertake the following:

- Complete the selection of a concessionaire for the Railways by end of March 2005, and a Concessionaire in place by August 2005;

- Conclude the railway concession process to open up the Western, Eastern and Central Lines;

- Complete the Accra-Tema rail rehabilitation works by end of year and train services introduced by early 2006;

- Constitute a Joint Committee of Railway Experts from Burkina Faso and Ghana to follow-up and implement the Ghana–Burkina Faso Railway Project. This is in line with the vision of the government to extend railway services to the northern part of the country;

- Operationalise the Ghana Maritime Authority through the appointment of a Director General and key personnel of the Authority;

- Continue restructuring and reform of the Ghana Ports and Harbours Authority to completely change GPHA from a service port to a Landlord Port Authority;

- Continue improvements at Tema and Takoradi Ports to facilitate the clearance and forwarding procedures to make them the preferred trans-shipment ports of the sub-region;

- Provide modern truck parks or carports in Kumasi, Techiman and Tamale for transit cargo vehicles;

- Continue activities on the establishment of the Boankra Inland Port; and

- Pursue a number of interventions to forestall accidents on the Volta Lake including removal of tree stumps and charting of the navigational fairway.

269. The Ministry is allocated ¢32.7 billion for its programmes and projects in 2005. This is made up of ¢22.2 billion GOG and ¢10.5 billion foreign funding.

Ministry of Communications

270. The Ministry recognises that the provision of a world class communications infrastructure is key to the rapid socio-economic transformation of Ghana. Consistent with this, the sector's vision is to facilitate the development of a reliable, cost effective ICT infrastructure and services using the latest technologies. The year 2004 played a critical role in the growth of the ICT industry towards the take–off of the Ghanaian Economy.

Achievements In 2004

271. The key programmes targeted by this Ministry focused on using ICT to meet the poverty reduction targets set out under the GPRS. A major outcome has been the growth or expansion in the telecommunications sector which has seen vigorous market competition leading to improved access to information and communications services in most cases. Steps were taken to strengthen the regulatory framework and supervisory role of the Ministry in the light of the liberalised ICT environment.

272. Ghana Telecom as at the mid of 2004 had installed 370,000 fixed lines as against targeted 400,000 fixed lines across the country. These lines are supporting the extension of broadband connectivity to towns with Senior High Schools and/ or Training Colleges to facilitate extension of internet literacy facilities in the schools.

273. To improve access to telecommunications, the following activities were undertaken:

- 50% of towns with second cycle schools were provided with telephone facilities.
- Teledensity in the country was improved from 4% to 9.1 % bringing the total number of fixed and mobile lines to 1,835,000 by December 2004.
- 52 Community Information Centres (CICs) were constructed in 2004.
- 50 Postal Agencies were upgraded to Post Offices. These Post Office will soon be fitted with ICT facilities.

274. With respect to the provision of affordable and effective communications for citizens, the following were achieved:

- New regulatory laws were implemented and enforced
- A new Telecom Policy was concluded for Ghana
- Mobile licenses for a duration of 15 years to replace authorisation was effected
- Issuance of international gateway license for a period of 10 years were issued to replace the short term renewable authorization which tended to impede the telecommunication industry's smooth operation
- Ten year international gateway licenses were issued to enhance competition.

- Interconnectivity rate agreement was concluded between operators to enhance quality of service

275. To ensure that lower income sections of society are not deprived of access to telecommunication facilities, the following steps have been taken:

- Establishment of Community Information Centers in 53 districts
- Establishment of one Multimedia Centre in Accra as a one stop shop for ICT Business
- Pursuance of the Technology Park concept with initial site feasibility undertaken
- Cabinet approval of Policy for Accelerated Development of ICT

276. The following towns have also benefited from telecom expansion services: -

- Amedzofe Ho Kpando
- Hohoe Keta Aflao

277. The mobile cellular sector responded to the Ministry's telecom development efforts and subscriptions increased substantially as follows:

- Spacefon - over 955,000 subscribers
- GT - over 462,000 subscribers
- Mobitel - 355,000 subscribers
- Kasapa - 60,000 subscribers
- Westel - 3,000 subscribers

278. In view of the anticipated demand for greater bandwidth to support the deployment of the Internet for development nationwide and also for improvement of telecommunications, the Ministry of Communications initiated an investment drive to build a national communications backbone using the existing VOLTACOM fibre. The set-up of the Ghana India Kofi Annan Centre for ICT was completed and commenced operations in November 2004 under the direction of a seven-member Court of Governors.

279. Capacity building programmes were commenced during the year to bridge the human resource gap between academia, government establishments and the ICT Industry. The Centre at the end of the year trained about 850 people in various ICT programmes.

280. ICT awareness training programmes for the traditional rulers has been initiated. A first batch of 25 chiefs from the Eastern Region has benefited from the training programme. A second batch of 25 Chiefs from Greater Accra also benefited.

281. The Voltacom Implementation Committee (VIC) set up by a Cabinet directive, under the guidance of both the Ministries of Communications and Energy is transforming the Voltacom utility into a separate access communications backbone company.

Outlook For 2005

282. **Mr. Speaker, the** Ministry will undertake the following programmes in 2005 to facilitate the provision of world class communications infrastructure throughout the country:

- Bridging of the 53 kilometre gap in the fibre ring between Kumasi and Obuasi to effectively connect the southern triangle between Accra, Takoradi and Kumasi;

- Provision of first class training to aspiring computer professionals in the country. Agreement has been reached with a leading international Internet working company to offer diploma and degree programmes in our polytechnics in 2005/2006;

- Continued assistance to all sector Ministries, Regional Coordinating Councils and District Assemblies to validate their ICT Policies to enable them focus on priority development areas where ICT solutions can be applied to enable the sectors carve out a niche on the digital landscape, and also create greater interaction with citizenry;

- Pursuit of strategies to address challenges in policy especially with regard to commerce and trade, culture, education, agriculture, tourism, governance, health and gender;

- Preparation of the requisite regulatory instruments and processes to address deficiencies in the NCA Act 524;

- Monitoring of the transformation of the NCA to be more independent in its operations to create an orderly market;

- Strengthening the capacity of the Postal and Courier Service Regulatory Commission to ensure a level playing field for the Postal Industry; and

- Overseeing the functioning of the Ghana Investment Fund for Telecommunications (GIFTEL) to generate funds to support the development of telecommunication infrastructure in the underserved areas.

283. **Mr. Speaker,** the Ministry in addition will undertake the following:

- Completion of the construction of Community Information Centres (CIC) in the 10 regions to bring the digital opportunities to under served areas;

- Completion of rehabilitation works of 50 Postal Agencies in all regions and the second phase of upgrading covering 20 Postal Agencies commenced;

- Reinforcement of the Multi-Media direct link to the SAT-3 fibre cable to link the outside world. This facility, currently supporting some Out-Sourcing Businesses and some call centres is being converted into an incubator to promote research and development in ICT;

- Development of a Technology Park;

- Pursuit of a programme to link all MDA's on a common platform to extend messaging and collaboration;

- Development of requisite legislation to facilitate e-applications in consultation with the Attorney General's office;

- Establishment of a Directorate to implement and monitor ICT programmes and projects in the public sector; and

- Transformation of the Meteorological Services Department (MSD) into a semi-autonomous Meteorological Agency.

284. The Ministry of Communications is allocated **¢26.4 billion** for its 2005 programmes and projects.

Ministry of Energy

285. The Ministry of Energy is mandated to develop and ensure reliable supply of high quality energy services to all sectors of the economy in an environmentally friendly manner. The Sector aims at developing efficient, reliable and affordable energy systems to boost industrial growth and production as well as to support socio economic activities especially in the rural areas to reduce poverty.

Performance In 2004

286. Mr. Speaker, towards this end, the following activities were undertaken in year 2004:

Power Sector Reforms

287. The Power Sector Reform Programme (PSRP) is intended to introduce changes to improve the management of electricity and improve power sector infrastructure to increase availability of and access to power. The programme is also set to promote private sector investment in additional power generation capacity and improvement of performance of both generating and distribution companies to deliver high quality services to consumers.

288. In line with the Power Sector Reform Strategy, Cabinet decided on the following:

- The Volta River Authority should be constituted into two Companies; a Hydro Company to be responsible for Hydro Generation and another Company to operate the Aboadze Thermal Power Complex;

- Establishment of a separate Transmission Company;

- Reconstitution of the Electricity Company of Ghana (ECG) and the Northern Electricity Department (NED) into a single Distribution Company; and

- An Amendment Bill to the Volta Development Act 46 to allow for the creation of the separate companies.

289. The following activities were also undertaken during the year:

- Implementation of the ECG distribution system upgrade;

- Initiation of the rural electrification programme in 300 communities which comprised SHEP 3 Phase 3 and SHEP 4 Phase 2 projects;

- Installation of Solar PV systems in 102 remote Junior and Senior High schools in all 10 regions;

- Preliminary works for the retrieval and relocation of solar systems from areas connected to the National Grid; and

- Work on the Bui Hydro Electric project.

290. Under the **West African Gas Pipeline Project** (WAGAPP) the following were achieved:

- Ratification by Parliament of the International Project Agreement (IPA) and the Treaty;

- Completion of the Environmental Impact Assessment (EIA);

- Ratification of enabling Legislation on WAGPP; and

- Payment of Ghana's 16.3 % equity.

291. For the **Osagyefo Power Plant Barge,** negotiations were completed for site dredging and towing of the 125MW barge from the Sekondi Naval Base to the Effasu- Mangyea site

Deregulation of Petroleum Downstream Operations

292. **Mr. Speaker**, the Deregulation of the Petroleum Sector is intended to encourage private sector investment in the provision of infrastructure and other service in the petroleum downstream sector including participation in the importation of crude oil and petroleum products. It is also meant to reduce the financial debt burden of TOR through efficient pricing of petroleum products.

293. Government is committed to pursuing the deregulation process with the key objective of ensuring uninterruptible supplies of petroleum products throughout the country, attaining maximum efficiency in investments and operational performance, and to ultimately meet adequate standards on quality and safety at equitable prices in the supply of petroleum products to consumers. Preparatory works for the commencement of the deregulation programme in 2005 were therefore carried out in 2004.

294. As a first step, **Tema Oil Refinery's (TOR)** operations were restricted to processing of crude oil in 2004 and the private sector (Oil Marketing Companies (OMCs)) agreed to finance the procurement and importation of the shortfall of finished products. The first tender for importation by OMCs was held in March, 2004.

295. The following projects were also undertaken in order to ensure availability of petroleum products in all parts of the country and also for export:

- Rural Kerosene Distribution Improvement Programme;
- Export Oriented Oil Refinery Project;

- Single Buoy Mooring (SBM) Project; and
- Buipe-Bolgatanga Petroleum Products Pipeline Project.

OUT LOOK FOR 2005

296. **Mr. Speaker**, the following programmes will be pursued in 2005 in order to improve efficiency, availability, reliability and affordability of energy products for economic development:

- Continuation of implementation of the ECG Distribution Upgrade Project;
- Continuation of implementation of SHEP 3 Phase 3 and SHEP 4 Phase 2 rural electrification projects;
- Identification of a developer for the Bui Hydroelectric Project to start the Environmental Impact Assessment (EIA) study;
- Continuation of installation of Solar PV systems in remote educational institutions;
- Retrieval and relocation of solar systems from areas that have been connected to the national electricity grid; and
- Commence studies for off grid communities in the three northern Regions.

297. **Mr. Speaker**, the **West Gas African Pipeline Project** which is intended to improve the energy supply requirements of the country will commence with the construction of the pipeline system culminating in the first gas delivery at Aboadze within a period of 24 months after the start of construction.

298. **Mr. Speaker,** the take-off of the implementation of **Petroleum Deregulation policy** commenced on Friday 18th February 2005 with the announcement of new prices for petroleum products. The prices were arrived at on the basis of the existing pricing formula and were designed to realign prices with international prices for crude oil. This was to set the stage for the OMCs to take over the pricing of petroleum products under the supervision of an independent National Petroleum Authority (NPA). Legislation to back the regulation functions of the NPA is to be enacted this year.

299. **Mr. Speaker**, Government being mindful of the possible hardships this policy might impose on most Ghanaians has introduced several short and long term measures to mitigate the consequences. These measures are outlined in the Policy Initiatives Section (Chapter 7) of this Budget Statement.

300. In addition to the above mentioned initiatives, the following activities aimed at strengthening the policy environment and improving supply of energy and reduce poverty will be undertaken:

- Development of policy framework for a Secondary Gas Distribution Network;
- Movement of the Osagyefo Power Barge Plant;
- Promotion exercises in the sedimentary basins at various international fora;
- Presentation to Cabinet of Memorandum for approval on change in the Petroleum Exploration and Production Law (PEPL);
- Completion of Phase II of the Rural Kerosene Improvement Project;

- Completion and commissioning of the Single Buoy Mooring (SBM) Project in June;

- Completion of Buipe-Bolgatanga Petroleum Products Pipeline Project to make petroleum products readily available in the northern part of the country.

301. To implement its programmes and projects the Ministry of Energy has been allocated **¢411.8 billion** comprising ¢27.4 billion GOG and ¢384.4 billion donor funds for its programmes and activities in 2005.

Ministry of Works and Housing

302. **Mr. Speaker**, in line with the objectives of the GPRS, the activities for which the Ministry of Works and Housing has responsibility and facilitates through its agencies are: the provision of rural and urban water, water related sanitation facilities, drainage, coastal protection, operational hydrology and housing. These are aimed at providing basic infrastructure for socio-economic development.

Performance in 2004

Rural Water

303. **Mr. Speaker,** in accordance with the GPRS objective of increasing access to safe water and sanitation for sustained poverty reduction, the Community Water and Sanitation Agency (CWSA) provided several water and water related facilities in several communities of the country.

304. The CWSA constructed a total of 2,288 new boreholes fitted with hand pumps. Out of this total, 215 were constructed in the guinea worm endemic areas of the country resulting in a considerable reduction of the incidence of guinea worm infection in those areas.

For example, the 1,216 cases reported in the Nkwanta District of the Northern Volta Region at the beginning of the year, had reduced to 6 by the beginning of October 2004.

305. The CWSA also completed 50 small community pipe systems and 57 small town pipe systems. Some of the communities that benefited from these systems are Takorase and Donkorkrom in the Eastern Region and Akatsi and Dzodze in the Volta Region. Other completed small town water systems include the coastal belt project in the Ketu and Keta Districts in the Volta Region and Oyibi, Abokobi/Oyarifa/Teiman water project in the Greater Accra Region.

306. A total of 5,601 household and 441 institutional places of convenience were completed throughout the country as part of the safe water programme.

Urban Water Programme

307. The objective of Ghana Water Company Limited (GWCL) is to effectively manage urban water systems and in this regard to provide potable water to all urban communities and industry.

308. **Mr. Speaker,** in 2004 the GWCL undertook the following activities to protect the output of existing systems and improve water supply:

- Completed construction work on water distribution lines to Sowutuom-Ofankor-Amasaman;

- Work on the booster station at Asafoa Hill Reservoir was completed to improve water supply from Asafoa Hill to Sowutuom and to Ofankor; New Gbawe to Anyaa; Lapaz to Darkuman; Darkuman to Israel; and Anyaa to Ablekuma. Construction work on the Weija reservoir and distribution lines to Weija Junction and to Kasoa were also completed;

- Installed 4 elevated reservoirs at Aplaku and Kasoa;
- Laid pipelines from Kasoa to Denkyira and water tanks were installed at Kasoa and Aplaku;
- Undertook rehabilitation works on the Winneba Water System; and
- Work also continued on the mains extension to Fiapre (Sunyani) under the programme for the rehabilitation of minor and low capacity water treatment plants.

309. The following HIPC funded water projects which were commenced in 2004 are at various stages of completion:

- Mains extensions to Bulpeila and other communities in the Tamale Metropolis under the Guinea Worm Eradication Project;
- Extension of pipelines under the Atiwa Water Supply Project in the Eastern Region;
- Akim-Oda Water Supply project also in the Eastern Region;
- Teshie Water Supply Improvement in the Greater Accra Region; and
- New Tafo Water Supply Rehabilitation Project in the Eastern Region.

310. Others are:

- Water supply Improvement to some Educational Institutions in the Central Region and the Ankaful Psychiatric Hospital;

- Cape -Coast dry season emergency measures;
- Pankrono -Ahwiaa- Buokrom Water supply;
- Buokrom Estates Water Supply Improvement;
- Ashalley Botwe Water project;
- Ashanti Mampong Water Supply Project; and
- Adenta Water Supply project to supply Adenta and surrounding areas with high yielding underground water from boreholes at Dodowa.

311. The Six Towns Water Supply project covering Koforidua, Asamankese, Nsawam, Nkawkaw, Akim Swedru, Anum Boso is about 80% completed.

312. **Mr. Speaker,** preparatory works for the following projects were completed in 2004: Sogakope-Lome Water Supply Project; Kwanyaku Water Supply Expansion project; and Kpong Water Supply Expansion project.

313. Detailed designs and tender documents were prepared for 13 urban water systems in seven regions – Greater Accra, Ashanti, Central, Northern, Upper East, Volta, and Western under the Urban Water Project.

Drainage Systems

314. **Mr. Speaker,** activities to address the management of liquid and solid waste included the completion of 11 kilometers of reinforced concrete drains under the Tamale Storm Water Drainage Project (TSWDP).

315. **Mr. Speaker,** by December 2004, approximately 70% of construction work on the 20-bay interceptor weir, pumping station, and pre-treatment plant had been completed under the Korle Lagoon Ecological Restoration Project (KLERP). Infrastructural improvement works at selected markets for relocation of identifiable traders from Sodom and Gomorrah progressed. Preparatory works for final dredging of the lower and upper lagoons were completed and two new sea outfall pipes were constructed.

316. **Mr. Speaker,** the Keta Sea Defence Project (KSDP) progressed steadily. Work on three hundred and sixty-three (363) houses and infrastructural facilities including electricity, water, and sewerage reached different completion stages at Vodza, Adzido and Kedzi at the end of 2004. Pre-contract activities leading to award of contracts have been completed for religious and academic infrastructure.

317. Also completed and handed over are: a 733 metre long revetment structure, 6 groynes, 8.3 kilometre main link road, as well as 7 link roads, 20-bay flood control structures and 230 hectares of reclaimed land for residential and industrial development.

318. Under the Ada Sea Defence Project, the preparation of designs and project documents to protect the critical 5 kilometre coastline against sea erosion and removal of the sand bar at the Volta River Estuary have been completed.

319. Feasibility studies on the dredging of the Elmina Benya Lagoon, including sourcing of funds for its implementation were completed in 2004.

Hydrological Services

320. **Mr. Speaker,** the impact of the flood control programme is the increased safety of flood-prone communities, especially protection of life and property.

321. As part of flood control activities, channel improvement works consisting of desilting, deepening and widening of streams and major drains were undertaken nation-wide. These works were complemented by construction of culverts to improve flow of flood waters and provide access to communities in flood-prone areas. Drains were also constructed to provide safe passage for flood waters and improve sanitation throughout the country.

322. **Mr. Speaker,** coastal protection works were undertaken at Sakumono, Princess Akatakyie, Nkontompo, Dixcove and Shama to protect coastal communities against loss of their dwellings and livelihoods. The Nkontompo protection works has, in addition, prevented the loss of the main road linking Sekondi and Takoradi and nearby rail lines.

Housing Programme

323. **Mr. Speaker,** the Ministry continued to pursue the National Housing Bond Scheme, to raise both domestic and foreign capital of about US$200.0 million, to embark on the provision of low-income, safe and affordable housing for all workers in Ghana.

324. Work on the revision of the existing rent law continued with the submission of a draft bill to Parliament late in 2004. It also began sourcing 30,000 acres of land to establish land banks to facilitate housing development.

325. The Ministry pursued the following housing projects – the Agnus Dei Foundation; La Sphere SA Project; Vega Proyectos Project; Malaysia-SSNIT Project and Low Cost Housing project.

OUTLOOK FOR 2005

Rural Water

326. **Mr. Speaker,** in accordance with the GPRS objectives and MDG targets of accelerating the delivery of sustainable safe water and improved sanitation facilities to rural communities and small towns, CWSA will undertake the following activities in the year 2005:

- Construction of 1,900 new boreholes;
- Rehabilitation of 50 existing boreholes;
- Construction of 40 new hand dug wells;
- Construction of 30 small communities pipe systems;
- Construction of 40 new small town pipe systems;
- Construction of 6,000 new household places of convenience; and
- Construction of 500 new institutional places of convenience.

327. HIPC funds will be used to construct about 220 boreholes fitted with hand-pumps in guinea worm endemic communities. In addition, construction of the Damango, Sibi Hill-Top, Sibi Central, Kpassa and Bonankye water system will be undertaken as a permanent solution to the guinea worm menace in the northern Nkwanta District of the Volta Region. Innovative technologies are being investigated for

provision of water facilities in three communities in the most endemic communities in the Northern Region.

328. **Mr. Speaker,** the Ministry will provide water and sanitation facilities in the Dangme East, Dangme West and North Tongu districts.

Urban Water Programme

329. **Mr. Speaker,** the GWCL will extend transmission, distribution network and metering in the Winneba water supply area to make maximum use of the new potable water treatment plant.

330. The rehabilitation of minor and low capacity treatment plants and the mains at Fiapre, Beposo-Nsuta, Nerebehi, Nkawie, Dwomo-Techimentia and other towns under the programme will be continued. Funds will also be provided for rehabilitation and expansion of the Kwanyaku Drinking Water Treatment Plant.

331. The following projects will also be continued to improve supply of potable water in those areas:

- Agona Jamasi (Ashanti Region), Tolon (Northern Region) and Assin Fosu (Central Region), Water Supply;
- Accra Sewerage System Improvement Study – Phase II;
- Acquisition of land for sewerage treatment plants sites; and
- Six Towns Water Supply project - the Koforidua, Asamankese, Nsawam, Nkawkaw, Akim Swedru and Anum Boso systems, all in the Eastern Region.

332. The Tamale Water Supply Expansion project will be commenced once the level of concessional financing has been determined.

Similarly, the Sunyani Water Supply Expansion Project will also proceed once the financing terms are accepted by Government.

333. **Mr. Speaker**, the following projects will also commence this year after the relevant procedures are completed:

- Baifikrom Water Supply Expansion Project;
- Sogakope-Lome Water Supply Project – Volta Region;
- Kwanyaku Water Supply Project – Central Region;
- Accra East-West Water Transfer Interconnection project – Greater Accra Region;
- Kpong Water Supply Expansion – Eastern Region;
- Cape Coast Water Supply Project – Central Region;
- DfID funded Urban Water Supply Programme; and
- World Bank funded Urban Water Project (UWP)**.**

334. Work on the Korle Lagoon Ecological Restoration Project (KLERP) will be continued. This will involve maintenance dredging of the lower and upper lagoons and Korle canals, including the laying of the 1.2 kilometre landline, and 850 metre new sea outfall pipe. Similarly, the remaining 30% of works on the interceptor weir, pumping station and the pre-treatment plant will also be completed and commissioned by the end of the year.

Drainage Programmes

335. **Mr. Speaker,** the remaining 7 kilometres of reinforced concrete drains and ancillaries of the Tamale Storm Water Drainage will be completed.

336. The construction of the remaining 473 houses, religious, social and academic infrastructural facilities under the Keta Sea Defence Project (KSDP) and the formal commissioning of the project will be completed by the end of the year.

337. Actual work on the integrated sea defence project at Ada will start this year to allow the development of infrastructure for salt production, fishing and tourism to improve the social and economic aspects of life for the people of Ada.

338. By the end of the year, actual dredging of the Benya Lagoon, and the entrance of the fishing harbour will be dredged to allow use by some 500 to 700 fishing vessels for landing catches and mooring purposes.

Hydrological Services

339. Channel improvement works and construction of culverts to alleviate flooding in flood-prone areas will continue. In particular, the construction of storm drains and culverts in parts of Dzorwulu and Tema Communities 18, 19 and 20 to contain the perennial flooding experienced in these communities will be undertaken.

340. Drainage Master Plans for District Capitals and major towns in the country will be prepared to ensure programmed systematic, cost-effective development of drainage schemes to protect communities from flooding, prevent erosion and improve sanitation in these towns.

341. Coastal protection works at Ngyiresia, Dixcove and Amafulkuma in the Western Region and at Ningo - Prampram in the Greater Accra Region will be undertaken.

Housing Programme

342. **Mr. Speaker,** implementation of the following housing projects will start this year:

- 5,000 houses will be built nationwide over a five-year period. The two-phased scheme will start in Ashalley Botwe Accra with over 3,000 houses, 600 in Kumasi, 400 in Sekondi-Takoradi, 300 in Tamale and 700 in Twenty selected District capitals; and

- Another 5,000 houses in all the regional capitals and some district capitals will take off this year.

343. **Mr. Speaker,** the above two projects are expected to provide 70,000 varied construction jobs.

344. **Mr. Speaker,** in fulfillment of the NPP Manifesto of Housing the People and the realization of His Excellency the President's vision for the housing sub-sector, Government will provide ¢150 billion to the Ministry of Works and Housing to commence the construction of low cost housing throughout the country.

Rehabilitation of Government Bungalows

345. **Mr. Speaker,** most of the Government bungalows have not seen any major rehabilitation over the years and are at various stages of disrepair.

346. **Mr. Speaker,** Government is to institutionalize maintenance of our bungalows from this year. An amount of ¢5 billion has been

earmarked for the Ministry of Works and Housing to rehabilitate some of the bungalows. It is hoped that the programme will be sustained in subsequent years to ensure that all Government bungalows in the country are fully rehabilitated.

347. In addition, the following will also commence:

- Negotiation for land for housing on the Winneba and Dodowa Roads; and

- Provision of low and medium income housing at community 19 by SSNIT through a joint venture which will be replicated nationwide after the Accra pilot scheme.

348. **Mr. Speaker,** valuation of all the 5,665 low cost houses constructed by Government in 1973 will be undertaken this year and proceeds from sale of the units will be used as a seed capital for construction of staff housing particularly for newly created District Assemblies.

349. The Ministry will also continue to implement the policy on the establishment of land banks for housing projects throughout the country.

350. For its programmes and projects the Ministry of Works and Housing is allocated **¢964.7 billion** comprising GoG of ¢99.7 billion (of which IGF is ¢7.5 billion) and donor funds of ¢865.0 billion.

MODERNIZED AGRICULTURE BASED ON RURAL DEVELOPMENT

351. **Mr. Speaker**, over 60 percent of our population is either in agriculture or agriculture related activities. Agriculture constitutes about 36 per cent of our GDP. The Government believes that if we vigorously improve the methods of production and processing of agriculture produce we can accelerate the growth of our economy in a way that will have significant impact on the lives of the majority of our people.

352. The Government is therefore determined through various interventions to develop the rural economy through modernization of agriculture. To accomplish this objective the following MDAs will implement various projects and programmes.

- Ministry of Food and Agriculture;
- Ministry of Fisheries;
- Ministry of Trade and Industry;
- Ministry of Lands, Forestry and Mines; and
- Ministry of Environment and Science.

Ministry of Food and Agriculture (MOFA)

353. **Mr. Speaker,** the policy objective underlining MOFA's activities is the transformation of the rural economy through modernization of agricultural production and processing and improved marketing and distribution systems.

354. In this regard, the Ministry will not only formulate policies but will continue to actively assist and support the Private Sector in agro processing, equipment development and fabrication, and facilitation of access to inputs and credit.

Performance In 2004

355. **Mr. Speaker,** last year the Ministry made significant progress towards its objective of promoting sustainable agriculture through agribusiness. Efforts made in agricultural mechanization and management of post harvest losses and specific achievements under the various sub-sectors are as follows:

Mechanization and Post Harvest Management

356. In line with government's efforts to modernize agriculture and also reduce significantly the drudgery, associated with traditional agricultural methods, 200 farm tractors with matching implements (in knocked down form) were imported with HIPC resources, assembled locally and distributed to farmers all over the country. Another 800 of such tractors are to be imported with an Indian Exim Bank facility, the terms of which are currently being negotiated between the Bank and the Government of Ghana.

357. In addition, Parliamentary approval was given during the year to procure another 1000 pieces of tractors and 400 high-powered tractors.

358. **Mr. Speaker,** to reduce post- harvest losses and add value to agricultural produce, the Ministry released ¢10.9 billion of HIPC funding, to support the procurement and distribution of the following machinery and equipment for Small Scale agro processing industries:

- 40 complete lines of tomato processing facilities;
- 700 one-ton metallic silos;
- 50 each of Mechanical Dryers, Solar Dryers, Rice Threshers, and Palm Fruit Digestors;
- 100 Multi-Crop threshers;
- 100 Cassava Grating Machines;

- 50 Single Screw Presses;
- 100 Double Screw Presses; and
- 50 sets of Shea Butter Processing Equipment

359. **Mr. Speaker**, to support the development of ground water for agriculture, 2 drilling rigs were purchased. Two hundred submersible pumps and 2,000 sprinklers were also procured with HIPC funds.

Crop Sub-Sector

360. **Mr. Speaker**, to improve crop production, the Ministry provided farmers with improved seeds and planting materials under the 5 Donor Assisted projects, currently being implemented in the crop subsector.

361. A total of 23 tonnes of improved cashew seeds were distributed to farmers.

362. To help Ghanaian farmers compete in the new popular MD2 variety of pineapple, which has gained European market share, about 9,000 plantlets of the MD2 pineapple cultivars were distributed to farmers.

363. A total of 472.23 hectares of primary multiplication sites and 4.58 hectares of secondary sites were established to produce improved cassava planting materials. About 609,222 farmers accessed this improved planting material in 2004.

364. With regard to sweet potato, 66.42 hectares and 21.0 hectares of primary and secondary multiplication sites respectively were established. A total number of 212,347 farmers participated in 2004.

365. In addition 6.1ha and 6.0ha of multiplication sites were established for cocoyam and yam respectively.

366. **Mr. Speaker**, as part of efforts to make improved seeds and planting materials available to farmers, the capacity of breeder seed producers of rice, sorghum and cotton was strengthened through the supply of equipment and vehicles.

367. The following quantities of improved seeds of Cereals and Legumes were also produced and sold to farmers:

Maize	-	138 metric tons
Cowpea	-	28.6 metric tons
Groundnut	-	33.2 metric tons
Soghum	-	0.430 metric tons
Soyabean	-	23 metric tons

Irrigation Development

368. **Mr. Speaker**, to increase operational and cropping efficiency on existing irrigation projects, as well as increase irrigable land, the following activities were undertaken:

- Under the National Small Scale Irrigation Development Project Phase I, a total of 31 irrigation schemes are being developed and these are at various stages of completion.

- As part of the Land Conservation and Smallholder Rehabilitation Project II (LACOSREP II), 12 new dams were awarded on contract, bringing the total under construction to 24, while design for 36 additional dams were completed.

- The Upper West Agricultural Development Project (UWADEP), completed the construction of 8 dams, 2 dugouts and 22 hand-dug

wells. Construction work is progressing on 5 other dams and 1 dugout.

- The Anum Valley and Mankessim Projects have been completed and 6 pumps have been supplied to each project.

- Local capacity has been developed for the manufacture of wind pumps as a renewable and alternative energy source for water abstraction for irrigation purposes. Eight wind pumps have been locally fabricated and installed for use on pilot basis at Kweiman and the premises of the Agricultural Engineering Services Department of MOFA

Rice Production

369. **Mr. Speaker**, in 2004, the following projects were implemented to achieve Government's Policy of reducing rice importation by 30 percent:

- One 40 bay platform was completed at the Kpong Irrigation Project to improve drying and the quality of rice.

- Two rice seed farms were established at Tono and Kpong Irrigation Sites to produce seed for farmers in the Northern and Southern Ghana respectively.

- The Aveyime rice project was repackaged for foreign direct investment.

Improving soil fertility and plant nutrition management

370. As part of the Soil Fertility Action Plan, the following were implemented:

- Three hundred on-farm testing plots were established to review fertilizer recommendations for cassava and maize in the forest savanna transition and maize and sorghum in the Guinea Savanna zones.

- A total of 54 oil palm, coconut and cocoa on-farm plots were established to demonstrate the effectiveness of rock phosphate application in acid soils that support the cultivation of these crops.

Plant Protection and Regulatory Services

371. To improve plant protection and regulatory services, a National Plant Protection Policy Guideline was developed, and circulated to all stakeholders in plant protection.

372. Integrated Pest Management standards were developed for 19 crops.

373. Disease surveillance and control were effectively carried out against cassava mealy bug, Africa armyworm, Cocoa capsids, Cocoa blackpod and black sigatoka disease.

Livestock Subsector

374. In order to promote livestock development, the Ministry is implementing the Livestock Development Project. The project provides financial support to livestock farmers and processors to expand their businesses. It also makes available to farmers improved breeds of livestock.

375. The Amrahia Dairy Farm and Training Center was upgraded to train cattle farmers, dairy collectors and processors in hygienic ways of milking, handling and processing milk. To date, 393 private operators have benefited from the Center. Six other dairy Centers have been established at Bolgatanga, Wa, Kwame Nkrumah University of Science and Technology (KNUST), Juapong and Anomabo through HIPC funding.

376. About 98.6 hectares of on-station pasture has been developed leading to the production of 11.5 tonnes of feed for animals at the stations.

377. In partnership with Agricultural Development Bank, and other private sector operators, the Ministry has undertaken a Broiler Project to produce and process quality chicken for the market.

378. The Animal Production Directorate improved the productivity parameters of about 381 indigenous breeds of small ruminants of pigs, goats, sheep, rabbits and the West African Short Horn (WASH) and sold them to farmers for breeding.

379. To sustain disease surveillance in the country, educational programmes were organized for 962 livestock farmers on how to recognize four priority diseases; Peste des petits Ruminants (PPR), Rinderpest, African Swine Fever and Contagious Bovine Pleuro pneumonia (CBPP).

380. To reduce the incidence of New Castle Disease, which sometimes kills over 80 percent of the population of village chicken, 3,585,000 doses of the new vaccine, Thermostable Newcastle Disease (ND1-2) vaccine were produced for nationwide application.

Credit Provision

381. **Mr. Speaker**, under the Food Crops Development Project, a total of ¢3.648 billion was granted to 191 farmer groups as production and marketing credit. This enabled the farmer groups to cultivate 3,895 hectares out of the targeted 4000 hectares.

382. Under the Cashew Development Project, 9,099.6 hectares of Cashew farms were established in the 10 participating Districts. The project disbursed ¢5.778 billion as production credit to 379 farmers groups and ¢100 million to processing companies in the Brong-Ahafo and Greater Accra Regions respectively.

383. An amount of ¢3 billion was extended as credit to 45 women groups from the Volta, Central and the Greater Accra Regions, to enable them buy fish to process for the market or store them for sale during the lean season.

Outlook For 2005

384. Mr. Speaker, MOFA has achieved some modest success in the transformation of our production and processing methods in our effort to modernize agriculture. This is reflected in the much higher growth rate in agricultural sub-sector of the economy.

385. In 2005, MOFA is resolved through the implementation of new policies and interventions to improve productivity, profitability and reduce the drudgery associated with agriculture.

386. The implementation of these and other related policies we hope would attract the youth into the sector.

387. In this regard, MOFA with the support of stakeholders will undertake the following activities.

Crop Development

388. **Mr. Speaker**, one of the major focuses of the Ministry is ensuring the availability of quality planting materials and improved seeds to farmers for increased production and productivity. In this regard, MOFA will:

- Ensure the effective and efficient multiplication of 5 new cassava varieties over 80 hectares at 6 primary sites;

- Facilitate the cropping of 5 hectares of sweet potato varieties at Tano and Okyereko irrigation sites;

- Train at least 5 farmers in hybrid seed maize production in 3 Districts of the Food Crop Development Project;

- Plant 4,500 hectares of improved cashew seeds under the Cashew Development Project and distribute to 5,000 farmers for plantation development;

- To strengthen the oil palm industry, the Oil Palm Research Institute (OPRI) will be supported to expand germinated seed production. Seed production by OPRI will increase from about 2 million in 2004 to 3.5 million in 2005;

- To reduce the importation of rice, the implementation of the new NERICA rice variety initiative will be quickened in 2005;

- Under the Inland Valley Rice Development Project selected seed growers will be contracted to produce a total of 55 tons for distributing to 1350 rice farmers for cultivating 450 hectares;

- To enable Ghana gain more access to the international pineapple market, MD2 plantlets will be multiplied and distributed to smallholder groups who do not have the resources to acquire

them at current prices. They will be trained in rapid multiplication of the plantlets; and

- The Ghana Standards Board will be assisted with equipment to enable it get certification as a Best Laboratory Practice Status to enable it undertake residue testing. Farmers and exporters will be trained on food safety and quality management to ensure compliance with European Retailers Protocol of Good Agricultural Practices (EUREPGAP protocol).

389. **Mr. Speaker**, under the Soil Fertility Initiative the following activities will be implemented:

390. A total of 345 on-farm trials will be established in 23 Districts to review the fertilizer recommendations for maize, cassava, sorghum and tomatoes. Rhizobium strains that enhance the nitrogen fixing ability of soybean will be developed and tested in 5 locations.

391. The recent out break of locust in parts of the sub region has necessitated the re-establishment of the national strategic stock programme for calamity and migratory pest. The programme will therefore be reintroduced to protect our crops. In addition, an oil palm leaf miner control programme will be finalized and made operational.

392. Research Institutes will continue activities in the areas of:

- training and recruitment of breeders;
- rehabilitation of research laboratories, provision of equipment and resources to establish and operate field plots; and
- sourcing and adaptation of elite germplasm to local conditions

393. Support will also be given to relevant agencies to develop and implement the following key strategies of the National Soil Fertility Management Action Plan (NSFMAP):

- Agricultural Land Use Planning Policy;
- Integrated Nutrient Management; and
- Fertilizer Quality Control.

Livestock Development

394. **Mr. Speaker,** under the Livestock Development Project, farm structures at the 6 breeding stations (Nungua Livestock Station, Amharia Dairy Station, Ejura Sheep Breeding Station, Kintampo Goat Breeding Station, Babile Piggery Station and Pong-Tamale Livestock Station) will be rehabilitated and restocked with improved breeds.

395. To improve on communal grazing lands, farmer grazier groups and associations will be formed and trained on forage establishment and management. Selected farmers will be trained and assisted to go into pasture seed production. Communal grazing lands will be oversowed with stylosanthes, which is high in protein and fire resistant.

396. Milk production developed from crossbred dairy cattle will be strengthened. In this regard 1250 animal breeders will be trained to facilitate production of cross bred animals as well as zero grazing, hygienic milk collection, processing and marketing.

397. Clinical surveillance will be intensified by Veterinary field staff to check diseases outbreak. In this connection the Epidemiology Unit will organize livestock farmer educational programmes on how to recognize 4 diseases such as African Swine Fever (ASF), Contagious Bovine Pleuropneumonia (CBPP), Peste des Petits Ruminants (PPR) and Rinderpest

Irrigation Development

398. **Mr. Speaker,** to increase operational and cropping intensity on existing projects as well as put more area under irrigation, the following activities will be carried out:

- Nine irrigation schemes, (Weija) in Greater Accra Region; Aveyime, Afife and Kpando-Torkor in Volta Region; Sata and Akumadan in Ashanti Region; Tanoso and Subinja in Brong Ahafo Region; and Bolgatanga in the Northern Region will be rehabilitated;

- Thirty small dams and dugouts in the Volta Region will be rehabilitated;

- Irrigation policy, strategies and regulatory measures will be developed;

- Feasibility studies, aimed at bringing 200,000 hectares of the Accra Plains Irrigation project under cultivation will be completed and

- Two hundred submersible pumps are to be installed on boreholes, which will be sunk this year.

Special Programme for Food Security (SPFS)

399. **Mr. Speaker**, the Programme will continue to support 3 women groups involved in sheep/goat and piggery production and train 400 farmers in various diversified agricultural enterprises (sheep, goat, piggery, poultry and fish farming). The five new micro-irrigation models will be completed and used. The programme will further review credit utilization for 32 farmer groups formed and supported to access credit within the frame work of the Project.

Agricultural Financing

400. Under the Food Crops Development Project a total of ¢20 billion will be disbursed to at least 500 farmer groups for production, storage, processing and marketing in 8 project districts. The credit will enable farmers to crop a total of 4000 hectares of cowpea, soybean, maize, sorghum and groundnuts.

401. The Cashew Development Project will provide a total credit of ¢5.4 billion to Cashew farmer groups and processors in 10 Project Districts Wenchi, Jaman, Kintampo, Bole, West Gonja, Yendi, Nkwanta, Ga, Nadowli and Jirapa-Lambussie. The credit will enhance operations of beneficiaries.

402. **Mr. Speaker**, the following projects will be undertaken with funding under the HIPC initiative.

Agricultural Machinery and Equipment

403. The Government will continue to provide credit to support agro-processing activities.

404. Five animal traction centres at Nyankpala (Northern), Nkwanta (Volta), and Wenchi (Brong Ahafo, Doba) (Upper East) and Babile (Upper West) will be rehabilitated. This is to support small-scale mechanisation of agriculture in areas with comparative advantage in the use of the technology.

405. In pursuit of the policy of public- private sector collaboration, the Ministry will continue to facilitate the procurement, sales and distribution of a wide range of agricultural machinery, equipment and technologies targeted at the different scales and levels of production, storage and processing of various crops.

406. To carry out its programmes and activities the Ministry of Food and Agriculture has been allocated ¢642.9 billion comprising GOG of ¢ 220.6 billion (of which IGF is ¢10.9 billion) and donor funding of ¢ 422.3 billion.

COCOA INDUSTRY

Policy Measures

407. **Mr. Speaker**, there have been significant improvements in the cocoa industry leading to a record output.

408. These achievements have resulted from the consistent policy measures pursued by the Kufuor Administration over the past four years. These measures have increased farmers' earnings and reduced poverty leading to improvement in the quality of life of cocoa farmers. It has also made cocoa the biggest foreign exchange earner and increased its contribution to Government export tax revenues.

409. In support of these measures, a Committee was also put in place and is currently working to make recommendations to Government on a review of the provision of extension services to cocoa farmers.

Performance In 2004

Improved Incomes for Farmers

Increases in Producer Prices

410. **Mr. Speaker**, over the past four years, Government has affirmed its commitment to raise farmers' share of the FOB price to 70% by the 2004/2005 Crop Season. In spite of lower world prices of cocoa, Government decided to maintain the Producer Price at ¢9.0 million

per metric tonne for the 2004/2005 Crop Year resulting in farmers' share of the net FOB price being 73.01 percent.

411. The Government has over the last 4 years consistently increased Producer Prices as follows: -

Table 10: Cocoa Producer Prices (2001-2004)

Period	**From (¢/Tonne)**	To **(¢/Tonne)**
May 2001	3,475,000	3,872,000
October 2001	3,872,000	4,384,000
February 2002	4,384,000	6,200,000
October 2002	6,200,000	8,500,000
October 2003	8,500,000	9,000,000
October 2004	9,000,000	9,000,000

Source: COCOBOD

Increased Bonus Payments

412. A total bonus of ¢160.0 billion which works out to ¢15,000 per bag was paid for the 2003/2004 Main Crop Season.

413. Bonuses have thus been paid five times as follows: -

Table 11: Bonuses Payments to Cocoa Farmers (2001-2004)

Period	**Amount (¢)**	**Crop Season**
March 2001	70.1 billion	October 2001

October 2002	41.5 billion	February 2002
February, 2003	77.8 billion	October 2002
October 2003	78.6 billion	October 2003
October 2004	160.0 billion	October 2004

Source: COCOBOD

Diseases and Pests Control Programme

414. **Mr. Speaker**, in 2001, Government initiated the implementation of the Diseases and Pests Control Programme in all the six cocoa growing regions in the country. This programme involved the control of capsid and black pod diseases which were destroying the industry. In 2004, the programme covered almost 1.7 million hectares made up of approximately 929, 334.8 hectares of capsid control and 800,000 hectares of black pod control. There were two applications under the capsid programme while under the black pod control there were three applications. This serves as an additional incentive for cocoa farmers. The programme also created over 50,000 jobs for the youth in the cocoa growing areas.

Cocoa Scholarship Fund

415. **Mr. Speaker,** the importance this Government attaches to education is demonstrated in the funding support for the Cocoa Scholarships Award Scheme under which financial aid is offered to the children and wards of our cocoa farmers. An amount of nearly ¢14.0 billion was spent on the scheme in 2004. The number of award holders was 8,153 students.

416. It is the intention of Government to ensure that a large number of cocoa farmers are able to support their wards in their education.

Rehabilitation of Roads in Cocoa Growing Areas

417. Government embarked on the rehabilitation of roads in cocoa growing areas to ease evacuation of cocoa and other farm produce. In 2001, 134 km of roads was covered. The 2nd phase began in 2003 and covered 122.2 km. In 2004, ¢30.0 billion was earmarked for the rehabilitation of 115 km bringing the overall total since 2001 to 371.2 km. Further to this, tenders were invited under the European Union Stabex facility of approximately ¢115.0 billion for the rehabilitation of roads in the cocoa growing areas. It is expected to begin in 2005.

Innovative Farm Practices

418. The policy initiatives have also focused on improved method of cocoa farming. An amount of ¢53.1 billion was spent in 2003 on a pilot project of 40,000 hectares involving 50,000 farmers.

419. An amount of ¢133.0 billion was spent on the programme during 2004. The total number of farmers who benefited from the programme were approximately 100,000 farmers covering an area of about 80,000 hectares.

Increased Output

420. **Mr. Speaker,** the initiatives adopted during the first term of the Kufuor Administration have resulted in a record output of 736,911 metric tonnes which has been described as remarkable and is only comparable to the 1960s when Ghana produced 580,869 metric tonnes during the 1964/1965 Crop Season.

Cocoa output over the past four years have been as follows: -

Table 12: Output for Cocoa Crop Years (2000-2004)

Crop Year	Metric Tonnes
2000/2001	389,772
2001/2002	340,562

2002/2003	496,846
2003/2004	736,911

Source: COCOBOD

2005 Initiatives

Financing Arrangement for Cocoa Purchases

421. Mr. Speaker, the Government through the hard work of Cocobod Management was able to secure an off-shore loan syndication facility of US$850 million, (the highest in the history of the facility) towards the financing of cocoa purchases in the 2004/2005 Crop Year. As was the case in 2003/2004, the syndication participation was again over subscribed reaching US$1.1 billion. This was on account of Government's prudent economic management and Ghana Cocoa Board's impeccable track record. This facility continues to be the single largest non-oil credit facility in sub-Saharan Africa and is, therefore, a big boost for Ghana's economy. For the first time, the signing ceremony for the off-shore loan syndication took place in Accra, and brought Ghana firmly on the international financial markets map.

422. Over the past five years, the loan syndication has been as follows: -

Table 13: Offshore Loan Syndication for Cocoa Purchases (2000- 2005)

Crop Year	Amount (US$)
2000/2001	260,000,000
2001/2002	300,000,000
2002/2003	420,000,000
2003/2004	650,000,000
2004/2005	850,000,000

Source: COCOBOD

Diseases and Pests Control Programme

423. **Mr. Speaker,** in view of the benefits to the cocoa industry and to create jobs in the rural areas, the Government will continue the Diseases and Pests Control Programme this year. An amount of ¢ 445.0 billion has been set aside from the projected gross F.O.B. value of cocoa for 2005 for the exercise. This year, measures will be put in place to increase the efficiency and coverage of the programme. A Committee has been set up to examine the cost of the project and make the necessary recommendations towards making the programme cost effective.

Cocoa Scholarship Fund

424. As Government's commitment to the education of the wards of cocoa farmers, the amount earmarked for the Cocoa Scholarship Scheme has been increased to ¢15.0 billion from the ¢14 billion allocated in 2004.

Cocoa Roads Rehabilitation

425. **Mr. Speaker,** an amount of ¢25.0 billion has been set aside to continue the programme this year. Further to this contracts will shortly be awarded for cocoa roads rehabilitation works being financed under the European Union Stabex Facility.

Scale Adjustment

426. In the past season, there has been increasing reports about scale adjustments by Marketing Clerks with a view to cheating our cocoa farmers. Government is determined to eradicate this canker from the cocoa purchasing system. Accordingly, Government has approved an amount of about ¢1.7 billion to the appropriate

agencies to check and curtail this practice. Also, the law enforcement agencies will be given the necessary support and encouragement to prosecute would be offenders according to the laws of the land.

Interest Charges on Seed Fund

427. To minimize financial charges in the internal purchasing operations, interest rate charged on Seed Fund advanced to LBCs for cocoa purchases has been fixed at 18% for the 2004/2005 Season.

Chairmanship of Council of Ministers of Cocoa Producers Alliance (COPAL)

428. Ghana has over the years actively participated in the activities of the Cocoa Producers Alliance, an organization which groups cocoa producing countries. In the 2004/2005 Crop Season, Ghana has been elected as the Chairman of the Council of Ministers.

Ministry of Fisheries

429. **Mr. Speaker,** the Ministry of Fisheries is to promote sustainable and thriving fisheries enterprises through research, technology, development, extension and other support services to fisheries, processors and traders and to fulfil its crucial role as an instrument for poverty reduction.

430. In order to achieve the above objectives, the Ministry will continue to pursue policies aimed at:

- Increasing fish production, consistent with the long-term sustainability of the resources, for domestic consumption and for export.

- Reducing post harvest losses and adding value to end products of fisheries for increased income for users and generation of foreign exchange to the nation.

- Intensifying Monitoring, Control and Surveillance (MCS) activities to ensure responsible fishing.

- Promoting aquaculture development through intensification and diversification to meet the shortfall in capture fish production.

2004 Performance

431. **Mr. Speaker,** the improper way of fishing and use of illegal fishing gears has continued to negatively affect the fish resources of the country. To help control the abuse, one steel vessel was procured for the Monitoring, Control and Surveillance (MCS) Unit of the Fisheries Directorate for patrols on the Volta Lake.

432. Government also procured a Vessel Monitoring System (VMS) to track positions of fishing vessels by way of compliance monitoring. The System would assist in detecting and arresting poachers in Ghana's territorial waters and thereby conserve the dwindling marine fish stock.

433. **Mr. Speaker**, in an effort to reduce the country's dependence on capture fisheries (Marine and Volta Lake), the Ministry continued to promote aquaculture development.

434. The establishment of 5 nucleus commercial fish farms was also supported and twenty fish farmer associations were trained in fish and pond management.

Outlook for 2005

Fisheries Development

435. **Mr. Speaker,** a more sustainable fisheries production policy will be pursued in 2005. This will ensure that the resource base is well managed.

436. In this regard the following programmes will be implemented:

- Fisheries Management Plans and regulations will be gazetted and implemented with the support of District Assemblies.

- The Vessel Monitoring System procured by the Government will be made operational to monitor fishing operations of fishing vessels in Ghanaian waters.

- Fisheries infrastructure at the beaches will be developed to create safe working areas for fishermen and minimize post harvest losses. For a start, 4 landing sites in the following coastal towns will be developed:

    - James Town in the Greater Accra Region;
    - Mumford and Elmina in the Central Region; and
    - Axim in the Western Region;

- There are also plans to develop four additional sites in the inland areas.

- With the support of the private sector, cold storage facilities will be provided at strategic points along the coast.

- Fish farming will be intensified in all irrigation sites.

- Regulations to govern aquaculture practice in Ghana will be developed.

437. **Mr. Speaker,** to carry out its programmes and activities the Ministry of Fisheries has been allocated ¢78 billion comprising ¢25.1 billion GOG (including IGF ¢12.6 billion) and donor funding of ¢52.9 billion.

Ministry of Environment and Science

Performance In 2004

438. **Mr. Speaker,** the role of the Ministry of Environment and Science with respect to the GPRS is to promote the development and use of appropriate technologies, provide technical support for the various Agencies under its jurisdiction to pursue their activities in ensuring that our people live in safe and clean environment. In that regard, the Ministry carried out the following activities in 2004:

Environment

439. Some MDAs and District Assemblies were trained by the Environmental Protection Agency (EPA) to incorporate environmental issues in all development plans and projects.

440. A pesticide registration system was initiated to streamline pesticide importation, distribution and utilization as required under the Pesticides Control and Management Act of 1996, Act 528. The EPA issued a total of 154 annual clearance certificates and 26 supplementary certificates for industrial and consumer chemicals; 1004 single import permits for selected industrial and consumer chemicals; 223 single import permits for agricultural chemicals and 181 meat permits.

441. The Town and Country Planning Department used Poverty Profiling and Mapping as a strategy to identify the spatial location as well as characteristics of various poverty pockets.

442. The Rural Enterprise Project Phase II whose prime objective is to reduce poverty at the rural level by increasing productivity, employment and income of about 5,000 individuals continued and the following were achieved:

- One hundred and three clients adopted new and improved technologies in their businesses;
- Five hundred and thirty-six clients actively operated bank accounts for their businesses, thereby promoting banking culture among rural entrepreneurs;
- Fifty eight new businesses were established; and
- Five hundred and eight clients recorded increases in product levels.

Science and Technology

443. **Mr. Speaker,** under the Science and Technology subsector, a National Forum for Harnessing Research, Science and Technology for National Development, aimed at sensitizing all sectors of the economy about the benefits of application of science and technology and the need to nurture a science culture in Ghana was launched.

444. The Ghana Atomic Energy Commission (GAEC) continued to promote, develop and strengthen nuclear science and technology, including biotechnology for the socio-economic development of the country. In this connection, the construction of a Tissue Culture Laboratory for large-scale multiplication of planting materials for yam, pineapple, plantain, banana and others was completed. This will enable farmers have easy access to cheap planting materials to increase food production, achieve food security and reduce poverty. Currently GAEC is collaborating with a private sector firm, Bio-Plantlet, in the production of over one million pineapple suckers.

Outlook For 2005

445. In 2005 the Ministry will focus on environmental management to ensure sustainable growth and wealth creation. Major activities and programmes to be undertaken under the GPRS include the following:

- To assist in achieving food security the Crop Research Institute of the Council for Scientific and Industrial Research (CSIR) will develop and release various high yielding disease and draught resistant crops and cereal varieties including sweet potato, tomato, pineapple, cocoyam, peanut, cowpea, rice, pepper to farmers for multiplication through MOFA.

- To promote the PSI on cassava, the CSIR will develop new cassava planting materials for farmers. These varieties will yield high quality fermentable products such as industrial alcohol and will compete favorably with maize for animal feed production.

- Improved pepper planting materials will also be developed. The new variety could be used as a colouring agent in food preparations.

- Under the Rural Enterprises Project II which represents part of the government's programme to reduce poverty in the rural areas, the Ministry will focus on a broad-based increase in productivity, employment and income of the rural poor individuals and families, through small scale non -agricultural activities. Thirteen additional districts will benefit from the project in 2005

446. **Mr. Speaker,** the Ministry will continue its efforts to mainstream environmental issues into all aspects of the GPRS and into sectoral and district planning. This will be achieved through the integration of the Strategic Environment Assessment (SEA) findings in the update of the GPRS.

447. Under the Demarcation and Opening of Access Roads Project, the Department of Town and Country Planning will complete and commission a number of 5.2 km access roads within approved schemes in the following Districts: -

- The West Kabakaba Hill Planning Scheme, Ho District Assembly, Volta Region.
- South Essupon, Upper Inchaban Planning Scheme, Shama-Ahanta East Metropolitan Assembly, Western Region.
- NkawieKuma, Panin, Toase Planning Scheme, Atwima District Assembly, Ashanti Region.
- Gushiegu Planning Scheme, Gushiegu-Karaga District Assembly, Northern Region.
- Bawku Planning Scheme, Bawku West District, Upper East Region.

448. In addition the Ministry will undertake the following programmes:

- Revamping the multiplication facilities in institutes such as CRI and Savannah Agricultural Research Institute (SARI) to increase the availability of improved and high-yielding planting materials, to ensure food security, and to reduce poverty.

- Implementation of the Action Plan for the Management of Science and Technology in Ghana to promote the development and application of Science and Technology as a vital tool in the country's socio-economic development.

- GAEC will build human capacity in the area of Nuclear and Allied Sciences for the growth of the Commission. It will also provide the human resource for the nation's radiation facilities, eg. hospitals, radiotherapy centres and industries.

449. **Mr. Speaker,** the EPA in collaboration with CSIR and the Volta River Authority will continue to monitor the spread of Water Hyacinth in the Volta Lake, the Abby Lagoon and other water bodies in the country. The aim is to prevent and manage the incidence of Water Hyacinth and other floating weeds in these water bodies. This is aimed at improving fish resources and reducing water borne diseases in the communities where they occur.

450. The programme of commercialization of the activities of the Department and Agencies will be intensified to ensure maximum cost recovery.

451. **Mr. Speaker,** the Ministry of Environment and Science will also carry out the following activities:

- Support rain water harvesting in the three Northern Regions to improve access to potable water and water availability for agriculture;

- Reafforestation of Akwamu-Krobo-Akwapim Mountain Range, to prevent landslides and erosion.

- Afforestation of Brimsu 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, to improve tourism facilities;

- Restoration and management of Sacred Groves in the Sefwi Wiawso District to attract tourists, create jobs and introduce income generating activities; and

- Rehabilitation of the catchment area Watershed of the Akaa Waterfalls in the Eastern Region to improve tourism facilities.

452. The Ministry of Environment and Science has been allocated ¢157.7 billion of which GoG is ¢138.9 billion (including retained IGF of ¢ 11.1 billion) and ¢18.8 billion from donor sources to undertake its programme for 2005.

Ministry of Lands, Forestry & Mines (MLFM)

453. **Mr. Speaker,** the Ministry's programmes and activities are designed to stimulate growth through sustainable environmental and natural resource management as well as reform of land acquisition and titling among others.

Performance In 2004

454. In line with the above objective, activities undertaken by the Ministry in 2004 were designed to remove bottlenecks to

sustainable resource management. These projects included the following:

- Under the land subsector, 5 customary Land Secretariats were established to strengthen customary land management in: -

  - ▪Gbawe in the Greater Accra Region;
  - ▪Akropong in Wassa Amenfi in the Western Region;
  - ▪Kyebi in the Eastern Region;
  - ▪Kumasi, Asantehene's Lands Secretariat – Ashanti Region; and
  - ▪Nadowli in the Upper West Region.

  - An Inventory of State Lands was undertaken covering 734 sites as against 1,500 programmed in Accra to inform Government policy on state acquisitions.

  - Basic infrastructure for 4 out of 5 Deeds Registries were completed in the Western, Eastern, Brong-Ahafo and Northern Regions and will become operational in 2005.

  - Comprehensive proposals for the reform of land legislations and judicial review of conflicting judgments were drafted and subjected to stakeholder reviews.

  - Comprehensive review of the public land agencies laws was completed and proposal for restructuring and merging 6 public land agencies under the Land Administration Project (LAP) into one corporate entity is being drafted.

455. In addition to the above, major activities undertaken by MDAs in the Sub-Sector included the following: -

- Revaluation and primary valuation exercises comprising 3,203 properties with a total rateable value of ¢258.340 billion in 3

District Assemblies were carried out to improve the financial base of the affected Districts.

- Digital Maps for Accra and Kumasi to facilitate planning of infrastructure were completed. Furthermore 2,322 parcel plans to facilitate land titling were also produced.

- Land Title Adjudication Committees to adjudicate on land disputes outside the Court system constituted and became operational in Accra and Kumasi.

- Demarcation of settler/tenant farmlands in Sefwi-Wiawso and Juabiso-Bia Districts in the Western Region were undertaken for easy assessment of stool land revenue. This was followed by a National campaign to create awareness on payment of stool land revenue.

- An Operational Manual to guide staff in the management of public lands and appropriate technical support to all other sectors of the economy in the acquisition, use, and development of land was published by the Lands Commission.

Forestry Sub Sector

456. **Mr. Speaker,** the following activities were carried out under the Forestry sub-sector:

- In order to improve upon the incentive package for communities, resource owners and farmers, a new sharing formula for stumpage was approved as follows:

- Off-Reserve timber revenue is now 60 per cent for resource owners etc. and 40 per cent for the Forestry Commission respectively as against the previous 40 per cent for Resource owners, and 60 per cent for the Forestry Commission.

- The new sharing formula is as follows:

		Percent
Farmers	-	40
Forestry Commission	-	40
Traditional Authorities	-	15
Community	-	5

- To encourage the development of Plantation Timber the text of a Contract Agreement to be concluded between Government of Ghana and plantation owners was submitted to the Attorney General's Department for vetting and advice.

- The Community Forestry Management Development Programme to rehabilitate degraded forests to increase the acreage of plantation programme started in 2004.

- The Validation of Legal Timber (Log Tracking), which seeks to establish a credible forest accounting to ensure access to international markets especially the EU trading zone has taken off with the selection of a Technical Partner in June 2004. This will improve revenue accruals from the Forestry Sector.

- In line with the Government's strategy for the management of forestry resources including plantation development programme, MLFM in 2004 nursed 90,200,000 seedlings and developed 8,550 hectares of plantation using HIPC Funds. This created about 88,000 direct and indirect jobs. The Forestry Services Division

(FSD) also developed 15,080 hectares of plantation using the Modified Taungya System.

- Two successful competitive biddings and auctions under the Timber Utilization Contracts for natural forests were held in 2004. The revenue to be realized from these auctions amount to ¢ 27.324 billion out of which ¢2.980 billion has so far been collected in accordance with agreed payment schedule.

457. One of the ultimate goals of these plantation development programmes is to address the wood deficit especially timber and for fuel wood development of woodlots in parts of the country in 2004.

Mines

458. **Mr. Speaker,** the Mines sub-sector in 2004 undertook the following activities:

- Both the College of jewellery in Accra and the Precious Minerals Marketing Company increased jewellery production and sales with the assistance of some Mining Companies e.g. Anglogold Ashanti and Goldfields. A revolving gold credit of refined gold was created for the above purpose.

- A diamond cutting plant was licensed to process local diamonds.

- The small-scale co-operative salt producers at Nyanyanor and Elimna are being assisted with HIPC Funds and technical support to expand capacity and increase their yields. This is being done in collaboration with the PSI on Salt on a pilot basis and is expected to be replicated in other areas. The Nyanyano Salt Producers Association was assisted with the sum of ¢4,470m to improve and increase production. Similarly, the Elmina Salt producers were supported with the sum of ¢3,231,579.

- Consultations were held with Chiefs, Elders and Landlords of Ada to pave the way for the development of industrial salt production in the Songhor Lagoon.

- A New Minerals and Mining Bill designed to attract investments into the Sector was approved by Cabinet in 2004 and would be placed before Parliament this year for consideration.

Outlook For 2005

459. **Mr. Speaker,** the Ministry of Lands Forestry and Mines will in 2005 continue with reforms, policies and programmes that are geared towards enhancement of growth, employment generation and revenue mobilization.

Land Sub-Sector

460. As part of the Land Administration Project (LAP), 10 additional Customary Land Secretariats will be established to improve customary land administration, facilitate easy access to land and creation of land banks for development.

461. Demarcation of customary land boundaries in 2 Traditional Areas, namely, Wassa-Amenfi and Ejisu will be undertaken on pilot basis. Deeds Registries will be established in 6 additional Regional capitals to increase coverage from 4 to 10.

462. Systematic land title registration of clan lands at Ada to establish clarity in ownership will be undertaken.

463. Inventory of State lands will be undertaken in the three Northern Regions, the Eastern, Ashanti and the Brong Ahafo Regions.

464. In addition, the Land Valuation Board will undertake a revaluation of properties in 6 selected District Assemblies to help improve their revenue.

465. Systematic Titling involving about 30,000 parcels of land will be undertaken in parts of Accra, Nyhiaso in Kumasi and Asokore Mampong.

466. The Lands Commission will create Land Banks in Kumasi and Sekondi to facilitate easy access to land by Investors.

467. The Office of the Administrator of Stool Lands (OASL) will continue with the demarcation of settler and tenant farmlands in 10 districts to enhance revenue generation.

468. Research into customary land tenure system will be carried out and documented to reduce conflicts and also assist formation of land banks.

469. An aerial colour photo and orthophoto mapping of the entire Ghana coastline will be undertaken by the Survey Department. The exercise will help Tourism development, check coastal erosion and facilitate the establishment of the 200 Nautical Mile Exclusive Economic Zone.

470. The latter will help extend Ghana's continental shelf limit for possible oil prospecting and prevention of poaching of maritime preserves by external fishing trawlers.

Forestry Sector

471. The Plantation Development Programme will continue with the following targets:

- The Forest Services Division will develop 20,000 hectares and the Government Forest Plantation Development Programme will also develop 10,000 hectares.

- The Forestry Commission (FC) will conduct 3 competitive biddings for both plantation and natural timber in 2005.

Competitive Bidding

472. In order to improve the management of the competitive bidding process and enhance its integrity as the optimal way of forest resource allocation, the following measures will be implemented to mitigate problems encountered in 2004:

- Increase sensitization of all stakeholders, especially the Traditional Authorities and owners of land to cooperate with winning companies and minimize delays in the signing of the SRAs to facilitate speedy processing of contract documents.

- Reviewing of the Bid Security Value upwards and also surcharging withdrawn bids from companies for non-performance in addition to forfeiture of the bid security as a deterrent for withdrawals.

- Introduce a clause in the contract agreement to charge interest at the prevailing Bank of Ghana rate on companies who do not make payments promptly.

- Improve on the monitoring of the forest to minimize illegal harvesting.

- Embark on a sensitization and educational campaign for all timber companies to ensure full understanding of bid documents and related responsibilities before executing them.

- Facilitate a reduction in the processing periods for successful bids.

Mines Sub-Sector

473. The Ministry will diversify the minerals base of the economy and increase investment in the sub-sector. This will be achieved through:

- Improved presentation of Geological Data and Mineral Information to investors.

- Airborne geophysical survey of the entire Volta Basin to increase data on the nation's mineral resources.

- Development of Industrial Minerals

- The gathering of geological, geochemical and ground geophysical data in 12 selected areas by the Geological Survey Department.

474. The Mines Sub sector will also:

- Carryout geochemical survey of the country

- Carryout regional gravity survey of Accra and Tema areas

- Digitize, upgrade and print 90 old geological maps

- Investigate and evaluate rock resources suitable for ornamental and dimension stones

- Map out areas suitable for salt production and procure equipment and materials for engineering and environmental geology project

475. **Mr. Speaker**, the Ministry of Lands, Forestry and Mines has been allocated ¢414.4 billion of which ¢186.7 is under GOG (including ¢ 106.5 billion of IGF) and ¢227.7 billion from donor sources for its operations in 2005.

ENHANCED SOCIAL SERVICES AND PROTECTION OF THE VULNERABLE

476. **Mr. Speaker,** the objective of Government in the priority area of Enhanced Social Services is to rationalize the delivery of social services to ensure quality and equity by placing special emphasis on Human Resource Development, improved Health delivery and mainstreaming the needs of the vulnerable and excluded in public policy.

477. MDAs whose activities would contribute to the achievement of this objective are: -

- Ministry of Education and Sports;
- Ministry of Health;
- Ministry of Manpower Development, Youth and Employment; and
- Ministry of Women and Children's Affairs.

Ministry of Education and Sports

478. **Mr. Speaker,** in line with the Ghana Poverty Reduction Strategy (GPRS), the Ministry of Education and Sports continues to focus on increasing access to and, improving the quality of education, management of expenditures, attainment of gender parity and improvement effectiveness of expenditures. In furtherance of these objectives, the supply of teaching and learning materials, education management and teacher deployment will be given special emphasis.

Review of performance in 2004

479. **Mr. Speaker,** the year 2004 marked the first full year of implementation of the Education Strategic Plan (ESP). This Plan was informed by the GPRS, the Education For All and the Fast Track Initiative document among others

480. Work on the new Education Bill, expected to provide the legal framework for implementation of sector reforms has reached an advanced stage.

481. On access to education, there was an increase in the National Gross Primary Enrolment Ratio (GPER) from 81.1 per cent in 2002/2003 academic year to the programmed 86.1 per cent in 2003/2004.

482. In a bid to ensure increased access to education in primary schools, school levies were abolished in 53 deprived districts as against the targeted 40 districts starting from September, 2004. This increase was the result of the creation of new districts in 2004. In lieu of the levies, capitation grant was paid to all public primary schools in these districts.

483. The National Pupil/Teacher Ratio for primary schools registered an increase from 31.3:1 in 2002/2003 to 34.0:1 in the 2003/2004 academic year, thus exceeding the target of 32.7: 1.

484. **Mr. Speaker,** in 2004 efforts were made to reduce the geographical disparities in the pupil teacher ratio. However, in the three northern regions there was rather an increase in the pupil teacher ratio. This increase is attributed to higher overall enrolment in the course of the year, without a corresponding increase in teacher supply.

485. As a way of addressing the issue of lack of teachers in the remote areas and deprived districts, the Ministry continued to pursue a policy of providing incentive packages to entice teachers to these areas. These included the provision of consumer items and accommodation. An amount of ¢20 billion was spent on the construction of teachers' residences.

486. **Mr. Speaker,** additionally, the District Assemblies Sponsorship Scheme For Teacher Trainees assisted in increasing teacher supply to remote and deprived areas. Under this initiative 3,812 trainee teachers sponsored by the district assemblies passed out from various teacher training colleges in 2004 and were posted to the remote areas to improve teacher supply.

487. **Mr. Speaker,** the National Service Secretariat supplemented the supply of teachers to schools in the rural areas with 6,981 teachers, through its normal posting of service personnel. In addition, a total of 52 teachers were posted to schools in the rural areas under the National Volunteer Service Programme.

488. The policy of achieving a Pupil/Textbook ratio of 1:1 for 3 core textbooks at primary and JSS Levels in public schools also engaged the attention of the Ministry during the year. However, the interim targets of 1:0.8 at primary level and 1:0.9 at JSS level for 2003/2004 could not be attained.

489. The Ministry began implementation of the ¢800.8 billion Education Sector Project (EdseP) in support of education sector development focusing on:

- The National Capacity Building Programme; and
- Pilot Programmatic Scheme (PPS) in forty (40) deprived districts.

490. M**r. Speaker,** Government demonstrated its commitment of increasing access to basic education in the country as work continued on the construction of 440 6-Unit Classroom Blocks with ancillary facilities in all Districts. By the end of 2004, a total of 216 of such classroom blocks had been completed at the cost of ¢103 billion having been funded from both GETFund and HIPC Funds.

The remaining 224 school projects were at various levels of completion.

491. Preliminary studies to determine the scope of works under the second phase of upgrading 25 Senior Secondary Schools into model schools were completed. As indicated in H. E. the President's Address to the last Parliament before its dissolution, work is almost complete on the first phase, which involved upgrading of 31 schools.

492. The National Science Resource Centre was equipped with 50 computers and two servers to facilitate the upgrading of computer skills and teaching.

493. **Mr. Speaker,** as part of measures to develop Technical and Vocational Education and Training (TVET) in the country, work on the National Policy on TVET was completed. The new Policy is being integrated into the overall restructuring of the education system.

494. In the course of the year, preliminary works on the expansion of facilities at the University for Development Studies were completed.

495. Under the National Functional Literacy Programme, 160,825 learners were enrolled and trained during the year.

496. **Mr. Speaker,** the Distance Learning Programme as a complement to education delivery, continued in 2004 in University of Education, Winneba, University of Ghana and University of Cape Coast. A total number of 10,456 learners mostly teachers were enrolled in 2004, with a greater proportion of them being Diploma in Basic Education students.

497. In preparation for the country hosting the 2008 African Cup of Nations (CAN 2008), land has been acquired for the construction of stadia in Sekondi and Tamale. The 5-year Football Plan to develop

and promote football at the grassroots was launched in all regional capitals and the necessary structures are being put in place for smooth implementation of the Plan.

Outlook for 2005

498. **Mr. Speaker,** the Core Human Resource Development (HRD) function of the Ministry will be pursued with renewed vigour in 2005. This will help to make concrete the President's vision of developing the Human Resource of the Nation as an important tool for national development as contained in his state of the Nation's Address to Parliament on 3rd February 2005.

499. Towards this end, the implementation of the ESP will continue to be at the centre of activities for the year 2005. The focus will continue to be on achieving targets for Universal Primary Completion by 2015 and Gender Parity by the end of the current year. Consequently the Ministry's budget will be geared towards the attainment of these targets.

500. The Ministry will complete work on the new Education Bill. This bill will incorporate the decisions in the Government's White Paper on the Report of the Education Reform Review Committee.

501. **Mr. Speaker**, in 2005 the Ministry will undertake the mainstreaming of pre-school education into all basic schools. In this regard, the Government will encourage District Assemblies and other non-state actors to contribute towards the construction of classrooms for this level of education. The mainstreaming will increase the Gross Enrolment Ratio (GER) at pre-school level from 58.8 per cent in 2003/2004 to 65.0 per cent in the 2004/2005 academic year.

502. Towards the attainment of Universal Primary Completion by 2015 and Gender Parity by end of 2005, it is programmed that the GER at primary level will increase from 86.1 per cent in 2003/2004 to 88.5 per cent in 2004/2005. Gender Parity Index at this level is also to increase from 0.93 in 2003/2004 to 1.0 in 2004/2005.

503. The abolition of school fees and levies in public primary schools in the 53 deprived Districts has been extended to cover all public primary schools in the country. In lieu of the fees and levies, capitation grants will be paid to all primary schools in the country.

504. This is a major step towards the achievement of Free Compulsory Universal Basic Education. The school capitation grant introduced, and paid for by the Government will provide for expanded services as identified in the school Performance Improvement Plan through the provision of ¢25,000 per boy child and ¢35,000 per girl child.

505. **Mr. Speaker**, to further expand and improve upon educational infrastructure, the Government will continue with the programme of upgrading and improving basic school infrastructure throughout the country. Consequently all remaining 224 out of the 440 No. 6-Unit Classroom blocks currently under construction in the country will be completed in the course of the year.

506. **Mr. Speaker,** in fulfillment of the New Partnership for African Development (NEPAD) protocols, the Ministry will embark on a School Feeding Programme on a pilot basis. It is expected that the initial programme will cover 500,000 pupils in basic schools and will increase to 1.7 million in the next five years.

507. To improve teacher deployment in schools, the Ministry has also targeted to retain the National Pupil/Teacher Ratio of **34.0:1** at primary level in 2004/2005. However, efforts will be made to ensure the attainment of the long-term target of **35:1** by 2010. Classroom

teachers will be eligible for promotion to the highest level, without having to switch to administrative or managerial post.

508. **Mr. Speaker,** reduction of geographical inequities in the supply of teachers will continue to be a major pre-occupation of the Ministry. While maintaining the level of National Pupil/Teacher Ratio (PTR) at the primary level, the Ministry intends to post more teachers to the three regions in the north. It has thus targeted a reduction in the PTR of 38.6:1 achieved in 2003/2004 to 35.0:1 in 2004/2005 in the Northern Region. In the Upper East Region, it is envisaged that the ratio will fall from 58.9:1 in 2003/2004 to 45.0:1 in 2004/2005. In the Upper West Region it is programmed to reduce the ratio from 46.2:1 in 2003/2004 to 35:1 in 2004/2005.

509. In order to ensure the equitable deployment of experienced and qualified teachers to schools in the remote and deprived districts, the Teacher Incentive Scheme, which comprises the provision of cooking utensils, radios, bicycles, priority in promotion, access to training, and accommodation, will be continued.

510. As part of the programme of supplementing the supply of teachers to schools especially in rural areas, the National Service Secretariat will post a total of 7,898 teachers, including 616 personnel under the National Volunteer Service Programme to rural areas.

511. **Mr. Speaker,** to ensure that quality and standards of teaching and learning are maintained and improved as soon as possible, the Ministry will accelerate the implementation of the teacher-upgrading scheme, which will train and upgrade around 24,000 untrained teachers in the system.

512. To upgrade the professional capacity of untrained teachers, the Ghana Education Service will continue to train this category of teachers through the system of Open Distance Learning.

513. **Mr. Speaker,** to improve upon the availability of learning materials in schools, the Ministry will continue the programme of providing textbooks especially the three core textbooks of English, Mathematics and Science for basic schools. It is envisaged that the current pupil/textbook ratio of 1:0.5 in the three core textbooks at primary level will increase to 1:1 in 2004/2005. Similarly, at the JSS Level, it has been targeted that the Pupil/Textbooks Ratio will improve from 1:0.7 in 2003/2004 to 1:1 by the end of 2005.

514. **Mr. Speaker**, with respect to the Upgrading of Senior Secondary Schools (SSS), the remaining works on the first phase involving 31 schools are expected to be completed by the end of the year. It is also expected that work on the second phase of the programme involving 25 SSS will begin this year.

515. The Computerized School Selection and Placement System (CSSPS) initiated in 2003 will become operational by September, 2005. The project located at the National Science Resource Centre at Cantonments, Accra, will be implemented at the cost of ¢4 billion. Under the CSSPS, selection of successful Basic Education Certificate Examination (BECE) candidates into Senior Secondary Schools and Technical Institutes from September, 2005 will no longer be done manually at the various regional centres.

516. To boost Technical and Vocational Education and Training (TVET), structures proposed under the new TVET Policy Framework, including the Council on Technical and Vocational Education and Training (COVET) will be established.

517. **Mr. Speaker,** to improve the quality of education and raise the literacy rates of the population, the Ghana Library Board in 2005 will procure **readers** and periodicals for distribution to Regional and District Libraries. Physical facilities of selected regional and district libraries will also be improved.

518. Under the National Functional Literacy Programme (NFLP), it is envisaged to enroll 300,000 new learners. The programme will be equipped with the necessary logistics including vehicles, equipment and training materials to enhance the delivery of the training programme.

519. **Mr. Speaker,** at the tertiary level, distance education will continue to be promoted as a complementary type of tertiary education while Infrastructure development in the Universities and Polytechnics will continue.

Sports

520. **Mr. Speaker,** sports development and management continue to face huge problems. These include lack of qualified technical personnel, transport, equipment and inadequate infrastructure. The Ministry of Education and Sports will institute the necessary measures to address these problems.

521. **Mr. Speaker,** as part of preparations for hosting the African Cup of Nations in 2008, the Ministry will establish a Local Organising Committee to plan the hosting of the tournament. Work will also start on the construction of two new stadia at Tamale and Sekondi and the rehabilitation of the Ohene Djan and Kumasi Sports Stadia.

522. **Mr. Speaker,** a major challenge for the year is to ensure the qualification of the Black Stars to the 2006 World Cup in Germany. Government will provide all the needed support and incentives to enable the nation qualify for the World Cup. Government will also provide the necessary resources for the participation of the national teams in sporting events including qualifying matches for African Cup of Nations (CAN), World Cup, African Women's Championship, Academicals and Security Services Sports Association (SESSA) games, among others.

523. **Mr. Speaker,** a national sports calendar will be drawn to guide all institutional bodies connected with the promotion and development of sports in the country.

524. In view of the national image involved in the activities of national teams, government will take special interest in the management of teams. Government will therefore, establish a National Teams Secretariat at the Ministry. The appropriate national association will be represented on the National Teams Secretariat on ad hoc basis for specific deliberations.

525. The Sports College will be fully utilized to offer appropriate courses in sports management to update the knowledge and sharpen the skills of sports officials. It is intended to make the college a centre of excellence for the sub-region.

526. **Mr. Speaker,** to implement its programmes and projects this year, the Ministry has been allocated an amount of ¢4,295.28 billion of which GoG will provide ¢3,920.12 billion and ¢375.16 billion will be donor contribution.

527. In addition the Ministry of Education and Sports is allowed to retain all of its expected Internally Generated Funds (IGF) amounting to about ¢678 billion

528. This year, the Education sector will also expect about ¢1,124.21 billion from the Ghana Education Trust Fund (GETF) and about ¢160 billion of the District Assemblies Common Fund for Educational projects by the District Assemblies.

Ministry of Health

529. **Mr. Speaker,** Government's objective under the health sector is to improve the health status of the Ghanaian population by ensuring efficiency in health delivery and increase in access to health services

as well as ensuring sustainable financial arrangements that protect the poor and the vulnerable.

Performance in 2004

530. The major thrust of health care delivery in 2004 was on:

- Prevention and control of Communicable Diseases such as HIV/AIDS, Malaria, tuberculosis and Buruli Ulcer;
- Improving emergency preparedness;
- Improving health service delivery;
- Providing financing arrangements that make health care affordable to all manner of persons; and
- Implementing strategies for reducing the brain drain of key health personnel.

531. **Mr. Speaker,** a review of the Ministry's performance in 2004 shows the following achievements by mid-year:

- The HIV prevalence rate is still relatively low at 3.6 per cent;
- TB cure rate improved to 59 per cent;
- Malaria case fatality rate in children less than five years reduced from 4.4 percent to 1.2 per cent; and
- The Expanded Programme on Immunization (EPI) coverage was on course with coverage of third dose of pentavalent vaccine at 36% and that for measles at 41 per cent;

532. Similarly, the coverage of Reproductive Health Services by mid 2004 was on course to achieving the annual targets as follows:

- Family planning was 15 per cent;
- Antenatal care at 66 per cent;
- Postnatal care at 39.2 per cent;
- Supervised deliveries at 38.7 per cent; and
- Maternal deaths audited at 62 per cent;

533. **Mr. Speaker**, with regard to HIV/AIDS control, access of AIDS patients to antiretroviral therapy (ART) increased with the establishment of 4 facilities by mid-year as against the target of 6 by the end of 2004. As a result, 1176 patients had been put on ART by mid-year as against the targeted 2,000 for the full year. Twenty Nine Voluntary Council and Testing Centres (VCT) as against the targeted 66 VCT centres were established by mid-year; and 302 mother-baby pairs were treated with Niverapine by mid-year as against the target of 6,000 mother-baby pairs for 2004.

534. In the case of Tuberculosis (TB) Control, health care providers in both public and private health care institutions were trained in diagnosis and management of TB, using the DOTS strategy. The concept of TB treatment supporters was introduced and integrated into Community Based Health Planning and Services (CHPS) in order to improve treatment outcomes. Seventy Four out of the 80 targeted districts had functional TB diagnostic centres.

535. **Mr. Speaker**, Buruli ulcer surveillance was strengthened with the establishment of 20 Buruli Ulcer sentinel surveillance sites and integration of Buruli Ulcer Surveillance into the Integrated Disease Surveillance and Response (IDSR) system. The capacity of the

health system to manage Buruli Ulcer was also strengthened through the training of plastic surgeons, anesthetists, surgical teams and nurses.

536. In Malaria Control, a new anti-malarial drug policy involving the use of Artesunate-Amodiaquine was adopted to replace chloroquine; and multiple approaches to the distribution of Insecticide Treated Nets (ITNs) and Intermittent Preventive Treatment (IPT) in pregnancy were also implemented. As at June 2004, 20 per cent of pregnant women in 20 districts were on IPT and 3.5 per cent of children under five years and 2.7 per cent of pregnant women were sleeping in ITNs. These achievements represent significant progress compared to the previous year, but are still far below the Abuja Declaration of 60 per cent coverage of each of these interventions.

537. **Mr. Speaker,** the Guinea worm Eradication Programme faced many challenges and by mid 2004, 5665 cases were discovered as against 4911 at the same time last year. A factor accounting for the apparent increase in the rates may be the improved surveillance in place currently. Coverage of interventions for preventing the transmission of Guinea worm was nevertheless on course towards the targets set for the year. As at June 2004, over 40 per cent of Guinea worm endemic villages had potable water and the overall case containment by midyear was 57 per cent as against a target of 70 per cent for the year.

538. EPI including Polio Eradication and Measles Elimination continues to be on course. Only 2 regions achieved rates less than the national target of 80 per cent. They are Central Region at 67 per cent and Western Region at 78 per cent.

539. On the programme for the Prevention of Blindness. 3561 instead of the 650 targeted cataract surgeries for the year were performed and 138 trachoma endemic villages had been covered with antibiotics.

540. The non-communicable disease programme received a sharper focus and preparations were made to develop an Integrated Chronic Disease Programme.

541. **Mr. Speaker,** by mid-year, family planning acceptor rate was 15 per cent as against 28 per cent targeted for the year. Ante-natal care (ANC) recorded a coverage of 66 per cent against the end year target of 94 per cent while supervised deliveries was 38.7 per cent by mid-year against the end-year target of 60 per cent. Forty Five districts had at least 1 worker trained in IMCI as against the end-year target of 80 per cent.

542. **Mr. Speaker,** to improve on child health, IMCI was to be incorporated in the curriculum of half of all pre-service health training institutions. By mid October, Nurses' Training Institutions had curricula on IMCI and were teaching it. IMCI had also been incorporated in the curriculum of the training of Medical Assistants in the Rural Health Training School at Kintampo.

543. For emergency preparedness, 64 Emergency Medical Technicians were trained and posted to 7 locations in Accra, Kumasi and Nkawkaw. Additionally, 10 fully-equipped ambulances were deployed to selected fire stations. The fire stations and receiving hospitals were linked by radio. To further improve upon emergency preparedness 50 additional fully-equipped ambulances were ordered. Five regions are currently being linked to the ambulance service. The bill on the Ghana Ambulance Service is being prepared.

544. With regard to epidemic response 18 district teams had been trained by mid year.

545. **Mr. Speaker,** to prepare health institutions to implement the National Health Insurance Scheme, the Ministry undertook some priority activities. They are the development of accreditation

standards and assessment tools. The dissemination of patient charter and assurance policy and the preparation of a curriculum for quality assurance training.

546. The laws establishing the health regulatory bodies were reviewed in order to rationalise their functions with the view to harmonising some aspects where necessary. The Food and Drugs Board decentralised its functions to Kumasi, Bolgatanga, Takoradi and Ho zonal offices to ensure country-wide coverage.

547. **Mr. Speaker**, to implement innovative strategies for improving the retention, redistribution and productivity of health professionals as well as increase the output from training institutions, the priority activities implemented by mid 2004 included the establishment of the Ghana College of Physicians and Surgeons (GCPS) and the commencement of training of residents. The other activity carried out in line with this strategy was the introduction of the deprived area incentive as a measure to attract staff to and retain them in deprived districts.

548. Three out of the 4 district hospitals being constructed were completed and preliminary work on 12 sites for upgrading, rehabilitation, and construction of health facilities completed.

549. **Mr. Speaker,** in addition, the following projects were either commenced or undertaken so as to increase access to the public health services:

- Rehabilitation of Bolgatanga and Tamale Hospitals were started;
- Upgrading and re-equipping of Mamprobi and Kaneshie Polyclinics were also started;

- Juabeso, New Edubiase and Nkwanta Health Centres were upgraded to District Hospitals;

- Fifteen health centres were completed and 16 others are almost complete;

- In Korle Bu Teaching Hospital, work on the Tower Block, Neonatal Intensive Care Unit, Medical Block, the Polyclinic, Accident and Emergency Centre, Administrative Block were initiated. The construction of 14 flats for Doctors which had been abandoned was reactivated;

- In the Komfo Anokye Teaching Hospital, work on the Maternity and Medical Blocks, Nurses quarters, Doctors flats and Polyclinic continued; and

- Construction of office complex for the Ghana College of Physicians and Surgeons, Food and Drugs Board, Nurses and Midwives Council and the Pharmacy Council commenced.

550. **Mr. Speaker,** the utilization of HIPC funds, brought substantial improvements in the health sector. By June 2004, ¢10 billion of HIPC funds were provided to 4 deprived regions towards the construction and completion of the 18 Community Health Planning and Services (CHPS) compounds. The expansion of health training institutions commenced with the release of ¢22 billion of HIPC resources.

551. **Mr. Speaker,** The Ministry quickened up the implementation of the NHIS in 2004 following the passage of the National Health Insurance ACT 650 in 2003. The activities implemented include:

- Inauguration of the National Health Insurance Programme;
- Establishment of NHI Council;

- Preparation of legislative Instrument with subsequent approval by Parliament;
- Appointment of staff for District Mutual Health Insurance Schemes (DMHIS);
- Operationalisation of National Health Insurance Scheme in 15 Districts;
- Registration and Collection of Contributions in 78 districts; and
- Coding of streets and houses in 16 districts;

Outlook for 2005

552. **Mr. Speaker**, the thrust of the Ministry's 2005 budget will be to sustain the gains made in 2004 and pursue the objective of improving access, affordability and efficiency of health delivery. As a consequence the following key priority activities will be pursued:

Service Delivery

- Service provision will emphasise TB, HIV/AIDS, Malaria, Guinea worm eradication, EPI, Buruli Ulcer and Reproductive and Child Health;

- Community-Based Health Planning and Services (CHPS) will be emphasised in the four most deprived regions and hard to reach areas. Skills of Community Health Officers will be enhanced;

- Voluntary Counseling and Testing (VCT) of HIV/AIDS, provision of Anti retroviral therapy and promotion of condom use will be scaled up;

- The National T.B. drug treatment policy will be reviewed to allow treatment at the community level;

- National Malaria Control program will be given the necessary assistance towards production, promotion and re-treatment

of affordable Insecticide Treated Nets and the implementation of new anti-malaria treatment policy;

- The High Impact Rapid Delivery programme to reduce Under-five and Maternal mortality and malnutrition piloted in the Upper East region will be evaluated and scaled up; and

- Efforts to eradicate Guinea Worm will be stepped up and sustained to make Ghana Free of Guinea worm in the next four years.

Human Resource Development

Mr. Speaker,

553. Human resource development will focus on increasing the number of health professionals trained through the expansion of existing training institutions and the establishment of new schools;

554. Provision of residential accommodation for staff will be given prominence as a means of enhancing redistribution of human resources; and

555. Staffing levels of deprived and high-risk areas will be improved through the provision of the Deprived Area Incentives.

Health Financing

556. Financing of health service delivery will focus on full implementation of the National Health Insurance Scheme (NHIS). The exemptions scheme will be sustained within the evolving Health Insurance Scheme and the provisions of the NHIS Act, (Act 650). Resource allocation will focus on improving the per capita allocation of resources to the most deprived areas.

Capital Investment

557. **Mr. Speaker,** capital investment will focus in the following:

- the continuation of the expansion of training institutions;
- implementation of CHPS in deprived regions;
- the continuation of the construction and rehabilitation of health centres nation wide;
- yetting up of 8 National Blood Transfusion Centres;
- construction of 11 district hospitals;
- continuation of the rehabilitation of Tamale and Wa Hospitals; and
- continuation of the rehabilitation of Children and Maternity Blocks in Korle-Bu Teaching Hospital.

Emergency Preparedness and Response

558. In order to further enhance emergency preparedness, the operations of the National Ambulance Service will be extended to other regions.

559. Accident and Emergency Centres in health institutions will be improved. Surveillance systems will be strengthened and health personnel trained to ensure that the health system responds appropriately to emergencies and epidemics. Emergency services including the provision of emergency obstetric care will be emphasised.

Collaboration and Partnership

560. In 2005, additional efforts would be made to increase the involvement of the private health providers, NGOs, District Assemblies, Traditional and Alternative medicine providers as well as communities on issues of health service development.

561. This year an allocation of ¢2,452.78 billion, made up of ¢1,551.93 from GoG and ¢900.85 billion from our development partners, has been made to the Ministry to carry out its planned activities.

562. **Mr. Speaker,** in addition, the Ministry of Health is also allowed to retain all of its IGF collections estimated at ¢677.9 billion. The National Health Insurance Council will also disburse an estimated ¢ 1,339.21 billion from the National Health Fund for the smooth and full implementation of the National Health Insurance Scheme.

563. Furthermore, the Health Sector will benefit from about ¢127 billion of the District Assemblies Common Fund.

564. The Health Sector will also expect to receive a substantial portion of the HIPC resources for 2005 and for the implementation of Health and Sanitation Projects.

Ministry of Manpower Development, Youth and Employment

565. **Mr. Speaker,** the Ministry of Manpower Development, Youth & Employment plays a crucial role to support human capacity development and generate employment as part of its mandate as defined in the GPRS

Performance in 2004

566. **Mr Speaker**, in pursuance of its vision to ensure the creation of a sustainable environment for employment and social well being of Ghanaians, the Ministry facilitated various projects and programmes in 2004. Some of the major achievements are highlighted below.

567. Under Phase II of the Skills Training and Employment Programme (STEP), about 12,750 people were trained in 46 trade areas including 'batik tie and dye', food processing, dressmaking, hairdressing, masonry, and carpentry.

568. About 7,000 people out of this number were trained and set up in agricultural vocations; 3,000 in snail farming, 3,000 in grass cutter rearing and 1,000 in leafy vegetable growing. Another batch of 2,000 people are being trained in bee-keeping, mushroom farming, rabbit rearing and growing of local vegetables.

569. At the close of the year about 1,400 unemployed youth were still undergoing apprenticeship training programmes under various master craftsmen in welding, machinery and fabrication, while 600 others were in various Vocational Establishments and Technical Institutions pursuing various vocational programmes.

570. **Mr. Speaker,** on child labour, the Ministry in collaboration with the International Labour Organisation (ILO) has withdrawn over 2,000 children from forced and hazardous work in certain fishing communities and has enrolled them in formal schools.

571. A total of 20,371 job seekers were placed in various jobs through the Public Employment Centres throughout the country.

572. Over 20 new training centres were established mostly in the rural areas to offer employable skills to the youth.

573. **Mr. Speaker,** the Ministry organized a series of seminars and workshops and prepared reports ready for the organization of the Presidential Employment Summit on wealth creation scheduled for May 2005.

574. The Ministry also facilitated the establishment of the National Labour Commission envisaged under Section 135 of the Labour Act 2003 (Act 651). The Commission has been allocated ¢5.87 billion to cover its activities for 2005.

575. An amount of ¢6 billion of micro credit facility was disbursed to graduants of the STEP Programme to enable them establish their own small-scale enterprises.

576. **Mr. Speaker,** in consonance with the Youth Policy of building, nurturing and producing hardworking and resourceful youth to become self-reliant, the Government established the National Youth Fund with seed money of ¢50 billion, aimed at getting the youth to establish their own small scale enterprises. Out of this amount, ¢10 billion was made available to support the Youth to enable them set up and operate private businesses. At the end of the year, ¢2.4 billion had been disbursed through eight Vocational and Technical Institutes while more applications were being processed.

Outlook For 2005

577. **Mr. Speaker,** in 2005, the focus of the Ministry's activity will be geared towards the advancement of the President's vision of Human Resource Development with the objective of creating employment, generating income and reducing poverty. Major activities to be undertaken are detailed below.

578. The Institutional capacity of the Ministry and all its agencies will be strengthened to support the implementation of the Ministry's programmes.

579. A National Manpower Survey will be conducted and a comprehensive Human Resource Database developed. This will be used as a tool for developing curricula and skills development programmes in the training institutions to enable it meet the skills needs of business and industry. This database would also support the Public Employment Centres to be established under the new labour law (Act 651).

580. In 2005, the National Labour Commission (NLC) will be fully operational and this will, among other things, help improve the management and curtailment of industrial disputes.

581. The Management Development and Productivity Institute will complete productivity studies and set productivity benchmarks for the various sectors of the economy.

582. **Mr. Speaker**, with growing emphasis on the youth as the nation's future human capital base, the formal adoption of the National Youth Policy as well as the implementation of its Action Plan will commence this year. A National Youth Summit would also be held to enable the youth make inputs into the implementation of the action plan.

583. Government will also facilitate the setting up of Career Counseling and Job Placement Centres at all tertiary institutions.

584. **Mr. Speaker,** the Ministry will work actively with other sector Ministries such as Agriculture, Private Sector Development and Presidential Special Initiatives, Communications as well as Trade

and Industry to help open up more avenues for employment creation.

585. The Skills Training and Employment Placement Programme (STEP) will be stepped up and decentralised to five zones to be created nationwide so as to bring the benefits of this programme to others throughout the country. This year, emphasis will be placed on ensuring that those trained are gainfully employed.

586. **Mr. Speaker,** the Integrated Community Centres for Employable Skills (ICCES) programme will be enhanced through the provision of tools and other support mechanisms to make them effective at the community level.

587. **Mr. Speaker** in 2005, Government will continue to take steps to improve the living standard, and mainstream the needs of the vulnerable and excluded into general public policy. In this regard operations of NGOs would be streamlined through the introduction of an NGO Policy. This would take into consideration the place and role of charities to ensure that the needs of the vulnerable are addressed. The Department of Social Welfare will be strengthened to handle emerging social issues such as human trafficking, the concerns of the physically challenged and the aged.

588. **Mr. Speaker,** for the implementation of its planned activities this year, the Ministry has been allocated ¢75.76 billion which ¢65.44 will be provided by GoG and ¢10.32 billion from donors.

589. In addition, the Ministry of Manpower Development, Youth and Employment is expected to retain and utilize about ¢14.5 billion of its Internally Generated Funds

Ministry of Women and Children's Affairs

590. **Mr. Speaker,** the Ministry's plans and programmes are designed to ensure the realization of social and economic indicators that will impact positively on the survival, protection and the well being of women and children. Closely tied to these goals are efforts to achieve the relevant Millennium Development Goals and the goals set in the Ghana Poverty Reduction Strategy.

Performance in 2004

591. In pursuit of the Ministry's objective to increase the participation of women in the social and economic development of the country, a total of ¢82.8 billion was disbursed under the Women's Development Fund to 159,549 women throughout the country in the form of processing machines and outright loans. The recovery rate of the loans is over 85 per cent.

592. **Mr. Speaker**, under the HIPC initiative to support women's productive ventures, the Ministry received ¢5.3 billion to purchase 5,000 sewing machines and 300 gari processing machines for distribution to women's groups.

593. With the support of its two departments, the National Council for Women and Development (NCWD) and the Ghana National Commission on Children (GNCC), the Ministry undertook the following programmes:

- The dissemination of the Domestic Violence Bill in five regions;
- Organisation of sensitisation programmes on responsible parenting in six regions as a follow-up on "Operation Bring Your Child Home;" and
- Workshop on HIV/AIDS with emphasis on the use of the Female Condom and the implementation of care and support programmes.

Outlook for 2005

594. **Mr. Speaker,** the Ministry will pursue its mandate and continue with programmes in line with the objectives of the GPRS to enhance the socio-economic status of women and children in the country. In particular, the Ministry will intensify its collaborative programmes with agencies in charge of education, health delivery, private sector development and governance to ensure the promotion and implementation of women and children related issues.

595. The following programmes and activities will be undertaken this year:

- Dissemination of the Domestic Violence Bill in the remaining four regions;
- Repatriation of 28 trafficked children from the Republic of Guinea;
- Hosting the third Africa International Conference in Early Childhood Care and Development;
- Organise educational and sensitisation meetings and workshops for appropriate stakeholders on HIV/AIDS and the vulnerability of women and children to diseases and the role of boys and men in reducing the vulnerability with emphasis on the use of female condoms;
- Multi sectoral child protection committee and follow-ups;
- Development of a National Child Protection Strategy;
- Undertaking inventory of orphanages in Ghana; and
- Conducting an assessment of GNCC Weanimix project.

596. Under the Women's Development Fund, the Ministry will target about 300,000 beneficiaries and increase amounts disbursed to beneficiaries from ¢500,000.00 to between ¢1 million and ¢2 million per individual.

597. A programme to support 50 women from each district to go into medium scale agro-processing will also be implemented. About ¢9 billion will also be disbursed to over 112,000 women.

598. **Mr. Speaker**, an allocation of ¢18.34 billion has been made to the Ministry of Women and Children's Affairs to implement its planned activities for 2005. This amount is made up of ¢16.25 billion of GoG and ¢2.09 billion of donor contributions respectively.

599. In addition, the Ministry is expected to retain and utilise about ¢20 million of its internally generated funds.

GHANA AIDS COMMISSION

600. **Mr. Speaker,** the current HIV/AIDS prevalence rate is 3.6% in the country. The likely trend of an increase of the prevalence rate must be of concern to all. The Ghana AIDS Commission continues to intensify its campaign its national campaign to help reduce the spread of the pandemic and care for the affected.

Performance in 2004

601. The Commission supported and coordinated the implementation of HIV/AIDS intervention activities by MDAs, NGOs and other Civil Society Organisations throughout the country. In addition, health services were provided by the Ministry of Health for People Living with HIV/AIDS (PLWHAs). Activities that were undertaken during the past year included:

- Provision of adequate Information, Education and Communication (IEC) activities;
- Advocacy work among political, traditional and religious leaders;
- Peer education among youth groups – both in and out of school;
- Care for orphans and vulnerable children;
- Voluntary counseling and testing; and
- Administration of Anti Retroviral drugs to over 2000 PLWHAs

602. **Mr. Speaker**, the Ghana AIDS Commission has, as at December 2004, approved a total of 3000 HIV/AIDS project proposals which are currently being implemented by MDAs, NGOs, CBOs and private sector enterprises throughout the country.

603. The Commission also provided support to various research institutions as follows:

- Noguchi Memorial Institute for Medical Research, University of Ghana, to test herbal medicine and conduct clinical trials on some of our herbal preparations;

- Kumasi Center for Collaborative Research of KNUST to conduct study on awareness of sero-prevalence of HIV/AIDS among health workers in six districts of the Ashanti Region;

- Navrongo Health Research Center to study integration of home-based care for PLWHAs into Community Health Planning Services; and

- Department of Pathology, University of Ghana Medical School to study the prevalence of HIV/AIDS, TB and Syphilis among prisoners.

604. **Mr. Speaker**, in 2004 the Commission also undertook a Joint Review of the Multisectoral AIDS Project (MAP1). The review

indicated that the Ghana AIDS Commission has established an effective capacity to fight HIV/AIDS in Ghana.

Outlook for 2005

605. **Mr. Speaker,** having successfully implemented the MAP1, the Commission has initiated action towards the implementation of the second AIDS Response Project (MAP2) which will seek to:

- Improve the accessibility and use of prevention, care and support services;
- Provide treatment, care and support for PLWHAs, increase Anti-retrioviral treatment from 4 hospitals to all the 10 Regional Hospitals in the country;
- Improve information and education for achieving behavior change; and
- Focusing more on orphans and vulnerable children.

GOOD GOVERNANCE

606. **Mr. Speaker,** Good Governance was identified as one of the five strategies under the GPRS in our march towards achieving accelerated social and economic development. This was again given further emphasis among Government's five priority areas for development over the last four years.

607. **Mr. Speaker**, as alluded to in H.E the President's last address to the 3rd Parliament of the 4th Republic, the objective of Government has been to position state institutions to effectively conduct state business in a manner that will enhance efficiency, transparency and accountability – and create the necessary enabling environment for the private sector and civil society to contribute to economic growth for national development.

608. The key focus of good governance has been to guarantee human rights, peace and security for all Ghanaians and to strengthen Decentralization and Private Sector Reform (PSR) and sustain the rule of law. The increase in the number of districts from 110 to 138 is a pointer to this effort.

609. Government will further deepen the District Assemblies concept and strengthen the capacity of the Assemblies to sustain the principles of Good Governance which is one of the three priority areas over the next period as given emphasis in H.E. the President's State of the Nation Address to Parliament earlier this month.

610. **Mr. Speaker,** the key MDAs whose activities are aligned with the achievement of these objectives are the following:

- Ministry of Finance and Economic Planning;
- Ministry of Local Government and Rural Development;
- National Development Planning Commission;
- Ministry of Foreign Affairs;

- Ministry of the Interior;
- Ministry of Defence;
- Ministry of Justice;
- Ministry of Information;
- Ministry of Regional Cooperation and NEPAD;
- Ministry of Parliamentary Affairs;
- Electoral Commission;
- Ghana Audit Service;
- Office of the Head of Civil Service;
- Judicial Service;
- Office of Parliament;
- National Commission for Civic Education;
- Office of Government Machinery;
- Commission on Human Rights and Administrative Justice;
- National Commission on Culture;
- National Media Commission; and
- District Assembly Common Fund.

Ministry of Finance and Economic Planning

611. **Mr. Speaker**, the role of the Ministry of Finance and Economic Planning (MoFEP) is to mobilise adequate resources for the provision of social services and ensure the effective utilisation of the resources as well as the practice of sound, credible and prudent economic policies.

612. In this regard, the Ministry allocates resources to MDAs and MMDAs to implement their programmes and activities, which are aimed at improving the living standards of every Ghanaian.

Performance in 2004

613. In implementing the 2004 budget, the Ministry undertook several major activities outlined below to achieve its set objectives.

614. To mobilize more domestic and external funds for development, the Ministry successfully negotiated and implemented new programmes with our development partners. This and other operations at the Ministry yielded substantial loans and grants and the country experienced more untying of aid and 100% releases of pledges by development partners.

615. The Ministry, as part of its effort to promote private sector growth, provided over ₵100 billion in on-lending loans through banks and other financial institutions.

616. The Ministry organized the 2004 National Economic Dialogue with the theme "An Integrated Strategy for accelerated Growth, Wealth Creation and Sustained Poverty Reduction which facilitated the preparation of an integrated revised GPRS.

617. The Public Financial Management Reform Programme (PUFMARP) made significant progress with regard to the implementation of the remaining components, i.e. Budget and Public Expenditure Management System (BPEMS), Procurement, Internal Audit, Revenue Management, Financial Administration, Aid and Debt Management in the MDAs and MMDAs as follows:

BPEMS

618. **Mr. Speaker,** The implementation of BPEMS continued in Ministry of Finance & Economic Planning and Controller & Accountant-General's Department;

619. In addition, BPEMS was set up at the following MDAs where hands on training was provided.

- Ministry of Health;
- Ghana Health Service;
- Ministry of Interior (Headquarters);

- Ministry of Education Youth & Sports;
- Ghana Education Service (Headquarters); and
- Ministry of Roads & Transport Headquarters

Financial Administration Laws

620. Following the passage of the three Public Financial Management laws - the Financial Administration Act, 2003 (Act 654), the Internal Audit Agency Act, 2003 (Act 658), and the Public Procurement Act, 2003 (Act 663) a number of activities were undertaken to operationalise the laws as planned in the 2004 budget:

▪The Ministry conducted a nationwide educational and awareness programme for over 10,000 people drawn from the Executive (including the President and his Ministers), Public and Private Sectors and Development Partners from March 2004 to December 2004.

▪The Financial Administration Regulations, 2004, LI 1802 for the Financial Administration Act, 2003 was passed by Parliament in August 2004 to further strengthen the financial management law.

▪The Public Procurement and the Internal Audit Agency Boards were inaugurated in August 2004. Both Boards, with the overall responsibility of ensuring that structures that would complement Government's efforts at ensuring value for money in Government expenditure, worked with public institutions to:

- establish procurement structures at the Ministerial and Regional levels; and

- initiate the process of absorbing internal audit staff of Controller and Accountant General's Department into their various organizations, while those without

Internal Audit Units began the process of establishing and recruiting staff for the units.

621. Interim Secretariats were set up for both Boards while the Boards initiated the process of establishing their permanent Secretariats. Three-Year Strategic Plans, which will guide the operations of the Boards, have been drawn up by each of the Boards.

622. The Public Procurement Board collaborated with international organisations to develop an international benchmarking, monitoring and evaluation tools which have been trial tested in a number of public institutions in the country.

623. There were several interactions between the Public Procurement Board and procurement entities especially with State Owned Enterprises and large MDAs in areas of establishing structures and ensuring that government gets value for money as well directives on sole sourcing and restricted tendering.

624. In 2004, an enhanced cash management system was put in place for monthly cash releases.

625. The summary expenditure reports as at 31st May 2004 were prepared on the basis of both the conventional and Government Financial Statistics (GFS) format and circulated to all line Ministries on regular basis.

626. To further improve upon the decision making process in the area of domestic debt management, a Domestic Debt Management Unit was created in the MOFEP with the responsibility for forecasting Cash and Public Sector Borrowing Requirement (PSBR), introducing new securities to replace maturing GoG Index-linked Bonds, and building a comprehensive domestic database to facilitate formulation of domestic debt policies and strategies.

NON-TAX REVENUE

627. **Mr. Speaker,** the Ministry's target of about 3% of total domestic revenue coming as Non-Tax Revenue was exceeded as the NTR lodgements recorded about 5.6% of domestic revenue in 2004.

628. In order to achieve this objective, the Ministry carried out a number of activities including the following:

- Introduction of a Dividend Policy to guide State Owned Enterprises and Joint Venture companies in the declaration of dividends which resulted in an increase in dividend payment by 286.2% to Government;

- Release of ¢11.5 billion to 18 MDAs to implement revenue enhancement measures;

- Embarking on an exercise with the Security Agencies to track illegal operators (in 10 MDAs) behind forgery and duplication of Value Books to curtail revenue leakages. Twenty five (25) illegal operators have so far been prosecuted;

Financial Sector Reforms

629. **Mr. Speaker,** further progress was made in the reform of the financial sector through the following activities in 2004:

630. The Venture Capital Fund Bill and the Long Term Savings Bill were both passed by Parliament. The Venture Capital Fund is to address inadequate capital problems of the private sector especially, the Micro, Small and Medium Enterprises (MSME); while the Long Term Savings law is to deepen savings mobilisation for the economy as well as to broaden retirement options for Ghanaian workers;

631. To strengthen the financial market infrastructure and to enhance transparency, Government separated Open Market Operations (OMO) of Bank of Ghana from Public Sector Borrowing Requirement (PSBR). This assisted in determining actual borrowing needs of government resulting in the reduction of government borrowing and hence achieving the objective of "crowding in" of the private sector;

632. In addition, the Central Settlement and Depository System (CSDS) which is a trading platform for financial instruments, was made operational initially for government securities to further enhance confidence in market participants and to facilitate and modernize security trading;

633. Furthermore, Government issued Medium Term Bonds i.e. the 2-3 year fixed and floating rate bonds, to promote and develop the bond market and more importantly the yield curve to help security asset pricing and risk management in the economy; and

634. Continuous capacity development and training programmes in Microfinance were also organized for ARB APEX Bank and related institutions under GHAMFIN to facilitate the delivery of financial services for the MSMEs and the rural economy.

635. **Mr. Speaker,** the activities of some agencies have expenditures, which are classified under the Ministry of Finance and Economic Planning and need to be mentioned. These agencies include the Department of National Lotteries (DNL) and the Ghana Statistical Service (GSS).

Department of National Lotteries

636. In 2004, DNL embarked on an extensive promotion exercise that resulted in an increase in the weekly lotto intake from ¢1.9 billion to about ¢6.5 billion per week. This represents an increment of about 240%. This enabled the Department to pay an amount of ¢28.5 billion into the Consolidated Fund in 2004 as against ¢14.0 billion in 2003.

Ghana Statistical Service

637. In 2004, the Statistical Service completed the preparation of several reports on the Population and Housing census of 2002, which will be launched in the first quarter of 2005. The reports include:

a. Administrative Report;
b. Summary Report on Stock of Houses and Housing Conditions;
c. Gazetteer (list of localities with available facilities);
d. Demographic and Economic Characteristics; and
e. District Profile Reports.

638. The National Industrial Census is now in its second phase, which comprises collection of data from establishments.

639. A framework for Infant Child and Maternal Mortality Study was developed by a joint Ministry of Health and Ghana Statistical Service Task Force.

Outlook For 2005

640. **Mr. Speaker,** as a key central management unit responsible for the mobilisation and allocation of resources, the Ministry of Finance and Economic Planning will strengthen and increase the capacity of its monitoring teams to collaborate with the Internal Audit Agency and

the Public Procurement Board to ensure efficient and effective utilization of government resources to yield value for money.

641. The Ministry will organise a National Economic Dialogue with the theme "From Stability to Growth". This year, the dialogue process will be organized at regional and sector levels as part of the consultative process to gain input into policy formulation.

642. The Ministry will also review, harmonise, and update the National Compendium of Development Partners' Policies to reflect current Development Partners'/Creditor Policies, Procedures and Sectors, to guide the focus and procedures of future external aid delivery. Ghana's External Debt Strategy to ensure the maintenance of long-term debt sustainability will be updated.

643. **Mr. Speaker**, MOFEP will develop a comprehensive operations manual of work schedules to ensure effective and efficient delivery of service.

644. **Mr. Speaker**, the Ministry will complete the implementation of BPEMS in all pilot MDAs.

645. Later this year the Public Procurement Board will implement the first year of its 3-Year Strategic Plan which includes;

- Developing Public Procurement policies, standards and rules to achieve value for money;
- Mainstreaming Public Procurement into financial management and public sector reform programmes;
- Supervising the monitoring and evaluating of public procurement to ensure compliance with the requirements of Act 663 with emphasis on 100 entities that consume about 70% of the national budget;

- Assisting capacity development of public sector entities;

- Assisting local companies to be competitive in the provision of goods, works and services; and

- Maintaining information systems and database of procurement related activities including developing a website.

646. **Mr. Speaker,** to mainstream the Financial Administration Act, 2003, into the operations of MDAs and MMDAs, the following activities will be undertaken:

- Develop Accounting Manuals, Standard Accounting Instructions and Departmental Instructions;

- Re-engineer and implement the business processes to conform to the requirements of the law;

- Train MDAs and MMDAs on the Financial Administration Regulations, Accounting Manual and Re-Engineered Business Processes; and

- Restructure MOFEP to ensure its role as a Central Management Agency.

647. **Mr. Speaker**, the Ministry will consolidate the achievements made to date and increase the scope and coverage of MDAs NTR/IGFs mobilization as well as consolidate the share of NTR as a percentage of total domestic revenue. In this regard, total NTR lodgement is projected at ¢1,282.3 billion which represents about 5.8% of projected domestic revenue. The following measures will be undertaken to enable achievement of the target:

- Assist MDAs to implement and meet the requirements of the Financial Administration Act, 2003 and Financial Administration Regulation, 2004 (FAA/FAR) that relate to the collection, lodgement, account and reporting of NTR;

- Restructure the processes for collection of NTR in 20 MDAs as recommended by the Audit Report;

- Collaborate with the CAGD, to establish a system to track the collection and utilization of retained IGFs on monthly basis.

- Establish an internet based system that will enable MDAs with Internet access to submit returns on-line to facilitate reporting and disclosure.

Ghana Statistical Service

648. In preparation for the 2010 population census, redefinition of some of the enumeration areas and their demarcation will begin this year, especially to reflect the creation of the new districts;

649. Work on the infant, child and maternal mortality study will begin; and

650. Ghana Living Standards Survey (GLSS-5) programme will be continued while Phase 2 of the National Industrial Census will also be embarked upon.

Financial Sector Reforms

651. **Mr. Speaker,** the Ministry will continue the financial sector reforms to fulfill the targets set for this sector. The Government will continue to improve its macro-economic management, ensure stronger and more effective regulatory framework, deepen and strengthen

financial market infrastructure to increase access and depth of financial services.

652. The Government will actualize the take-off of both the Venture Capital Trust Fund and Long Terms Savings Scheme.

653. Supplementary laws to strengthen Payment Systems, namely Foreign Exchange Bills and Cheque Bill will be tabled before Parliament and the Ministry will pursue the passage of ancillary regulatory laws such as Credit Bureau Law, Non-Bank Financial Institutions Law and Money Laundering/CFT Law. Similarly, the Insurance Law to enable insurance business enhance its savings mobilization role and further create level playing field within the Insurance Industry will also be tabled before Parliament.

654. **Mr. Speaker,** the Central Settlement Depository System (CSDS) operations will be expanded to cover all other securities including equities at the Ghana Stock Exchange to enhance financial market transparency and boost investor confidence and attract capital inflow.

655. Support will be provided for Ghana Stock Exchange (GSE) to upgrade its infrastructure capacity including its trading platform.

656. **Mr. Speaker,** the Ministry of Finance and Economic Planning has been allocated ¢449.125 billion of which ¢231.943 is from GoG sources (of which IGF is ¢2.358 billion) and ¢214.824 billion as donor funds.

Ministry of Local Government and Rural Development

657. The core functions of the Ministry of Local Government and Rural Development, which are decentralisation, rural development and improved sanitation, form key components of the Ghana Poverty

Reduction Strategy (GPRS). The Ministry's activities in 2004 were developed to enable the achievement of these objectives.

Performance in 2004

658. Major achievements of the MLGRD in 2004 include:

- The establishment of the 15-member Local Government Service Council and a Technical sub-committee of the Council which has reviewed and updated functions of the Metropolitan, Municipal and District Assemblies (MMDAs) for stakeholders' consultation.

- The establishment of a National Decentralization Secretariat to service the Inter-Sectoral Committee and the Presidential Advisory Committee on decentralization.

- The completion of the composite budgets for the 3 pilot districts of Dangme West, Dangme East and Akwapim North.

- The completion of tender documents and final designs under District Towns III Project for the improvement of schools, clinics and water systems in 27 towns within 10 Districts in Ashanti and Brong Ahafo Regions and the signing of construction contracts due to commence in the first quarter of 2005.

- An increase in the progress of the Odaw drainage works from 50% in 2003 to 80% in 2004. The project comprises the reconstruction of the Alajo and Avenor Bridges, concrete lining of 1.25 km stretch of the Odaw channel between the 2 bridges and concrete lining of the 1.25km Odaw drain between the Avenor and Alajo Bridges were completed and handed over.

- Commencement of work on the phase III of the Odaw drainage works, which is expected to be completed in April 2006.

- The procurement of twenty-three cesspit emptiers and 20 solid waste collection skip trucks and their distribution to the District Assemblies on the Project.

- The procurement and distribution of 150 tractors with roll-on-roll-off skip, together with 1000 Waste containers were also purchased and distributed;

- Inauguration of 13 sub-metros and the passage of the Legislative Instrument aimed at strengthening the administrative and executive powers of the sub-metros and the proposed Deputy Metropolitan Chief Executives; and

- The organization of Vocational/Technical training programmes by the training by Department of Community Development for 3654 youth.

District Head Assistance Project

659. In 2004, twenty four districts benefited from Upper West East and Northern Region. Each district received ¢630,000,000.00. The total amount disbursed is ¢15,120,000,000.00. The Districts that received ¢630,000,000.00 each in the Upper East Region were Bolgatanga, Bawku West, Bawku East, Kassena-Nankana, Builsa and Bongo districts while Jirapa/Lambussie, Nadowli, Lawra, Wa and Sissala districts from the Upper West Region also received same amounts each.

660. The districts from the Northern Region that benefited equally from the project are Tamale, West Mamprusi, Yendi, Savelugu/Nanton, West Gonja, East Mamprusi, Tolon/Kumbungu, Saboba/Chereponi, Bole, Nanumba North, East Gonja, Zabzugu/Tatale and Gushegu districts.

661. In addition, the secretariat located at the Ministry of Local Government and Rural Development and other implementing partners including the Audit Service, CAGD, the RCC and DACF received ¢3,466,527,310.

Outlook for 2005

662. For the fiscal year 2005, the Ministry will continue to pursue actions aimed at further deepening the decentralisation process and widening the access of the general citizenry to political authority and their involvement in the process of governance.

663. **Mr. Speaker**, in fulfillment of this commitment, the Ministry envisions a number of policy reforms to enhance the implementation of the National Decentralisation Action Plan (NDAP). These include:

- Mainstreaming decentralisation into Public Sector Reform agenda;
- Integration of designated Ministries, Departments and Agencies into the District Assembly system as provided for in Act 656;
- Increased discretionary and performance based funding to District Assemblies through a harmonized approach to allocation of resources;
- Addressing any conflicting legal frameworks that inhibit the effective realisation of the decentralisation reform including the election of local government functionaries; and
- Improvements in the public-private partnership in local governance through enhanced engagement of civil society in the development process.

664. Following the preparation of composite budget for the 3 pilot districts, the programme will be extended to 25 districts that will be selected from all the 10 regions.

665. Under the Urban Environmental Sanitation Project (Urban IV), the on-going Phase II of the Odaw drainage construction on which the outstanding works comprise the completion of the reconstruction of the Avenor Bridge, Alajo Bridge will be completed.

666. Work on Phase III of the Odaw drainage works, comprising the reconstruction of 2.75 km of the Odaw drain from Alajo to the Apenkwa, will be continued.

667. **Mr. Speaker,** implementation of Second Urban Environmental Sanitation Project (UESP-2), which seeks to consolidate the gains of the first UESP in improving environmental sanitation will continue in 2005 while the Private Sector Solid Waste collection component of the project will commence in all 5 beneficiary cities.

668. Under the Promotion of District Capitals (PRODICAP) II Project, work on improvement of Markets, Lorry Parks and related Infrastructure in 22 towns in the Ashanti and Brong Ahafo Regions will be completed.

669. **Mr. Speaker**, under the District Towns III Project, construction works on Schools, Clinics, limited extension to Water Supply systems, Markets and Lorry Parks in 10 Districts, which will benefit 27 towns in Ashanti and Brong Ahafo Regions, will be carried out.

670. **Mr. Speaker**, detailed design of facilities will be completed and activities leading to the receipt of tenders for construction works under the District Town IV Project will be commenced.

671. **Mr. Speaker**, under the Local Governance Poverty Reduction Support Programme, 22 Districts in Ashanti and Brong Ahafo Regions will be assisted to;

- integrate the poverty mapping into their Integrated Development Plans;
- improve management systems for markets and lorry parks and related infrastructure for effective revenue mobilisation in the PRODICAP Districts; and
- strengthen their Financial Management Systems.

672. The programme will also build the capacities of Civil Society Organisations, Traditional Authorities, NGOs and the Private Sector in Local Governance and Poverty Reduction.

673. For 2005, the total amount to be disbursed under the District Wide Assistance Project is the equivalent of CN$3.4 million. The number of beneficiary districts will increase from 24 to 34. Each district will get a maximum of ¢700,000,000.00 on the basis of performance and absorptive capacity.

674. For the Ministry to carry out its activities, it has been allocated ¢ 414.781 billion of which ¢181.307 billion is from GoG and a donor component of ¢233.473 billion.

National Development Planning Commission

675. The National Development Planning Commission in collaboration with the Ministry of Finance and Economic Planning has responsibility for the update of the GPRS, the coordination, monitoring and evaluation of its implementation.

Performance in 2004

676. The major achievements of the National Development Planning Commission in 2004 include the following:

- Production of the Annual Progress Report (APR) for 2003 and continuous coordination of the implementation of GPRS;

- In collaboration with the Ministry of Local Government and Rural Development, the NDPC organized Orientation Workshops in all the 10 regions for Regional Planning Coordinating Units (RPCUs) and District Planning Coordinating Units (DPCUs) on the use of the guidelines for operationalising and streamlining their effective and efficient functions. In all about 1,250 officers benefited from the Orientation Workshops.

- 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 five Poverty and Social Impact Analysis (PSIA) studies which began in 2003 were completed in 5 areas as follows:-

    - Electricity tariffs and the Poor;
    - Pro-poor decentralization;
    - Modernisation of agriculture;
    - Tackling vulnerability and exclusion; and
    - Petroleum pricing policy and the poor

677. In collaboration with the Environmental Protection Agency (EPA), the NDPC completed the Strategic Environmental Assessment (SEA) of the GPRS. The objective was to assess the environmental effects of the policies in the GPRS to ensure sound environmental

management practices that contribute to sustainable growth and poverty reduction.

678. On social protection, the NDPC collaborated with the Ministry of Manpower Development and Employment to prepare a Social Protection Strategy, the essence of which is to introduce measures to tackle issues of vulnerability and exclusion.

679. 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 – the Nutrition and Food Security Interventions; the Street Children project and the Poverty Measurement and Monitoring project. The 3 components documented lessons, best approaches and best practices to help future implementation of programmes to address the phenomenon of street children and those relating to nutrition and food security as well as poverty measurement and monitoring.

680. Social Investment Fund (SIF) operated in 80 districts during the year:

- For infrastructure and services, 710 subprojects were completed out of total ongoing subprojects of 1030;

- In the area of micro credit, 56 districts implemented the programme out of the 80 target districts with support provided to MFIs to manage credit;

- About 150 income generating groups were trained; and

- Preparation of Poverty Mapping and pro-poor programming for 54 District Assemblies was begun.

681. Wealth Creation and Social Development Programme (WCSDP) was set up to support national capacity-building efforts for implementing the GPRS. In 2004, the WCSDP undertook the following activities:

- Provided nationwide training/sensitisation of District Chief Executives and District Coordinating Directors on Planning and Budgeting;
- Provided nationwide orientation of District staff on DPCU guidelines developed by NDPC in collaboration with Ministry of Local Government and Rural Development;
- Provided support for preparation of District Human Development Reports in three pilot districts – Atwima, Builsa, and Tema;
- Sponsored orientation of relevant district personnel on use of the Handbook on District Operational Planning and Budgeting for Education;

- Supported the preparation of Poverty and Social Impact Assessment (PSIA) on Distributional Impacts of Petroleum Pricing on the Poor;

- Supported the tracking and computation of national poverty expenditures; and

- Supported the construction of four (4) dams for irrigation in the oncho-free zone.

OUTLOOK FOR 2005

682. The NDPC will continue the development policy review and update, plan coordinating, monitoring and evaluation functions of the

Commission. 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
- Harmonise of Sector Plans and District Development Plans into a Medium Term Development Plan (2006-2009)
- Implement the GPRS Communication Strategy
- Continue the coordination, monitoring and evaluation of the implementation of the GPRS and other national development activities
- Prepare the National M&E Report (2004 GPRS Annual Progress Report), Quarterly Bulletins and HIPC Monitoring Reports.
- Further Poverty & Social Impact Assessments (PSIA) studies in selected policy areas
- Mainstream Gender into national policies
- Participate in Monitoring & Evaluation training for DPCUs
- Co-ordinate the implementation of the Community-Based Poverty Reduction Project (CPRP)
- Coordinate capacity-building at national and local levels in planning, budgeting, monitoring and evaluation

683. The Wealth Creation and Social Development Programme will continue to support capacity building for the GPRS update and for its implementation. It will expand its community level capacity-

building initiatives in the most deprived areas of the country and in the newly created districts.

684. The Social Investment Fund will provide sub-project financing for approved sub-projects especially in infrastructure and services. Will continue sub-project monitoring in all districts including the use of the Participatory Impact Monitoring and Evaluation System (PIMES) and review project outreach materials. In addition, it will fund the micro credit scheme and provide technical support and training to relevant organizations and groups.

685. The NDPC has an allocation of ¢61.826 billion of which ¢17.279 billion is from GoG sources and a donor component ¢44.547 billion.

Ministry of Foreign Affairs

686. **Mr. Speaker**, The Ministry of Foreign Affairs is responsible for the conduct of Ghana's external relations, in consonance with the provisions of the constitution, accepted principles of international law and in a manner consistent with Ghana's supreme national interest.

Performance in 2004

687. Some of the achievements in 2004 included:

- Opening of new Missions in Madrid and Dakar at Ambassadorial level and a Consulate-General was also opened in Malabo; and

- Encouraged the use of locally produced furniture at Ghana Missions abroad to promote Ghanaian exports. Locally produced alcoholic beverages are used during National Day Celebrations by Ghana Missions abroad.

OUTLOOK FOR 2005

688. **Mr. Speaker,** the Ministry of Foreign Affairs will continue to constructively engage in national development and the promotion of Ghana's prosperity by further developing, through bilateral and multilateral relations, the most conducive conditions for the promotion of trade, investment and economic development in a peaceful and secure environment.

689. Specifically, the Ministry will:

- Hold Joint Commission meetings with South Africa, Angola, Mauritius, Burkina Faso, and Qatar, among others;
- Further refurbish and rehabilitate the Accra International Conference Centre (AICC) to attract more conferences;
- Construct the new Ministry of Foreign Affairs Office Complex;
- Open 2 new Missions in Australia and Kenya; and
- Post a substantive Consul-General to New York.

690. **Mr. Speaker**, the Ministry of Foreign Affairs has been allocated ¢ 511.727 billion GoG to carry out its activities.

Ministry of the Interior

Performance In 2004

691. Government recognises that the provision and sustenance of peace, safety and security in the country is a prerequisite for vibrant socio economic activities and most especially investment.

692. The Ministry of the Interior as a sector consists of the following: **-**

- Ministry of the Interior [Headquarters]
- Ghana Police Service;
- Ghana Prisons Service;
- Ghana National Fire Service;
- Ghana Immigration Service;
- Narcotics Control Board;
- National Disaster Management Organisation;
- Ghana Refugee Board; and
- Ghana National Commission on Small Arms.

693. With these agencies, the Ministry has as its broad aim, the maintenance of peace, safety, security and national stability, to collectively enhance peaceful and accelerated socio-economic growth and development in the country.

Performance 2004

694. To ensure social order within the country in an election year 2004, the Ministry undertook the following activities:

- Procured equipment including vehicles and other resources for the security agencies;

- Launched Awareness Campaign against the proliferation of illicit arms; and

- Organised workshops for security agencies on the 2004 General Elections.

695. Other activities relate to specific agencies under the Ministry and are outlined as follows:

Ghana Police Service

696. The Ghana Police Service continued to focus on the overall objective of the Government of Ghana to provide safety and peaceful environment for all citizens and foreigners to go about their rightful duties without the least intimidation from any quarters and make Ghana the most attractive investment destination within the West Africa Sub-region. In line with this, the following activities were carried out in 2004: -

- A total of 2,000 new police personnel were recruited with 1,514 trained and passed out while the rest are still undergoing training;
- In-Service Training for Senior Police officers and other ranks in Crime Management, Crime scene, inter-Agency collaboration and computer application was undertaken;
- A total of 190 District and Unit Commanders were trained in Electoral Law, Electoral procedure, electoral conflict resolution and management;
- A total of 50 Police Barracks were renovated in Accra, Volta and Western Regions; and
- Kumasi Training institution was renovated and converted into Basic Recruits Training School while another Basic Recruits Training School was established in Bolgatanga.

697. Major structural reforms were undertaken and these included the following:

- Creation of Northern and Southern Commands to enable the Police design strategies to address potential conflicts;
- Community Policing Concept to address specific security needs was replicated and vigorously implemented by the police resulting in a total of 184 Neighbourhood Watch Committees;
- Vetting Crime Intelligence Analysis Unit was revitalized to champion the course of intelligence gathering and management;
- Support was obtained in Information Communication Technology [ICT] with the creation of a Police Website;
- Legal Reforms are on-going to amend Act 350 of 1970 and LI 880 and LI 993;
- Two blocks of flats were completed at Sowutuom and Achimota while 1 block of flat each were completed at Cape Coast in Central and Western Region. The Service purchased 4 State Housing Corporation Bungalows in Kumasi and New Achimota for its staff; and
- New Police Stations were built at Anyaa, Amasama and Tema Community 2.

Ghana Prisons Service

698. **Mr. Speaker,** a total of 400 staff were recruited as against the targeted 250 due to replacements resulting from resignations and retirements from the Service.

699. Construction work continued on the new 500-capacity medium security prison at Ankaful in the Central Region.

700. Two camp prisons were established at Yeji and Forifori in the Brong-Ahafo and Eastern Regions respectively.

701. The Service also acquired 15 new tractors to enable the production of more food to supplement prisoners' ration and also impart skills in modern agriculture to prisoners.

702. Special Units called the Rapid Response Unit (PRU) and Internal Perimeter Security (IPS) were established. The PRU is on permanent standby to respond swiftly to emergency situations and also escort high profile prisoners. It is a pilot scheme at Nsawam to be replicated in other prisons.

703. The welfare and living conditions of prisoners were improved by the supply of blue denim and grey baft for inmates' clothing, provision of radios, T.V sets and games facilities for inmates as well as the improvement in the quality of food with inputs from backyard gardens.

704. Eighty-eight superior officers underwent managerial training at GIMPA, 39 officers are in various tertiary institutions and 18 in technical, vocational and secretarial institutions. Seminars have also been held for officers on the United Nations Standard Minimum Rules for the Treatment of prisoners.

Ghana National Fire Service

705. **Mr. Speaker**, sensitisation programmes were carried out on the dangers of fires and other related disasters on FM radio stations and on TV throughout the country.

706. A total of 8,500 Fire Volunteers were trained and passed out throughout the country. An additional 2000 are currently being trained and will soon pass out to bring the total number of trained fire volunteers in line with the target set in 2004.

707. A total of 300 personnel were recruited and are undergoing training while 100 Junior Officers are undergoing a 6-month Cadet training course at the Fire Academy and Training School.

708. Two BMC Fire Fighting trucks, 3 BMC Bush Fire Fighting trucks, 55 Breathing apparatus, 53 fire fighting gloves, hospital equipment and accessories were procured to improve operations of the Department so as to minimize the losses resulting from fires. A Training programme for 27 maintenance officers and drivers was also carried out as part of the HIPC package for the fire-fighting trucks.

Ghana Immigration Service

709. Activities carried out by the Ghana Immigration Service (GIS) in 2004 include the following:

- Continuation of the automation process for the Headquarters;
- Completion of the Gateway-sponsored Data Centre;
- Automation and tested of 2 major entry points at Aflao and KIA on pilot basis;
- Completion of modern offices and VIP lounge at the Aflao border while renovation started at the Paga Office;
- Recruitment and training of 50 Officers and 200 men.

National Disaster Management Organisation

710. The objectives of the National Disaster Management Organisation (NADMO) in 2004 were to strengthen the institutional capacity of the organisation and enhance the capacity of communities and community-based disaster volunteer groups to manage disasters ad improve on their livelihood through intensive public awareness creation, social mobilization, income generation ad community development in line with the GPRS.

711. The planned activities for the year 2004, covered disaster risk reduction, disaster prevention and response mechanisms. Other activities included improving the human and institutional capacity of the organisation and poverty reduction programmes for Disaster Volunteer Groups (DGVs).

712. In relation to these broad activities, the following specific achievements were made. The most remarkable achievements under the GPRS in 2004 were as follows:-

- Distribution of 100 Tata Pick-up trucks, 1,100 bicycles and 30 motorbikes to the 10 Regional Secretariats and Disaster Response Units;

- Undertaking Hazard Identification and Mapping in all the Regions and Districts as part of the National Disaster Management Strategic Plan. Early warning systems were developed to prevent situations and events that could degenerate into disasters; and

- Linkage of 10 Regional and 40 District secretariats of NADMO to headquarters by Telefax to improve effective communication.

Narcotics Control Board (NCB)

713. The NCB intensified its activities in the area of Rehabilitation/ Social Re-integration in 2004. Other activities undertaken were as follows:

- Increased surveillance operations at the airport resulting in several interdiction exercises;

- Intensified School Sensitisation Programme in second cycle schools on the menace of drug abuse and the linkages with HIV/AIDS.

Ghana Refugee Board

714. The Board carried out a comprehensive Registration of about 48,000 refugees in Gomoa Buduburam, Krisan and urban areas and issued them with computer-readable Identity cards with greater assistance in the form of health, sanitation and health facilities to the refugees.

715. There was Voluntary repatriation of about 2,000 Liberian refugees.

Ghana National Commission on Small Arms

716. The Commission undertook a baseline survey on small arms to the level of proliferation of locally manufactured weapons in the country.

Outlook for 2005

717. Government will continue to develop and sustain the security agencies under the Ministry of the Interior towards the achievement of objectives relating to maintenance and sustenance of peace and security within the country in particular, and the ECOWAS sub-region in general. Government will accordingly continue to take necessary steps to provide adequate human and material resources for all the agencies that deal with safety and security.

718. There will be continuous cooperation and coordination of activities of the different security agencies under this Ministry to improve both intra and inter-agency efficiency and productivity.

719. In line with the GPRS, other activities of the Ministry of the Interior to be undertaken this year are:

- Finalisation of work on Early Warning System on Internal Conflicts;
- Regulation of the work of Private Security Organisations; and
- Monitoring of revenue generating activities.

Ghana Police Service

720. The Service will carry out the following activities that will facilitate the reduction in the crime rate by 5%:

- Recruit and train 2,000 policemen and women;
- In-Service training for 500 personnel on law enforcement within a democratic environment and appreciation of human rights;
- Establish 2 more training schools and a National Staff College;
- Form additional Neighbourhood Watch Committees as part of Community policing. The citizenry will also be sensitised to co-operate better with the Police.

721. Expansion of the Police Hospital will be continued to make it function better and provide services to a larger section of the public.

Ghana Prisons Service

722. **Mr. Speaker**, the Prisons Service will undertake the following:

- Develop proposals on reformation of the Penal system to ensure a highly efficient and humane custodial and reformatory system to enable the Ministry of the Interior take the necessary steps to amend the law;

- Decongest the prisons by opening more Camp Prisons at Akwasiase and Akaa;

- Improve Skill Training for prison inmates by rehabilitating prison workshops to provide vocational and technical training;

- Construct boreholes and procure poly-tanks to improve water supply for prison establishments;

- Improve and modernize the agricultural programme in the Prison Service by the acquisition of modern farm equipment and by increasing the number of Prison Settlement Farms to 10;

- Improve the Health and Sanitation situation in the prisons by the supply of basic drugs to prison infirmaries, fumigate of all prisons, improve water supply, construct ablution facilities and the convert pan latrines to water closets;

- Continue work at the Ankaful Medium Security prison to ease congestion in the prisons;

- Recruit 400 people to augment staff (150 to replace staff) resulting from resignations, dismissals, compulsory and voluntary retirements.

- Adopt an Earning Scheme for prisoners to compensate the hardworking inmates and provide earnings which will be paid to the deserving prisoners on discharge.

National Disaster Management Organisation [NADMO]

723. In 2005 NADMO will undertake the following activities:

- Intensify public education through the Radio, Television, the Print Media and other programmes to ensure that human activities that degenerate into domestic, industrial and bush fires, floods, pollution of water bodies and environmental degradation are reduced to the barest minimum;

- Simulate exercises to train selected coastal communities and people living in earthquake prone areas on how to protect themselves in the unexpected events of tsunamis and earthquakes;

- Organise exercises for stakeholders including Disaster Volunteers, the Police, the Army, and the Fire Service to enhance their capability in search, rescue and relief operations;

- Train and equip 10 Rapid Response teams with a membership of 400 in all the regions of the country to ensure effective first line response to disasters;

- Train all NADMO staff to update their skills in first aid, disaster reduction and response strategies to enhance

operational efficiency in line with Government stated priority of manpower development;

- Train and equip 1,100 Disaster Volunteer Groups (DVGs) with a total membership of 27,500 opinion leaders and traditional authorities to undertake intensive public education in disaster prevention and management in all communities in the country; and

- Build Strategic Relief Stocks in all the regions to enhance relief operations.

Ghana National Fire Service

724. The Ghana National Fire Service will intensify public education programmes on the dangers of bush-fires in the country and carry out activities to train its personnel to qualify them as fire inspection officers nation-wide to beef up the existing staff for effective performance of their duties.

725. The Service will acquire 3 fire tenders and 4 bush fire tender to augment its fleet and make the Service more efficient.

Ghana Immigration Service

726. GIS will continue to improve infrastructure at the land borders and enhance security through the effective use of personnel and technology including the drilling of 25 boreholes and construction of 23 KVIPs at selected land borders and Assin Fosu.

727. The cultivation of a 20-acre citrus farm at Assin Fosu will also be embarked upon this year.

Narcotics Control Board

728. The Narcotics Control Board will extend the Alternative Livelihood programme for growers of cannabis to other regions and initiate the construction of Rehabilitation Centres for Drug addicts.

Ghana Refugee Board

729. The Ghana Refugee Board will improve sanitation and facilitate drilling of more bore-holes in Gomoa Buduburam and Krisan so as to improve the supply to the settlers.

730. A clinic will also be constructed at the Refugee Camps to improve health facilities.

Ghana National Commission on Small Arms

731. The Commission will embark on the provision of Alternative livelihood for local manufacturers of small arms and initiate an 'Arms for Money' Programme to induce owners to surrender their illicit weapons.

732. For it to be able to carry out these activities the Ministry of the Interior has been allocated ¢637.78 billion of which GoG is ¢630.39 (including IGF of ¢6.0 billion) and a donor component of ¢7.39 billion.

Ministry of Defence

The Ministry's objectives are addressed through the activities of its major agency, the Ghana Armed Forces (GAF).

733. The GAF continued to perform its core functions of providing security internally for national development and provided human and logistics for peace support operation in Lebanon, DR Congo, Liberia, Sierra Leone, La Cote D'Ivoire and others under the auspices of UN.

Performance In 2004

734. The GAF places high premium on its human resource development and as such continued to train its personnel in its institution and other institutes of higher learning. Some officers and other ranks were also trained in foreign military institutions.

735. The GAF acquired some equipment to enhance its internal and external peacekeeping operations.

736. The GAF in conjunction with other Security Agencies provided personnel and logistics support for the smooth conduct of the 2004 elections.

737. The following projects were executed:

- Phase 1 of the Kofi Annan International Peacekeeping Training Center project was completed and commissioned on 24 January 2004 by the President of the Republic of Ghana.

- During the year, the Centre organized its fifteenth programme on Disarmament, Demobilisation and Reintegration (DDR) and Monitoring of Elections. So far, about 700 participants have been trained. It is significant to note that those who have gone through the programme have earned considerable international recognition.

- The Burma Camp Computer Centre project was completed and training of GAF personnel is in progress.

- The second phase of the 37 Military Hospital Expansion Project, which commenced in February 2002 was completed and

commissioned in January 2004. It involved the construction of a Polyclinic, IT Centre, Physiotherapy Department and a male Surgical Ward. It also included a public health division, out-patient clinics for surgical, obstetrics and gynaecology, ear, nose and throat (ENT), dermatology and medical departments.

738. Other achievements in relation to the protection of life and property include:

- **Operation GONG GONG**. This is a joint Military and Police peace keeping operation in the Northern part of Ghana specifically in the Bimbila and Dagbon areas aimed at bringing peace among the warring functions.

- **Operation HALT.** A military operation in support of the Forestry Commission aimed at curbing environmental abuses such as the depletion of resources such as timber.

- **Operation COWLEG.** An operation in support of the Ministry of Agriculture aimed at flushing out alien herdsmen and their cattle from destroying the environment.

- **Operation CALM LIFE**. A joint operation with the Police in aid of civil power to combat crime, especially, armed robbery in our society.

- **Operation HUNTER**. A Military operation aimed at curbing the smuggling of cocoa and petroleum products across the borders.

Outlook for 2005

739. The GAF will continue to enhance its professional, logistical and administrative capabilities in 2005.

740. The following programmes and activities would be carried out:

- The GAF will support civil authority in combating crime and the promotion of peace and stability in the country and the sub-region in general.

- The second phase of the Ghana Armed Forces Barracks project will continue.

- Phase III of the 37 Military Hospital Project will commence. The project comprises 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. The hospital is to be upgraded into a center of excellence and will form part of the national postgraduate medical college.

- The GAF will recruit 1,000 men and women and will continue to train its personnel in its own institutions, local institutes of higher learning and foreign military institutions.

741. **Mr. Speaker**, the Ministry of Defence has been given ¢408.1 billion from GoG, ¢887 million from donor funds and an IGF of ¢20.0 billion totalling ¢428.987 billion for its 2005 programmes and activities.

Ministry of Justice

742. The Ministry of Justice is charged with the responsibility to ensure that good governance is adhered to in all spheres of government. The Ministry's role, therefore, is to ensure the effective application of legal, regulatory and institutional frameworks to facilitate transparency and accountability of state institutions, the private sector and civil society at large.

743. The priority area of the Ministry with regard to good governance is the entrenchment of the rule of law, respect for human rights and

attainment of social justice and equity leading to the strengthening of the arms of government.

Performance in 2004

744. **Mr. Speaker**, in 2004, the Ministry was able to achieve the following programmes and projects which were outlined in the budget:

- The General Legal Council trained 183 lawyers. These have been called to the Bar. Fifty Police Prosecutors were also trained in modern methods of prosecution of cases.

- The modernisation of the records unit of the Registrar-General's Department was completed.

- About 60 percent of all cases before the Legal Aid Board were successfully disposed off.

- About 60% of the front office complex of the Registrar-General's Department was completed.

OUTLOOK FOR 2005

745. **Mr. Speaker**, the Ministry will continue to entrench the rule of law and provision of safeguards in support of fundamental human rights especially in respect of the poor, the vulnerable and the excluded.

746. **Mr. Speaker**, the Ministry will fine-tune the computerisation process, create a website, and provide ICT network for the Ministry of Justice and 9 regional offices of the Attorney-General's Department in collaboration with the Ministry of Communications to enhance e-government.

747. The revision of a large number of laws to bring them in conformity with constitutional requirements, correspond to current developments within the country and in accordance with international developments especially within the sub-region will be continued.

748. **Mr. Speaker**, activities aimed at reducing fraud and combating corruption will also be continued.

749. Diagnostic study on legal institutional mandates of anti-corruption agencies, discussions through a consultative process and implementation of agreed recommendations will be carried out.

750. There will also be a review of existing legislative framework governing anti-corruption with a view of codification and bringing about conformity with international standards.

751. **Mr. Speaker**, the Business Law Division will finalise revision of 545 laws on the statute books and bring them in line with current development to promote business and investment.

752. **Mr. Speaker** the Ministry will step up activities of Legal Aid in all regions and encourage the use of Alternative Dispute Resolution in the settlement of disputes to reduce the burden of adjudication in the courts and to make judicious use of the limited resources available for promotion of justice.

753. Training programmes will be conducted for 50 each of career Magistrates, Police Prosecutors and Police Investigators by the Ghana Law School.

754. A 6-storey multi complex structure for the Ghana Law School, regional offices of Legal Aid Board building at Takoradi and Sunyani will be constructed and complete the construction of the Serious Fraud Head Office.

755. **Mr. Speaker,** for the Ministry of Justice to be able to carry out its activities, it has been allocated ¢85.154 billion from GoG and ¢440 million from IGF totaling ¢85.594 billion.

Ministry of Information

756. Effective communication of information is a critical factor for the successful formulation, implementation and dissemination of government policies and programmes. The target beneficiaries of government policy should understand the development efforts of government so as to give their support to it.

757. **Mr. Speaker**, the Ministry of Information (MoI) in its policy management process, plays a key role in facilitating the communication of information on all government business. Its activities are aimed at developing policies which would provide support towards information processing and delivery by the various MDAs.

758. **Mr. Speaker**, in 2004 the Ministry undertook the following activities as was outlined in the 2004 budget:

- Procured 8 new cinema vans and 10 vehicles for the ISD for distribution of materials, monitoring and regional verification tours

- Produced a booklet – "Prime Focus" which details the annual actual performance of various Ministries and major government developmental programmes.

- Organized end-of-year activities climaxed by a photo exhibition of sectoral developmental activities and a People's Assembly at which His Excellency the President

and his Ministers availed themselves for scrutiny and accountability.

- Produced audio visual documentaries on good governance, the GPRS, NHIS and other major programmes for use on a circuitry education and information dissemination programme in collaboration with the Ministry of Local Government and Rural Development, NDPC, Ministry of Health.

- GBC acquired various pieces of equipment to improve programme production and news gathering and transmission. GBC also installed 32 new transmitters, changed transmission mode from analogue to satellite to increase GBC's coverage of the country, rehabilitated all the studios and replaced broadcast equipment.

Outlook for 2005

759. This year, the Ministry of Information will:

- Follow through draft Bills on Right to information and Whistle Blower;

- Establish Wide Area Networking (WAN) between MoI Headquarters and the Regional and District Information Offices;

- Intensify co-ordination and monitoring of sector Agencies' operations to ensure more harmonization;

- Procure 8 cinema vans to enhance the circuitry communication outreach programme; and

- Facilitate the operation of the Community Information Centres (CICs).

760. This year, the Ministry of Information has been allocated ¢144.835 billion of which ¢126.27 billion is from GoG sources (including IGF of ¢40.775 billion) and ¢18.564 billion donor funding.

MINISTRY OF REGIONAL COOPERATION AND NEPAD

761. In 2004, the Ministry of Regional Cooperation and NEPAD continued and completed sensitisation on NEPAD in the remaining 6 regions which had not been covered and some selected districts on the adoption of a common currency for the Second West African Monetary Zone.

762. The National Governing Council of the African Peer Review Mechanism was established to set in motion processes and preparation for peer review of the country. By the end of 2004 the country self assessment report was ready.

763. An information and Documentation Centre was established in the Ministry by the end of the year.

Outlook For 2005

764. Mr. Speaker, in the spirit of regional cooperation, the Ministry will continue to deepen and broaden its policy of bilateral cooperation with its neighbours, particularly Togo, Burkina Faso, and Cote d'Ivoire to ensure free movement of goods and persons in our effort to create a common market as enshrined in the ECOWAS Protocol of Free Movement of Goods and Persons.

765. It will also embark on a programme to link up and expose the private/trading sector to opportunities available under the ECOWAS Trade Liberalisation Scheme.

766. The Governing Council of the National Peer Review Mechanism will prepare the country for peer review by the Independent Panel of "Eminent Persons" and eventually by the Heads of State of the APRM participating countries. The resultant benefit will be the Programme of Action to address institutional and capacity weaknesses, as well as demonstrable strengths in certain benchmarks and best practices as an example for Africa and the wider public.

767. The NEPAD School Feeding Programme which is being coordinated by the Ministry will be started on pilot basis in the regions to enhance basic school enrolment and regular attendance and to open up avenues for increasing agricultural production and for employment creation.

768. **Mr. Speaker,** the Ministry has been allocated ¢9.028 billion from GoG for its activities.

Ministry of Parliamentary Affairs

769. **Mr. Speaker,** quite a number of Ghanaians have different perceptions of the business of Parliamentarians. It is therefore the primary function of this Ministry to continue to deepen the understanding of the work of the legislature among the people of Ghana.

770. **Mr. Speaker**, towards the achievement of this objective, the Ministry carried out the following activities in 2004.

- Engagement with civil society and professional groups was continued

- A review of the methodology for the programmes to widen the process and deepen it further was undertaken ; and

- Education and sensitization of members of Unit Committees to their roles within the new democratic dispensation was also undertaken.

Outlook for 2005

771. During 2005, the Ministry's focus will be directed towards:
- Programming and budgeting for vital projects within constituencies which are likely to be overlooked by the existing procedures,
- Developing a mechanism that will be put in place to generate reliable data on such constituency projects for consideration for funding under HIPC and other sources.

772. The Ministry's allocation is ¢36.247 billion from GoG for its activities this year.

Ghana Audit Service

773. The Ghana Audit Service is constitutionally required to promote good governance, through its audit to ensure accountability, probity and transparency in the utilization of public resources.

774. In 2004:

- The Ghana Audit Service carried out 6,100 audits out of a total of 6600 targeted. Twenty eight Annual Audit Reports in arrears as at end December 2002, were reviewed by the Auditor General and submitted to Parliament;

- The Ghana Audit Service also completed the first phase of the capacity building programme under which computer facilities were provided to all Regional, District and Branch offices of the Audit Service;

- Nine new District offices, were opened of which 5 are fully operational;

- As at September 2004, an amount of over ¢15.0 billion was recovered in respect of unearned salaries and pensions as a result of a payroll audit carried out by the Audit Service.

- The Service also commenced the audit of the HIPC funds issued to various Government Agencies and District Assemblies to ensure accountability and good governance in the use of the funds.

Outlook For 2005

775. In 2005 the Ghana Audit Service will undertake the following:

- Carry out 6,719 audits and will continue work to clear the backlog of 12 outstanding audit Reports to Parliament. A monthly review is also to be carried out on the Government payroll as a result of a computer linkage developed between the Office of the Auditor General and the Controller and Accountant General's Department. A nation-wide audit of the Pension payroll will also be a regular feature in the Auditor General's operations;

- Review financial statements and Annual Reports of all MDA's in accordance with the Financial Administration Act 2003 (Act 654). In addition the Auditor General will follow up on the implementation of Public Accounts Committee recommendations on audit reports endorsed by Parliament;

- Conduct Performance Audit on the Ghana Poverty Reduction Strategy (GPRS) and other selected Government-funded programmes for submission to Parliament;

- Undertake audits of all internally generated funds (IGFs) at each location to provide further assurance on the accountability for Non-Tax Revenue (NTR) collections; and

- Complete and furnish the 4-storey Head Office block.

776. The allocation for the Audit Service for this year comprises a total of ¢96.6 billion of with a GoG funding of ¢89.978 billion and a donor funding of ¢6.689 billion.

Office of the Government Machinery

777. A number of agencies whose functions are central to Government business and have administrative arrangements with the Office of the President are generally classified under the Office of Government Machinery. These include the Office of Head of Civil Service (OHCS), Public Utilities Regulatory Commission (PURC), National Population Council, PSC, Internal Audit Agency, EC, Office of the Senior Minister, National Governance Project.

Office of Head of Civil Service

Performance In 2004

778. An Inter-Ministerial Committee on environment in the Ministries area was established to promote sanitation and environmental friendly practices. In this connection, an annual award has been instituted for MDAs.

779. Initiatives aimed at modernizing the Civil Service to improve its efficiency, effectiveness and service delivery through the use of ICT were undertaken.

780. The Programme for the establishment of new records management which started in 2003 continued throughout 2004 in some Ministries

and Departments in Accra and will be sustained through continued monitoring and reviews of the installed systems.

781. Five workshops were held for Chief Directors, Directors of MDAs and Regional Coordinating Directors on Civil Service Reforms. In addition, the Civil Service Law 1993 PNDC Law 327 is being reviewed alongside the Rules and Regulations and the Code of Conduct for Civil Servants.

782. Record management in Audit Service, CHRAJ, Ministries of Finance & Economic Planning, Education & Sports, Interior, Energy, Local Government & Rural Development, and 4 Regional Coordinating Councils have been strengthened and restructured with new systems installed.

Outlook For 2005

783. In support of Ghana Poverty Reduction Strategy, the Records Management Improvement Programme (PMIP) will be extended to cover the remaining Regional Coordinating Councils and MDAs.

784. Training programmes and workshops for various categories of staff on skills development, performance appraisal and ICT will be organized.

Public Utilities Regulatory Commission

785. The Commission is one agency whose activities have a direct impact on the poor and the vulnerable. As such, the objectives of the Commission are guided by the overall developmental strategies of government as embodied in the GPRS.

786. To that extent, the activities of the Commission in 2004 were designed to create a balance between the social dimensions of any

movements in the tariff regime and the sustainability of the providers of utilities.

2004 Performance

Utility Tariffs

787. Public Utilities Regulatory Commission implemented its tariff adjustment mechanism in 2004. The Commission maintained a relatively stable tariff regime for most part of the year due to favourable conditions e.g. high levels of the Akosombo Lake, relative stability of the cedi exchange rate. The Commission also maintained lifeline tariff designed to assist the poor and vulnerable consumers to enjoy some basic utility services at lower than cost tariffs.

788. In order to ensure that the interests of consumers are adequately protected, the Commission undertook a series of monitoring exercises to check the operations of the utilities and the quality of service being delivered to consumers.

Outlook for 2005

789. PURC will continue to implement its **pro-poor interventions** to ensure that the **poor and vulnerable** gain greater access to potable water.

790. Critical work associated with monitoring of utility operations, educating the public and creating greater awareness for consumers will be undertaken including recruitment and training of critical staff.

National Population Council

791. The NPC provides a management tool for planning to secure a better quality of life for the people of Ghana through effective

population management. It therefore carries out activities designed to achieve this.

2004 PERFORMANCE

792. The activities of the NPC in 2004 were mainly in the areas of advocacy, coordination and management as well as the preparation of official population documents, some of which are described as follows:

793. Mr. Speaker, NPC facilitated the preparation of the Ghana Country Report on 10 years of implementation of the International Conference on Population and Development (ICPD) Programme of Action (PoA).

794. The NPC published a two-volume Fact Sheet on population in 2004. This is in line with its policy of making information on population issues in Ghana user – friendly and available to the general public and in particular to policy makers at various levels.

795. The NPC in collaboration with UNFPA and ISSER finalized and launched a publication called The State of Ghana Population Report, 2003 under the theme 'Population, Poverty and Development.

2005 OUTLOOK

796. **Mr. Speaker** the NPC will undertake the following activities this year:

- Implementation of the NPC Strategic Plan;
- Development of the GOG/UNFPA Fifth Country Programme;
- Integration of population variables into development planning;
- Resource mobilization for population programmes in the Country; and

- Strengthening partnership with other organizations to facilitate implementation of population programmes.

PUBLIC SERVICE COMMISSION

797. The Public Services Commission exists to safeguard and promote integrity, accountability and competence in public service organizations in Ghana through advisory, consultative, regulatory and supervisory services.

2004 PERFORMANCE

798. The activities of the Commission promote good governance, human resource development, social justice and equity.

799. To promote transparency, the Commission has assembled the relevant policies, rules and regulations that have so far constituted the guidelines for appointments, promotions and disciplinary procedures for transmission into codes.

800. The Commission continued to organize examinations for promotions within the public service. Three separate examinations were held in June, August and October.

801. Efforts to develop institutional competence and capacity in salary administration continued.

802. The present instrument for measuring performance was reviewed and updated while the policies, rules, regulations and guidelines on appeals, grievances and petitions have been compiled into a hand-book.

2005 OUTLOOK

803. The major activities and programmes envisaged for 2005 are intended to promote social justice and equity. These include the

promotion of decentralization and delegation of responsibility. Seminars and workshops will be organized for relevant public service organizations to enhance their capacity for recruitment/appointment and promotion. Specifically, technique for selection/interview needs to be re-enforced in the various public service organizations.

804. Structures, roles and procedures for performance management and monitoring will be carefully reviewed in specific organizations as a way of enhancing justice and equity.

805. Special attention will also be paid to strengthening the capacity of PSC to perform its constitutional functions. The modernization and computerization programme designed to facilitate the transition of the Commission from central personnel agency will be pursued.

806. The Public Services Commission has been allocated ¢3.86 billion for its 2005 programmes and activities.

Internal Audit Agency

2004 PERFORMANCE

807. The Internal Audit Agency Board was inaugurated on 4th August 2004 after the passage of the Internal Audit Agency Act, 2003 in December 2003. The objective of the Agency is to coordinate, facilitate, monitor and supervise internal audit activities within MDAs and MMDAs.

808. The transitional period ended on 27th August 2004.

809. Since its inauguration, the Agency has undertaken the following activities:

- Established an interim secretariat while steps were taken to recruit staff for the Agency;
- Appointed a technical committee to develop the structure for Internal Audit Units within MDAs and MMDAs;
- Developed a 3-Year Strategic Plan to guide its activities; and
- Met with key stakeholders and collaborated with Public Procurement Board in the development of their programmes.

OUTLOOK FOR 2005

810. In 2005 the Internal Audit Agency will implement the first year of its 3-year strategic plan which will focus on:

- Securing a fully resourced secretariat for the Agency including office accommodation.
- Recruiting technical and secretarial staff for the Agency.
- Building working relationships with major stakeholders.
- Providing orientation for members and key staff of the Agency through study tours.
- Assessing skills and training needs of existing internal audit staff within the target institutions.
- Computerising operations of the Agency.
- Setting the technical and ethical standards, reporting standards, and the internal and external processes required to achieve the objectives of the Agency (including the development of an internal audit manual, guidelines, and programmes).
- Developing training programs and manuals.

- Training 720 staff of the units to adequately cater for their professional development in order to deliver timely and quality internal audit services.

- Developing communication channels between the Agency and the target institutions.

- Developing the Internal Audit Regulations for the effective implementation of the Act for consideration of the President[1]

Electoral Commission

811. The Commission is responsible for the establishment of structures for the purpose of electing all representatives of the people as well as supervising the conduct of all such elections.

Performance In 2004

812. In 2004 the Commission undertook the following:

- Compiled a Voters Register for all eligible Voters, providing photo ID cards and embossing the photographs on registers for the first time.

- Conducted the Presidential and Parliamentary elections at the end of the year.

- Empowered people with impaired vision to have direct access to the voting process with the introduction of the tactile ballot holders for blind voters.

[1] Set the process in motion immediately.

Outlook for 2005

813. For the year 2005 the Commission will improve on its Infrastructural and Human Resource Capacity by undertaking a number of activities including the following:

- The Commission, as part of its preparation towards the 2006 District Level Elections and beyond, will train over 250 members of its permanent staff on the use of ICT; and

- To fulfill the Commission's legal responsibility of storing effectively all election materials, the Commission will continue its programme of building permanent District Offices for every District by completing 8 offices in 2005; and

814. The Commission will undertake a revision exercise to include people who have attained the age of 18 and those who in 2004 could not be registered in view of the impending District Level elections in the year 2006.

815. The Commission has been allocated ¢31.89 billion to enable it implement its 2005 programmes and activities.

OFFICE OF THE SENIOR MINISTER

Achievement in the year 2004

816. In the year 2004, the office pursued the additional responsibility for Public Sector Reform (PSR), where it took a critical look at the gamut of programmes being pursued with the aim of giving a new image and direction for PSR.

817. The office developed a framework that would enable it re-examine and make proposals for retooling the Public Sector. A draft proposal on the way forward has received Cabinet approval. Some institutions involved in the implementation aspects of the PSR, have their objectives and aims redefined to conform to the new proposals and vision.

OUTLOOK FOR 2005

818. In the year 2005, the office will pursue the following:

- develop a comprehensive programme for the implementation of the proposed PSR which received Cabinet's approval in 2004;
- inform MDAs and stakeholders on the agenda of reforming the Public Sector;
- develop the appropriate structure that would ultimately have the responsibility of constantly refocusing the Public Sector to meet expectation and prosecute effectively, government policies; and
- retool the Civil Service, to be focused, value oriented, customer friendly and accessible to the needs of government.

National Governance Programme

819. For the attainment of the objectives of Good Governance, the National Governance Programme (NGP) is responsible for promoting collaboration between the arms of government and independent constitutional bodies.

Performance in 2004

820. In this connection NGP provided funds for the provision of GIS Computer Software to the Electoral Commission for the demarcation of new constituencies and districts; equipment to Parliament for printing of hansards, funds for media coverage of national reconciliation hearings and elections, refurbishment of Ghana Police Service Training School in Kumasi, training for police officers for election conflicts management and provision of financial support to all female Parliamentary Aspirants during 2004 Election .

OUTLOOK FOR 2005

821. NGP will scale up its activities in 2005, to include:

- Enhancing the utility of capacity building programmes for key governance institutions for improved service delivery.

- Support Government's agenda on anti-corruption and promote and co-ordinate the implementation of the National Anti-corruption Plan.

822. Support the Police Service in the development of its Strategic Business Plan and the implementation of those of the Electoral Commission and the National Commission for Civic Education.

823. For all the Agencies under Office of Government Machinery, an allocation of ¢658.715 billion comprising ¢527.644 billion from GoG sources (including ¢200 million of IGF) and ¢130.869 billion from donor funding has been made.

Judicial Service

824. The Judicial Service is one of the independent Governance Institutions established to ensure the rule of law in the Country. In 2004, the Service undertook activities in line with the achievement of its objectives to include the following:

825. **Mr. Speaker**, in 2004 the Judicial Service undertook the following activities:

- Construction work on the Bolgatanga Administration/Library Building and Phase II of the Judicial Service Administration Building.

- Extended the automation of the High Courts to all the Regional High Courts. In Accra the entire 6 High Courts Annexes were automated with 5 out of 6 selected District Magistrate Courts in the 3 Northern Regions. Magistrates were posted to these Courts;

- An Electronic Law Library System at the Supreme Court Library to facilitate and enhance research work was put into operation;

- The Service reduced backlog of cases throughout the country resulting in the clearing of 3,400 out of over 4,000 cases identified.

OUTLOOK FOR 2005

826. Major activities and programmes to be undertaken by the Judicial Service in 2005 are:

- Automation of 5 more Magistrate Courts;
- Mainstreaming Alternative Dispute Resolution in our Courts;
- Appointment of 50 more Trainee Magistrates and turn out the first batch of the Career Magistrates;
- Introduction of week-end Magistrates Court in Accra, on experimental basis, with the possibility of extending it to Takoradi and Kumasi;
- Inauguration of the Commercial Division of the High Court with 6 fully automated court-rooms in Accra;
- Refurbishment of District courts in Obuasi, Nkawie, Axim, Elmina and Amasaman.

827. **Mr. Speaker**, the Judicial Service has an allocation of ¢135.423 billion from GoG sources of which ¢7.320 billion is retained IGF to enable it carry out its activities.

Office of Parliament

828. The Parliamentary Service exists to facilitate the work of Parliament, enhance its dignity, and adequately inform the public on activities of Parliament.

Performance in 2004

829. Training courses in ICT were organized for most of the staff of the Service and some Members of Parliament.

830. The Service was able to launch an in-house magazine called the 'Legislature', which helps to inform and educate the public on the activities of Parliament.

831. Research, Public Affairs, Human Resource and Development departments were established and operationalised.

832. Rehabilitation work on the State House Complex continued with an amount of ¢25 billion released from HIPC funds.

833. The Chamber Block was also refurbished to accommodate all the 230 Members of Parliament.

Outlook for 2005

834. The Service will continue with the rehabilitation of the State House Complex, and the refurbishment of the Chamber Block and provide offices for members of Parliament.

835. The Office of Parliament has been allocated ¢119.876 billion from GoG sources for its programmes and activities.

National Commission for Civic Education

Performance In 2004

836. In 2004 the Commission achieved the following:

- Educated the Citizenry on their civic responsibilities, which culminated in achieving peaceful elections and more than 80% turnout for the 2004 Presidential and Parliamentary Elections.

- Involved Civic Education Clubs in schools and communities in quiz and debate competitions on Constitutional issues;

- Sensitized the citizenry on the West African Currency – the Eco

- Produced and distributed Abridged Constitution in collaboration with the Ministry of Education;

- Organized workshops on Anti-corruption, Transparency and Accountability in the promotion of Good Governance;

Outlook for 2005

837. In 2005, the NCCE will:

- Increase awareness, through Civic Education in collaboration with Ministry of Health and District Assemblies on issues relating to Mental Health and Aids;

- Collaborate with the Ministry of Local Government on full participation of the citizenry in the lower levels of governance through Civic Education;

- Deepen effective Political Involvement in support of Poverty Reduction and Wealth Creation.

838. **Mr. Speaker**, to enable it carry out its activities the NCCE has been allocated ¢30.70 billion from GoG sources.

Commission on Human Rights and Administrative Justice

Overview of Year 2004

839. The right to development and the promotion of a rights based approach is paramount to effectively combat poverty. In fulfillment of its functions CHRAJ undertook the following:

- Continued visits to the country's Prisons and Police cells.

- Held roundtable discussion on non-custodial sentencing in collaboration with institutions and civil society organizations including CDD, the Judiciary, the Prisons Service, the AG's Department and the Department of Social Welfare. The objective was to review ways and means of addressing the severe congestion in the prisons and discuss how the issue of non-custodial sentencing can be implemented within our penal reforms;

- Trained 100 District Directors and 10 Regional Directors to sharpen their skills in the monitoring of human rights especially for the vulnerable and the excluded;

- Provided basic facilities for Headquarters, 10 regional offices and 100 regional offices.

OUTLOOK FOR 2005

840. **Mr. Speaker**, in 2005 the Commission will continue to:

- Protect and promote human rights and administrative justice at all levels, especially the vulnerable and the excluded;

- Enhance the capacity of staff;

- Improve public relations and public education; and

- Expand service delivery by the acquisition of automobiles for investigation, improvement in inter regional and district communication and acquisition of office equipment to improve staff productivity.

841. The CHRAJ has been allocated ¢25.242 billion from GoG for this year's activities.

National Commission on Culture

Performance in 2004

842. The Commission undertook the following activities:

- Collaborated with UNESCO Cluster Office in Accra to organize Conference on Education for Cultural Heritage Development;

- Organised workshops for Cultural Workers and artistic groups and associations to educate on cultural practices that could lead to the spread of HIV/AIDS; and

- Organised the National Congress of Artists and Cultural Workers to evaluate the contribution of artists to the nation and the extent to which artistic potentials have been harnessed for national development.

Outlook for 2005

843. **Mr. Speaker**, in 2005 the NCC will undertake the following activities: -

- organize NAFAC 2005 at Wa, in the Upper West Region in the last quarter of 2005;

▪Coordinate with other MDAs and NGO's will carry out cultural education programmes to speed up the socio-cultural and political progress of the country;

▪Establish pilot cultural industries within the Centres to harness the artistic potentials and resources of the region; and

▪Train idle youth and school drop-outs with traditional skills within the pilot training Centres in the Regional and District Centres for National Culture.

844. The NCC has an allocation of ¢43.663 billion from GoG sources for its 2005 programmes and activities.

National Media Commission

Performance for 2004

845. The Commission organised sensitisation seminars on radio phone-ins and national integration for programmers, producers and presenters to re-orient them towards handling the phone-ins more professionally with the view to fostering national unity and integration before and during the elections.

846. The Commission also collated views on the Right to Information Bill through a roundtable discussion from the media.

Outlook for 2005

847. In 2005 the Commission will:

- Complete the zonal seminars in radio phone-ins and national integration for programme producers and presenters;

- Introduce quarterly interactions with the leadership of Ghana Journalists Association, the Private Newspaper Publishers Association of Ghana, the Independent Broadcasters Association, the Institute of Public Relations, Ghana, the Advertising Association of Ghana and the Food and Drugs Board to address the challenges in advertising in the electronic media;

- Enhance the capacity of journalists towards specialization; and

- Organize 5 zonal workshops on the GPRS in conjunction with the NDPC for selected journalists.

848. The Media Commission has an allocation of ¢1.5 billion from GoG for its activities.

District Assembly Common Fund

Performance In 2004

849. In 2004, the DACF disbursed the Common Fund Allocation to all the 138 districts and enhanced monitoring and evaluation in the districts to ensure that funds disbursed were utilised judiciously.

850. **Mr. Speaker**, DACF organised a workshop for Parliamentary Press Corps to sensitize them on the activities of District Assemblies' Common Fund Secretariat.

2005 Outlook

851. In 2005 with the creation of 28 new districts, DACF will organise training for Assembly members, District Chief Executives and District Finance Officers.

852. All units of the department will be networked to enhance effective co-ordination and improve efficient release of Common Fund Allocations.

853. The DACF Secretariat has a GoG allocation of ¢962 million for its activities.

PRIVATE SECTOR DEVELOPMENT

854. **Mr. Speaker**, as reflected in H. E. the President's State of the Nation Address to Parliament recently and in accordance with the medium term objectives of the GPRS, Government gives priority to the development of the private sector and will, therefore, help build the private sector through the development of the President's Special Initiatives (PSIs) and the facilitation of access to credit, establishment of partnerships between Ghanaians and Foreign enterprises, provision of advisory services to the sector, improvement of the investment climate and the promotion of Small and Medium Scale Enterprises (SMEs).

855. The key MDAs charged with the responsibility to facilitate private sector development are: -

- Ministry of Trade and Industry.
- Ministry of Private Sector Development and President's Special Initiatives.
- Ministry of Tourism and Modernisation of the Capital City.

Ministry of Trade and Industry [2]

856. Mr. Speaker, over the long term the Ministry will be involved in the development of a vibrant technology-driven industrial sector which will contribute to economic growth and employment creation and lead to diversification and structural transformation of the economy in a liberalized trade environment. To achieve this vision, the Ministry launched a new Industrial Reform and Accelerated Growth Programme. This is underpinned by two core and parallel running strategies, namely export-led industrialization drive and domestic market- oriented industrialization programme. These two strategies are being implemented through a number of programmes and projects

Performance in 2004

Presidents Special Initiative (PSI)

857. Mr. Speaker, the highlights of activities carried out by the Ministry in 2004 under PSI were as follows:

- The Ayensu Cassava Starch Company (ASCO), the first cassava starch processing factory exported 2000 tonnes of starch which yielded a revenue of ¢3.6 billion.

- As a result of the previous exports to the European Union market, Ayensu Starch was certified, as a high-grade quality starch, suitable for the more lucrative food industry. Consequently, major multi-nationals in Africa including Nestle and Unilever, are negotiating with ASCO for the supply of starch.

[2] In 2004, PSI was part of this Ministry but moved to the Ministry of Private Sector Development in 2005.

- Farming operations for the establishment of two new factories have begun. Ayensu Starch has established an office at Koforidua and registered 6,000 farmers and planted 3,200 acres of cassava. Sika Starch with its office at Obuasi has also registered 600 farmers and cultivated 700 acres of cassava. These initiatives are major efforts at preparing the raw material base prior to the installation of the processing plants.

- In the Salt Industry Community-based Artisanal production units have been established at Nyanyano and Elmina in the Central Region with financial support from HIPC Funds to produce salt for export and local consumption. This was followed with Industrial audit, involving 25 companies, which require similar financial intervention to enhance their production base for the local and export market.

- Mr. Speaker, under the Oil Palm initiative 4,642 hectares of oil palm was planted in 2004 which represents an increase of 10 per cent of Estate-type oil palm plantations established in the country since 1970. This achievement was made possible by credit support to 12 Farmer Based Associations.

- To date, 195,000 hectares of land have been mobilized as equity, in the 12 Farmer Owned Companies, for development into plantations with more land offers in the pipeline. In this case, women are increasingly involved in providing land for equity and therefore in terms of gender issues, women are further targeted, to buy additional shares in the Companies

- Geographical spread of Oil Palm nurseries has increased to cover Ashanti and Volta Regions. As a result, 2 million high-yielding transplantable seedlings have been germinated to be trans-planted over an acquired area of 20,000 hectares in 6 Regions.

- PSI on Oil Palm developed a nursery capacity to produce a million seedlings annually, which will yield high quality seedlings to cover

plantation area of 20,000 hectares each year. The capacity of the seed garden for producing the high bred tenera, has been increased by another 1,000 trees through collaboration with the Oil Palm Research Institute (OPRI) at Kade.

- Under the Garments and Textiles Initiatives, 12 medium-size Ghanaian companies were established to operate under the Initiative. Six out of the 12 companies successfully undertook trial orders for the export market.

- More than 10,000 operators were trained to feed the garment industry at the Clothing Technology Training Centre in Accra. This represents a 100% increase on the 2004 projection.

858. Under the new Rural Enterprise Development Programme (REDP), sensitization workshops were held in all the 110 Districts prior to the increase of the number to 138. Eighty-Seven draft business plans have been prepared with 57 finalised for implementation. Additionally, 52 Farmer/Community based organisations have been incorporated as companies in their localities to operate under the programme as private corporate enterprises.

859. The Ghana Standards Board developed, reviewed, gazetted and disseminated 1,214 standards. Additionally, 170,466 measures and weighing instruments were inspected and verified for trading purposes by the Board.

Other Achievements

860. Other achievements made during the year include the following:

- The National Trade Policy to ensure predictability and transparency in the trade regime was completed and launched in February 2005 by H.E. The Vice President

- A National Friday Wear Programme was launched as part of a comprehensive programme to promote Made-in-Ghana Goods.

- Three Export Trade Houses were established, namely; Ghana National Procurement Agency (GNPA) Export House, Ghana Trade Centre and ECOWAS Export Trade House to provide export marketing services for the Non-Traditional Export Sector.

- Export Development and Investment Fund provided financial support to the Non-Traditional Export sector to the tune of ¢328 billion.

- Fifty MSEs were assisted to participate in the 9th Ghana International Trade Fair thereby, exposing their products to a wider market.

- Twenty Business Advisory Centres were established throughout the country.

- Twenty tailor-made training programmes were organized for 6,530 entrepreneurs.

Outlook for 2005

861. **Mr. Speaker,** in 2005 the Ministry will continue with its priority programmes under the GPRS to deepen the enabling environment for private sector growth, employment generation and wealth creation.

862. In this regard the following will be implemented:

- The Ministry will continue to promote small and medium scale enterprises by establishing business incubators to provide workplace, business management and financial services.

- Regarding Micro & Small Scale Enterprises (MSEs), steps will be taken to improve their efficiency and competitiveness as well as facilitating their access to credit.

863. **Mr. Speaker**, under the Rural Enterprises Development Programme, 47 Districts that met the criteria of capital adequacy ratio has been selected for phased implementation of the enterprises.

864. Under the Technology Improvement Programme, 40 business plans with technology audit report as input will be prepared to establish viability for retooling. Ten enterprises will be assisted to retool under a pilot scheme.

865. **Mr. Speaker**, in order to further improve the competitive edge in terms of quality of products for the local and export markets, 115 standards will be developed, reviewed, adopted and gazetted. Furthermore, 350 locally manufactured products will be certified, while 4,200 product samples are chemically and physically examined for quality evaluation, certification and destination inspection.

866. **Mr. Speaker**, Hallmarking of precious metals is very important in the marketing of gold. For this reason, a centre of Hallmarking of precious metals will be established.

867. The Free Zones will receive further boost with the expansion of the Free Zones enclaves into Multipurpose Industrial and Scientific Parks, in order to accommodate important scientific and industrial projects. To complement this effort, the National Export Trade Information Centre will be completed to facilitate export marketing of non-traditional exports. However, Government, mindful of abuses of the free zone concept, will review the operation of the scheme to minimize the abuses.

868. Ten additional Business Advisory Centres will be established in various districts to promote rural entrepreneurship, create employment opportunities, reduce rural urban migration and increase income levels of the rural population.

869. An amount of ¢5.2 billion will be disbursed to 500 entrepreneurs to start and expand their businesses.

870. Twenty thousand female-owned enterprises will be supported to improve their entrepreneurial skills as well as access credit through the Women Development Fund.

871. Five hundred tailor-made entrepreneurial, managerial and technical skills training programmes will be organized for 12,500 entrepreneurs.

872. A hundred graduates from the tertiary institutions including agricultural colleges and vocational institutions will be trained to enable them establish innovative and high-tech business.

873. **Mr. Speaker**, the Ministry of Trade and Industry has been allocated ¢210.2 billion comprising ¢97.0 billion under GOG (including ¢25.6 billion of IGF) and ¢113.2 billion from donor sources for its operations in 2005.

Ministry for Private Sector Development and President's Special Initiative

874. **Mr. Speaker**, under the framework of the Ghana Poverty Reduction Strategy, the Ministry is expected to coordinate and harmonise all inter-sectoral efforts aimed at the development of the private sector as the engine of growth and poverty reduction.

Performance In 2004

875. **Mr. Speaker**, in conformity with the objectives of the Ministry for Private Sector Development and President's Special Initiative, various activities were undertaken in year 2004.

876. **Mr. Speaker**, in consonance with the Ministry's mandate to serve as the focal point for the coordination of all sectoral efforts at developing the private sector, the Ministry developed a National Medium Term Private Sector Development Strategy (2004-2008) which was approved by Cabinet and subsequently launched by His Excellency, the President in July, 2004.

877. The strategy incorporates all the private sector strategies of the various Ministries into one coherent whole with action plans, outcomes and indicators as well as costs of implementation. The launching of the private sector development strategy has greatly enhanced coordination between MDAs involved in private sector development initiatives.

878. The Strategy is currently being implemented and the various performance indicators as they relate to the MDA's involved in the implementation of the strategy have been published.

879. **Mr. Speaker**, in order to achieve the vision of "The Golden Age of Business" through the private sector, the Ministry plays a major facilitating role in the Government's plan to remove key regulatory and administrative barriers to business operations in Ghana through the coordination of the activities of the various MDAs.

880. As part of its objective to develop the mindset of the youth especially those in secondary and tertiary institutions toward entrepreneurial development, the Ministry undertook the following activities: -

a. Sensitization programmes on radio and TV through the development of the "Captains of Industry" Series;

b. Supporting student groups to build a core of young entrepreneurs through a supportive educational system; and

c. Continuation of the "Growing the Young Entrepreneurs" competition to encourage students to set up their own businesses after leaving school.

881. The following credit facilities were also sourced:

- **The Italian Credit of Euros 10,000,000** was finalized and approved by Parliament to assist SMEs, especially in agri-business to import machinery and equipment from Italy. Workshops were organized in all the regions to educate the general public on how to access the fund;

- **The Danish Government** has, through the Ministry made available US $30 million for the Business Sector Programme Support in the country. The facility will assist Micro, Small and Medium-Scale Enterprises access loans, venture capital, training, product development, technical advice and ICT;

- The Ministry has succeeded in sourcing **US$5 million** from the **Swiss Government** for SMEs and this is being administered by the Trust Bank Limited;

882. **Mr. Speaker**, this year the Ministry will take steps to ensure that these funds are disbursed to the intended beneficiaries in the SMEs to assure that the growth objectives of the manufacturing sector are realised.

883. **A National Framework** to regulate the operation of Public-Private Partnership has been developed and approved by Cabinet. This is to facilitate and guide the provision of infrastructure and other development services by MDAs in partnership with the private sector who together will share the risks and share the dividends.

884. Through the Ministry's facilitating role, a number of bills that have an impact on the growth of the private sector have been passed by Parliament into Law. These include:

- **The Banking Law;**
- **The Labour Law**;
- **Venture Capital Fund Law; and**
- **Long-Term savings Law.**

885. The Ministry disseminated the Public Private Partnership (PPP) policy guidelines among MDAs, NGOs and District Assemblies.

886. Other activities that the Ministry facilitated include:

- Opening of five new land registries at Sekondi, Sunyani, Koforidua, Tamale and Ho in addition to the existing ones in Accra and Kumasi to make the process of land registration easier;

- The operationalisation of the Customs GCNeT at Tema, Takoradi, Accra and Kotoka International Airport which has reduced clearance time from two weeks to less than two days. The target is to achieve clearance time of less than four hours; and

- Improvement in the Passenger clearance operation of the Immigration Service as it now takes an average of 32 minutes to clear 260 passengers through Immigration at the

Kotoka International Airport as against the several hours taken previously;

- Streamlining the Destination Inspection Procedures enabling the average number of days it takes to issue Final Classification and Valuation Report (FCVR) to reduce to 2-4 days from 10-14 days; and

- Streamlining the Business Registration processes to enable the turn-around time to start a business to be reduced from 129 to 85 days and the cost of starting a business to decline by 35 percent.

887. **Mr. Speaker**, again through the Ministry's initiative, Government provided financial assistance of $2 million to the Pineapple Industry which enabled the industry to accelerate the conversion process from sole export of the smooth cayenne pineapple variety to include MD2 variety in order to protect Ghana's export share of the international market.

888. Significant progress was made towards relieving Small and Medium Scale Enterprise (SMEs) of one of their major problems, which is access to affordable long term funds.

889. The Government of Ghana, together with the US Government through the African Development Foundation (ADF), provided funds to support between 5-8 small and Medium Enterprises with up to US $500,000 each for the next 5 years. This aims at creating jobs and reducing poverty especially in the rural areas. So far, approval has been given for the support of 6 companies under the programme.

OUTLOOK FOR 2005

890. **Mr. Speaker**, in pursuance of Government's vision for the second term of the NPP Administration, Positive Change Chapter 2,

Government has decided that private sector development will be one of the three major planks on which the Government's agenda for growth will be based. The main thrust of Government policy direction will be to facilitate the accelerated growth of the private sector and the expansion of the President's Special Initiatives. To this end the following key initiatives will be undertaken by the Ministry for the year 2005.

891. The Ministry will assist the private sector to build capacity through training courses, seminars, workshops and various capacity building programmes. The Ministry will be liaising with the Ministry of Education and Sports to come up with a programme of action. Training will be conducted for micro and small scale entrepreneurs with the view to assisting them to migrate from the informal sector to the formal sector. The Department will also train young entrepreneurs to update their skills and improve their capacity to operate modern business entities.

892. To enable the private sector access credit from the commercial banks for expansion, the Ministry will also facilitate the availability of purpose-fashioned guarantees. The Ministry will decentralize small-scale credit facilities to the regions and encourage various financial institutions to provide credit particularly to SMEs.

893. As part of the Ministry's policy to remove administrative and bureaucratic bottlenecks which impede the growth of the private sector, the Ministry will develop a **Policy and Regulatory Impact Assessment (PRIA**) tool for Ghana. This will be implemented in collaboration with the Ghana Central Governance Programme.

894. **A Programme Intervention Evaluation Template (PIET**) will also be developed and implemented within the framework of the Regulatory Impact Assessment. The **PIET** is to enhance Government's capacity to evaluate proposed programmes for the

private sector to ensure that they cause minimal distortions to the market.

895. **Mr. Speaker**, in close collaboration with Ministry of Trade and Industry, the Ministry will facilitate the access of Ghanaian products to both the local and international markets. The key initiative will be the various legislative, administrative and budgetary actions to be taken not only to protect Ghanaian products from imports, but also to assist the export of Ghanaian products to other countries especially in the ECOWAS sub-region.

896. **The President's Special Initiative aims** at diversifying the country's economic structures by the introduction of various value-added products, especially for export. This is to ensure that the country is cushioned against widely fluctuating commodity prices of our traditional products such as cocoa, gold and timber.

897. Government will add cotton, cashew, sugar and sorghum to the existing President's Special Initiatives.

The Existing PSIs

Oil Palm

898. Government will facilitate the cultivation of 20,000 hectares of oil palm over a two-year period from 2005. The Ministry will, therefore, support private plantation owners by facilitating the acquisition of cheap credit and improved planting materials as well as technological assistance to ensure the realization of this vision. For this, the Ministry will extend the geographical coverage and increase the output of seedling nurseries to 30 locations targeting the production of 4 million seedlings in 2005.

Salt

899. The Ministry will support at least 5 large and 10 medium and small-scale salt producers to start or expand production.

Cassava Starch

900. Government will set up at least 2 more cassava processing plants in 2 regions this year and support cassava farmers financially and technically to increase their production to feed these processing plants.

Textiles and Garments

901. The construction of factory buildings in the garment village at the Export Processing Zone in Tema will be accelerated with the construction of 10 more of varying sizes. The Ministry will continue to market Ghana as a hub for textile manufacturing.

902. The Ministry of Private Sector Development and PSI has been allocated ¢144.289 billion of which ¢12.737 billion is from GoG sources and a donor component of ¢131.552 billion.

Ministry of Tourism and Modernization of the Capital City

903. Tourism is the fastest growing industry worldwide and a tool for poverty reduction for many countries. In Ghana, tourism, as a non-traditional export has the potential to become a powerful tool in pro poor development strategies. This potential can, however, be realized if the economic and social development strength of tourism are effectively mobilized to create wealth and fight poverty.

Major Achievements in 2004

904. The Ministry carried out the following activities in 2004 towards the achievement of the overall objective of transforming the rural economy under the GPRS:

- **C**onstruction of four (4) receptive facilities were completed. These have created about 700 jobs in the communities (Assin Manso, Nkroful, Atibie, Oda).

- Work towards the establishment of a Tourism Satellite Account Project was commenced and is steadily progressing.

- Identified 27 parcels of land out of which 14 are being surveyed for the establishment of land banks for tourism investments.

- Completed a Strategic Action Plan (2003-2007), which is being implemented.

- Licensed 4 charter flights which are currently in operation. These are helping in making flights to Ghana more accessible and affordable.

- Held Donors Conference to seek funding for the establishment of Regional Hospitality Academy.

- Developed standards and Curricula for training in tourism and hospitality.

- Developed schemes for the regeneration of Bukom Square and James Town Old Harbour.

- Licensed 52 new hotels, 28 new formal catering establishments and 343 informal catering establishments.

OUTLOOK FOR 2005

905. The Ministry will undertake the following major activities and programmes under the GPRS:

- Continuation of the construction of the remaining 17 Tourist Receptive Facilities at attractive sites to improve visits and spending, thereby creating employment and income in the communities; and

- Establishment of Land Banks, at 14 priority sites to promote private sector investment in tourism and thus generate employment and income.

906. In addition 1,500 skilled and unskilled personnel in the hospitality industry will be trained to improve service delivery.

907. Other activities to be undertaken by the Ministry are:

- Establishment of Tourism Development Fund, to make funding accessible and available for both public and private sector investment in tourism;

- Commencement of the Joseph Project, a strategic project aimed at making Ghana the gateway to the homeland for the over 40 million Africans in the Diaspora;

- Regeneration of Old Accra – award of contracts for the regeneration of Bukom Square and James Town Old Harbour to promote tourism and investment; and

- Completion of the establishment of Tourism Satellite Account, to allow an accurate measurement of the tourism sector, the nature of demand and supply for tourism and contribution of tourism to GDP.

908. To enable it carry out its programmes and activities for 2005, the Ministry has been allocated ¢24.024 billion from GoG sources of which ¢2.5 billion is a retained IGF component.

909. **Mr. Speaker**, in addition to all the allocations mentioned in the sector presentations there will be more allocations from the HIPC Fund targeted towards sectors that have been identified as priority areas to enable Government achieve its objectives of Poverty Reduction and give more meaning to this budget of Hope.

SECTION SIX: POVERTY REDUCTION AND UTILISATION OF HIPC FUNDS

Government Spending on Poverty Related Expenditures

910. **Mr. Speaker**, Government's policy on poverty reduction is driven by the Ghana Poverty Reduction Strategy (GPRS), which aims to implement a comprehensive set of policies, strategies, programmes and projects in support of growth and poverty reduction over a 3-year period (2003 – 2005)

911. **Mr. Speaker**, the implementation of the GPRS over the past few years has been guided by the process of the National Economic Dialogue (NED) and issues raised in the Annual Progress Report of the GPRS.

912. **Mr. Speaker**, last year, Government reached the HIPC completion point and the accomplishment greatly facilitated the inflow of additional resources for the implementation of poverty related projects.

Performance in 2004

913. In 2004, one of the ways Government addressed poverty was by increasing its shares of spending in the social sector and through direct actions to increase the productive assets and basic services for the poor. It is expected that this strategy will result in the attainment of the objectives and targets of the GPRS and help Ghana achieve the Millennium Development Goals (MDGs) by 2015.

914. **Mr. Speaker**, by the end of December 2004 total Government expenditure, excluding donor funds, but including HIPC resources utilized to implement direct actions for the poor [3] amounted to ¢ 6,441.39 billion. This represented 30.25 per cent of total Government expenditure and an increase of over ¢1,282.94 billion over the planned expenditure of ¢5,158.45 billion for 2004.

915. About 59.0 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 expenditures were utilized on employment generating activities, including agriculture, skills training and provision of basic infrastructure and human rights and public safety.

Utilisation of HIPC Funds

916. **Mr. Speaker** in 2004 the utilization of HIPC resources was not only geared towards human resource development, but also to promote good governance as well as private sector development.

917. An amount of ¢1,507 billion of HIPC relief was expected in 2004 for poverty related projects and growth oriented programmes and projects. However a total amount of ¢1,948.5 billion was transferred into the HIPC account. The excess of ¢441.5 billion represented amount due in 2003 but materialized in 2004.

918. **Mr. Speaker**, by the end of the year under review, Government had disbursed a total amount of ¢1,975.77 billion, out of which ¢ 301.4 billion was used for domestic debt payment in conformity with Government policy to utilise 20 per cent of annual HIPC relief to reduce domestic debt. The balance of ¢1,674.4billion was disbursed

[3] This represents recurrent and non-recurrent expenditures for poverty-related activities as defined by the GPRS. These activities may be additional to the medium term priority programmes and projects of Government which focus mainly on growth.

to MDAs and MMDAs for the priority areas outlined in the GPRS. Of the total amount disbursed to MDAs, about 46 per cent was spent on human resource development; 40 per cent on private sector development; 8.5 per cent on governance and the rest on other projects.

919. Under human resource development, a total of ¢393.62 billion was released for various educational programmes and activities including: improvement of infrastructure in basic secondary and tertiary institutions throughout the country and subsidies for food and Basic Education Certificate Examination fees.

920. **Mr. Speaker,** about ¢178 billion was released to health sector including: the expansion of 21 health training institutions, the facilitation of 22 District Health Insurance Schemes, maternal delivery exemptions and in support of efforts to reduce increases reported in maternal mortality rates in certain regions of the country. Other areas were model health centres and Community Health Planning Services (CHIPS), completion of the Sunyani Hospital and outstanding payments for the Ho Hospital. About ¢97 billion of the total health sector allocation was released largely to the Metropolitan and District Assemblies to supplement their efforts to improve sanitation across the country.

921. A total of ¢79 billion was released for the provision of and improvements to potable water supply schemes in some rural communities and institutions in the country. This included an allocation of about ¢9 billion for the eradication of Guinea- worm and other water borne diseases in the Upper East, Upper West and Eastern Regions.

922. **Mr. Speaker**, for private sector development, about ¢677 billion was disbursed for various activities including agriculture and infrastructure. They are: the importation of DM2 pineapple planting materials, contribution for the joint ADF/GOG programme for micro,

small and medium scale enterprise promotion and the PSI programmes and projects, including oil palm.

923. In support of Government's modernization programme for agriculture, about ¢72 billion was disbursed for the procurement of agricultural equipment and machinery including tractors, cassava grating machinery and household metallic silos. Conscious of the fact that food crop farmers have consistently been the poorest socio-economic group in the country, Government allocated about ¢ 61 billion to assist farmer groups in the major farming season.

924. **Mr. Speaker**, about ¢228 billion was also released under the Government's energy programme for the continuation of the Self Help Electrification Project (SHEP) for rural communities and promotion of renewable energy systems. The rural electrification schemes are expected to facilitate social and economic improvements in the rural areas through the promotion of micro and small scale enterprises that need to be powered by electricity.

925. Other infrastructural developments funded with HIPC resources were Coastal protection works, construction of storm water drainage, the Korle Lagoon Ecological Restoration Project (KLERP) and installation of ICT incubators and the rehabilitation of 50 postal agencies.

926. **Mr. Speaker**, the Roads and transport sector received an allocation of about ¢102 billion, of which ¢40 billion was disbursed for the feeder roads programme, while ¢62 billion was disbursed for the importation of another 200 buses from China to augment the Metro Mass Transit fleet under the Government's public transportation programme.

927. To promote peace and stability and facilitate the conduct of the 2004 elections, a total disbursement of about ¢125 billion was made to various institutions involved in the promotion of Good

Governance and the maintenance of peace and security. They include: the Electoral Commission, the Ministry of Parliamentary Affairs, the National Security Council, the Police Service, the Judicial Service as well as the Media Commission.

Outcome of the Poverty Reduction Expenditure.

928. **Mr. Speaker**, the full measure of the outcome of these most recent poverty reduction expenditures since this Government assumed power is yet to be determined by the next round of the Ghana Living Standard Survey (GLSS). However, results of the annual progress report of the GPRS 2003 and other sources including the Ghana Demographic and Health Survey (GDHS) 2003 have been mixed and give an indication of the progress towards the attainment of the MDGs.

929. **Mr. Speaker**, in the Education Sector, the national gross primary school enrollment increased from 85.7 per cent in 2002/2003 to 86 per cent in the 2003/2004 academic year, indicating the likelihood that both the GPRS and the MDG targets would be achieved. However, gender disparity still existed as gross primary school enrollment for girls was 83.1 per cent compared to boys at 89.1 per cent in 2003/2004. Government policies such as capitation grants, the supply of uniforms and the issue of rations that reduce the financial burden on poor parents so as to keep children in school, appear to be yielding results as the Primary 1- Primary 6 completion rate increased from 71.6 per cent in 2002/2003 to 77.9 per cent in 2003/2004.

930. **Mr. Speaker**, in the health sector the performance was mixed. According to the 2003 Ghana Demographic and Health Survey (GDHS), infant and under 5 mortality rates increased from 54 and 108 per 1,000 live births in 1998 to 64 and 111 per 1,000 live births in 2003 respectively. The percentage of children fully immunized however increased from 62 in 1998 to 69 in 2003. HIV/AIDS

prevalence at 3.6 per cent in 2003 is an indication that the GPRS target at 3.2 per cent is also likely to be achieved.

931. Despite the attention that has been paid to the provision of safe water in the rural areas, guinea worm diseases appear to be on the increase. By June 2004, 5,665 cases were reported as against 4,911 cases at the same time in the previous year. Rural coverage of safe water increased from 40 per cent in 2000 to 46.4 per cent in 2003.

Outlook for 2005

932. **Mr. Speaker**, In the last year of implementation of the first part of the GPRS (2003-2005) Government's commitment to accelerated poverty reduction and the protection of the vulnerable and excluded has not waned. However, since significant national poverty reduction cannot be achieved without accelerated economic growth, the objective of Government is to increase the productive capacity of the poor and vulnerable groups to enable them participate in the growth of the economy.

933. To achieve this, Government has allocated a total of ¢7,693.24 billion for poverty related expenditure. This represents 31.06 per cent of total Government expenditure and a nominal increase of about 49 per cent over 2004 planned allocation of ¢5,158.45 billion. The total amount excludes donor funds but includes HIPC resources. It is significant to note that this year, the poverty reduction expenditures include about ¢525 billion for National Health Insurance, ¢350 billion as a lifeline for consumers of electricity and as a safety net for protection of the poor against negative effects of the petroleum price deregulation[4].

[4] All the three subsidies were not included in either planned or actual 2004 poverty reduction expenditures.

Utilisation of HIPC Funds in 2005

934. **Mr. Speaker**, about ¢1,992.9billion of HIPC relief is expected this year. About ¢398.6 billion representing 20 per cent of the 2005 relief will be used to reduce domestic debt and the rest allocated to MDAs and MMDAs to implement poverty reduction and growth enhancing programmes and projects. Consistent with His Excellency the President's State of the Nation Address the allocation will be biased towards the three priority areas of human resource development, private sector development liked up to the Government's policy on agriculture based on rural development and provision of first class infrastructure and good governance.

SECTION SEVEN: POLICY INITIATIVES

935. Mr. Speaker, this year's budget seeks to actualise the Government's accelerated growth policy. The policy initiatives detailed below are designed to help thrust the economy into a higher growth path in our quest to promote our national aspiration of becoming a middle-income economy in a decade.

936. These initiatives are anchored on the Government's refocused three-pronged development strategy of Vigorous Human Resource Development; Private Sector Development; and Good Governance as highlighted by His Excellency the President in his State of the Nation Address to Parliament on 3rd February 2005.

937. The Strategy is to promote the concept of 'Ghana Incorporated' and instill a business-like approach to all spheres of our national endeavor. The Strategy is consistent with the medium term priorities of the Ghana Poverty Reduction Strategy (GPRS) and is aimed at transforming the economy by breaking away from the mode of "doing business as usual" and focusing instead on key strategic areas, which will bring hope to all Ghanaians about their prospects for improved living standards.

A VIGOROUS HUMAN RESOURCE DEVELOPMENT

938. Mr. Speaker, Government recognizes that the expertise, health and progressive outlook of our human resources are what will propel the economy of Ghana to attain our national vision. As well as being necessary conditions for development, improved education and health outcomes contribute to the attainment of certain fundamental human rights. As a start, Ghana's system of education is being reformed to support a nation aspiring to build a knowledge-based economy within the next generation and develop our human capital as a tool and catalyst for accelerated growth.

Education Reforms for First and Second Cycle Schools

939. **Mr. Speaker**, a number of measures are being operationalised this year to begin implementation of the new policy of educational reforms. Formal education will now start at age four with two years of kindergarten. The next nine years of Primary School and Junior High School education will lay the foundation for literacy and numeracy. The Senior High School system is being radically transformed with the duration being increased to four years. Infrastructure development to add kindergartens to the school system and to accommodate the extension of the Senior High Schools will commence this year.

940. **Mr. Speaker**, to ensure that newly trained teachers are deployed more equitably, the Ministry will introduce a comprehensive re-alignment of the funding mechanism for teacher training. From September 2005, the Ministry will transfer as far as possible the budgets for student allowances and teacher training to individual district education offices, with allocations to the districts based on their teaching staff requirements.

941. This will enable the districts to directly sponsor teacher trainees who agree to work in their districts on completion of their course. This new approach will ensure that around 8,000 new teachers are assigned to areas of greatest need each year. This will further deepen decentralization.

942. **Mr. Speaker,** a major focus within the Ministry is decentralization of management and services. This process has been adopted in order to assist in improving the operational efficiency of the system and to promote more responsive and appropriate education service delivery. This is being implemented through the on-going expansion of mandates and delegation of increasing levels of responsibility towards the school, institution, district and regional

levels enabling them to more effectively prioritise, plan, and respond to their local conditions.

943. This will significantly increase the percentage of education budget managed at the regional, district and school level, which is now around 80 per cent of the total budgetary allocation to the Ghana Education Service.

944. To effectively and efficiently manage these decentralized initiatives, School Management Committees have been established in all basic cycle schools in addition to the initiation of district wide annual planning processes. To further support these institutional and governance initiatives, the Ministry is allocating ¢3.9 billion to strengthening capacity in district planning, management and reporting.

Technical & Vocational Education and Training

945. **Mr. Speaker**, to boost Technical and Vocational Education and Training (TVET), the Council on Technical and Vocational Education and Training (COTVET) and other structures will be established to facilitate expansion in Technical and Vocational Education and Training and improve facilities in Technical and Vocational Institutes (TVIs) in the country. Furthermore, Government accepts the principle of establishing in each district a TVET and the apprenticeship programme.

946. **Mr. Speaker**, to better train and prepare the youth for employment, those who are more inclined to vocational and technical disciplines will be catered for. The cost of a year's apprenticeship will be borne by the state. In line with this policy, the Ministry of Manpower, Youth and Employment (MMYE) will be tasked to identify and support private sector businesses to undertake such activity.

Career Guidance and Counseling

947. **Mr. Speaker**, the Ministry of Manpower, Youth and Employment (MMYE) will facilitate the setting up of Career Counseling and Job Placement Centers at all tertiary institutions and strengthen existing ones. This will help the students plan their careers and also bring prospective employers to the doorstep of final year students to improve their chances of getting employment upon graduation. For a start it is anticipated that each district will have at least two counseling and career development officers to undertake this function**.**

ICT and Human Resource Development

948. **Mr. Speaker**, to position Ghanaian workers at the cutting edge of technology in the global market place, training at all levels will be integrated with ICT. As a first step, a Ghana Investment Fund for Telecommunication Service (GIFTEL) will be established to provide incentives to telecom operators to provide service to underserved rural and urban deprived areas.

949. The seed capital will be raised from contributions of 1 percent of the revenue of all telecom operators in the country. The fund is to be managed by a Board comprising representatives of the telecom operators. This programme will go a long way in facilitating the expansion of ICT related programmes in both the rural and deprived urban communities and also support the implementation of the Distance Learning Programmes.

Fostering a Culture of High Performance

950. **Mr. Speaker,** in order to improve upon the work culture and attitudes of Ghanaian workers, Government will facilitate corporate attachment of Ghanaian workers in supervisory grades as well as graduates of tertiary institutions to tap the best practices in other countries.

National Health Insurance Scheme

951. **Mr. Speaker**, The National Health Insurance Scheme (NHIS) was set up to give affordable access to health care for all citizens especially the poor and the vulnerable. The Health Insurance Fund set up last year, has accumulated over ¢480 billion as at December 2004. It is anticipated that about ¢1.3 trillion will also accrue to the fund through the levy system this year. A formula for the allocation and application of the fund will be submitted to Parliament for approval soon.

952. The following eighteen schemes (Dormaa, Dangbe West, Nkoranza, Tano North, Tano South, Berekum, Jaman North, Jaman South, Pru, Saboba Chereponi, Asuogyaman, Akwapem North, Ejisu Juaben, Kpeshie sub metro, Kwahu South, West Gonja, Atwima and Lawra) which are receiving benefits at the moment will be supported immediately the formula is approved to be fully operational by the end of the first quarter. A further 34 schemes, will be operational by the end of the second quarter and it is expected that all district schemes will be fully operational by close of the year.

B PRIVATE SECTOR DEVELOPMENT

Incentives for the Private Sector:

a. Corporate Tax

953. Mr. Speaker, in Ghana's progress towards strengthening the role of the private sector in economic development, it is important to reduce the tax burden on the private sector to spur our domestic and foreign investors to expand their activities and invest in new ventures like ICT to enhance further domestic growth that will provide a sustainable base for accelerating wealth creation, employment generation and reduce poverty.

954. Moreover, there are significant benefits to be derived from predictability of the tax regime in order to help medium to long term planning by all our investors. It is in this context that the corporate income tax rate – scheduled to be reduced from 32.5 percent to 30 percent in 2005 – is being lowered even further to 28 percent effective 2005, and to 25 percent in 2007.

955. These reductions in the corporate tax burden will also position Ghana with the other strong destinations for foreign direct investment such as Botswana and Mauritius. Overall, larger investment, both foreign and domestic will enhance further domestic growth that will provide a sustainable base for reducing poverty.

b. Personal Income Tax

956. Mr. Speaker, Government will, this year also, reduce personal income tax burden on individuals, including the self -employed. The minimum tax-free threshold is to be increased from ¢1,500,000 to ¢

1,800,000 which means that the first ¢1.8 million of everybody's annual income shall be tax-free.

- The next portion of income which attracts 5% tax rate will be increased from the current ¢1.5 Million to ¢1.8 Million.

- The next ¢4.8 million instead of ¢3 million as in 2004 will be taxed at 10%.

- The next ¢27.6 million instead of ¢18.6 Million in 2004 will be taxed at 15%

- The next band of ¢36 million instead of ¢33 million will be taxed at 20%.

- The maximum tax rate will be reduced from 30% to 28% and will be applicable to incomes exceeding ¢72 million instead of ¢60 million.

c. Withholding Tax

957. Mr. Speaker, to further free up working capital of firms and improve their cash flows, the withholding tax rate on the supply of goods and services will be reduced from 7.5 percent to 5 percent.

d. VAT Refunds

958. Mr. Speaker, refund under Section 25 (1) of the VAT Law Act 456 confines the facility to businesses that export more than 70% of their output. This means that when a business exports below 70% of its output, it ends up accumulating credit without qualifying for refund on account of the 70% clause. This locks up capital, which is needed for re-investment and growth. It is therefore proposed that Act 546 be amended to correct this anomaly and enhance growth.

e. National Reconstruction Levy

959. Mr. Speaker, as part of the Government's determination to free additional resources for businesses to grow, it is proposed that the National Reconstruction Levy be reduced as follows:

- Part A Companies from 10 percent to 7.5 percent;
- Part B companies 7.5 percent to 5 percent; and
- Part C Companies 5 percent to 3.5 percent.
- All Other companies from 2.5 percent to 1.5 percent.

960. This will be followed by further reductions in 2006 and eventually eliminated by 2007.

f. Ghana Stock Exchange

961. Mr. Speaker, Government is committed to ensuring that the private sector has access to long-term capital. Towards this end, companies listing for the first time on the Ghana Stock Exchange will continue to enjoy a reduced corporate tax rate of 25 percent. Companies already listed on the Stock Exchange will pay a corporate tax rate of 28%.

g. Support for Commercialization of Research, Innovation and Development

962. Mr. Speaker, it is the Government's belief that accelerated growth cannot easily be achieved without commercialisation or linking our commercial and industrial sector to research, innovation and development in the country. In view of this, it is planned to give special support to industries that will commercialise research findings.

h. Increasing Value Addition by Private Sector

963. **Mr. Speaker**, Government intends accelerating the move to a higher value addition economy. In collaboration with the private sector, Government will continue to support the following:

- **Agriculture** – Government, in collaboration with various partners will set up a Tomato Processing and Promotion Centre at Techiman in the Brong Ahafo Region. The centre will build local capacity for processors and entrepreneurs in value addition technologies on tomatoes and other vegetables. In addition, Government is sourcing funds to procure 840 agro-processing machinery and storage facilities. These will be sold to farmers and other stakeholders engaged in agro-processing and value addition.

- **Mining** – To encourage value addition to the products of the mines, Government is supporting the establishment of a College of Jewellery in Accra and the Department of Jewellery at the College of Art at the KNUST, Kumasi. Government has also given the green light for the establishment of the first diamond cutting plant in Ghana by a private company as a clear manifestation of government's catalytic role to private sector initiative.

i. Improving Access to Local and International Markets

964. **Mr. Speaker**, to enhance marketing and promotion capabilities of local industries, the Ministry of Trade and Industry will contract 15 Overseas Trade Representatives to enhance and deepen the trade and investment drive between Ghana and strategic countries in Europe, Asia, Africa and North America to assist the mobilization of international resources for production, enhance national supply

capacity and in the process support our export-led industrialization strategy

j. Improving Service Delivery In The Public Sector For Private Sector Development

965. **Mr. Speaker**, Government has identified that lengthy approval procedure for services in the public sector act as a disincentive for growth of the private sector. To expedite approval processes, increase efficiency and transparency, and facilitate business, all MDAs will set out criteria for approval and establish norms for processing time, which will be published and monitored by the Ministry of Private Sector Development to ensure compliance.

k. Management Advisory Services for Businesses

966. **Mr. Speaker**, as part of efforts being made to formalize our very large informal sector, the National Board for Small Scale Industries (NBSSI), National Vocational Training Institute (NVTI), Integrated Community Centres for Employable Skills (ICCES) and Youth Institutes will be strengthened to provide technical and management advisory services for Small and Medium Scale Enterprises (SMEs) in all parts of the country.

Financial Sector Reform

967. Government will continue to implement its financial sector strategic plan in 2005 with the aim of reforming the financial system to support private sector led growth. In this regard, Government will submit to parliament a number of legislations in 2005 including the Foreign Exchange Bill, the Anti-Money Laundering Bill, Credit Union Bill and the Non-Bank Financial Institutions Bill for passage into law.

968. A dynamic growth-oriented financial system must be underpinned by an **efficient payments and settlements system**, Ghana is still essentially a

cash-based economy with embedded high transaction costs. It is therefore important that we move towards more efficient payment methods like cheques and electronic cards. In recognition of this, the Bank of Ghana is undertaking reforms in the legal, institutional, and infrastructure framework of the payments system to make the Ghanaian financial system modern and competitive. The Bills and Cheques Act has been revised and will be presented to Parliament this year.

969. At the retail level, banks have taken on the challenge and we are seeing a proliferation of new products, around card-based payments systems. For the financial system as a whole and the banking public to benefit from these innovations, it is important that the networks of the banks be inter-linked. The Bank of Ghana will be taking a very active role in the coming year to ensure that banks reach a consensus on a common and fully integrated platform for the development of a robust cost-effective payments system.

Consumer Credit/Hire Purchase Schemes

970. **Mr. Speaker**, with the increasing stability of the financial system, financial institutions will be encouraged to introduce innovative products, especially in the area of consumer hire-purchase and leasing facilities to enable workers obtain access to consumer durables without a very high outlay and at reasonable interest rates.

The Problem of High Lending Rates

971. There seems to be a general discontent within the private sector with regard to the level of interest rates charged to customers by banks. There has been a developing trend for banks to publish base interest rates, which apparently bear little relation with the interest rates that they actually levy on the customer. Whilst the Treasury bill rate has come down in the past four years, the typical interest rate charged on credit are sometimes almost twice the rates on treasury bills.

972. A typical example can be found in the daily graphic published on 25th January 2005. That publication has the following rates, officially notified by the Bank of Ghana:

- Treasury Bills 17.8
- Bank of Ghana Prime Rate 18.5
- Base Rate of Commercial Banks ranged between 24-26 per cent.
- Actual interest rates charged ranged between 31-36 per cent.

973. The current spread between deposit and lending rates of commercial banks remain unacceptably high.

974. We call upon the Bank of Ghana to exercise its lawful mandate under Article 183 clause (2) of the constitution which requires the Central Bank -

'to encourage and promote economic development and the efficient utilization of the resources of Ghana through effective and efficient operation of the banking and credit system'.

975. **Mr. Speake**r, for the lending institutions to support a truly viable consumer credit scheme, it will require borrowers to honour their repayment obligations and strengthen their creditworthiness.

976. The operationalisation of the National Identification Scheme, as well as the Credit Reference Bureau and the completion of the street naming and house numbering by the District Assemblies together will help develop hire-purchase and leasing schemes throughout the country. Government will therefore ensure the commencement of these activities this year. The naming of streets and house numbering will be completed within six months.

Central Securities Depository System (CSDS)

977. **Mr. Speaker**, to continue to enhance financial market transparency and to boost investor confidence in order to attract more international capital flow, the CSDS operations will be expanded to cover all other securities including equities at the stock exchange. This will make it much more convenient for a foreign resident to participate in GSE trading. The GSE will thus become a preferred destination for capital inflow.

Ports Development

978. **Mr. Speaker**, the importance of Ghana's Sea Ports in the economic development of the country cannot be down played; hence the Government's continued commitment to the Gateway Project, aimed at turning our ports into the Gateway to the sub region. Between 2001 and 2004, the Government committed about $100 million to developmental projects in the two ports. These projects include dredging works, quay extension works, container terminal development and acquisition of container handling equipment.

979. **Mr. Speaker,** the development of the container devanning area is expected to be completed by the middle of this year while the container terminal is expected to be completed in October. With the completion of these two projects, congestion and other problems that our numerous importers and exporters encounter in clearing their goods will be minimized if not completely solved. Berths 10 – 12 at the Tema Port will be dredged this year to accommodate bigger vessels when the container terminal becomes operational.

980. The Ghana Ports and Harbours Authority (GPHA), the Customs, Excise and Preventive Service (CEPS) and other partners are examining the possibility of extending working hours at the Ports to help reduce the time used in clearing goods in the ports and also

minimize the frustrations importers encounter in clearing their goods.

C. GOOD GOVERNANCE

Public Sector Reforms

981. Mr. Speaker, to give further impetus to public sector reform, Government will begin the implementation of the priority areas of the reform aimed at improving service delivery capacity of the civil and public service. These will include:

- Commencement of organizational restructuring of the Civil Service;
- Finalization of a professional Human Resource framework;
- Establishment of regulatory framework for subvented agencies;
- Development and commencement of implementation of a communications strategy.

982. To further improve the management of the payroll and eradicate the incidence of ghost names on government payroll we will deepen payroll management and control by implementing the following measures:

- Tighten the rules and strengthen systems of control, oversight and enforcement;
- Develop and implement systems for capture and management of subvented agencies payroll; and
- Clarify institutional responsibilities for payroll and personnel database management
- Engagement of independent corporate entity to scrutinise Government Payroll Schedules (Report 11) prior to submission to the Banks for payment.

Monitoring of Development Expenditure

983. To ensure that we get value-for-money and effective budget implementation, targets will be set for various MDAs for their outcomes and deliverables which will be monitored as part of Ministry of Finance and Economic Planning's budget review programme as indicated in Section 180 of the FAR LI 1802.

Control Over Utility Bills

984. **Mr. Speaker**, Government has recognized the need to control the expenditure incurred by the State on utilities and will take the necessary steps this year to reduce utility cost.

Establishment Of Contingency Fund

985. **Mr. Speaker**, Article 175 of our Constitution states that "the Public Funds of Ghana shall be the Consolidated Fund, the Contingency Fund and other Public Funds." We need to take practical steps to set up the Contingency Fund as is envisaged in Article 177. This year the Ministry of Finance and Economic Planning will initiate steps to give effect to this constitutional provision.

Budget Time Table

986. In fulfillment of Article 179 of the Constitution, the Ministry of Finance and Economic Planning shall take the necessary steps to present the Annual Budget Statement and Economic Policy to Parliament and get the Parliamentary approval for the Appropriation Bill by 21st December this year in respect to the 2006 Budget.

Active Actors In Government Financial Management

987. As required by Section I of FAA Act 654, regular meetings will be held with Directors of Finance, Accounting Officers, Treasury Officers and Internal Auditors of MDAs. Criteria for assessing their performance on delivery of services on a regular basis will be established.

Improvement In Information Gathering

988. **Mr. Speaker**, the Ghana Statistical Services (GSS) will be resourced this year to enhance its capacity for compilation and analysis of data to support policy formulation.

National Asset Register

989. **Mr. Speaker**, Government has since independence continued to make huge investments in fixed assets (land, buildings, plant and equipment) but currently, there is very little information available to the Ministry of Finance and Economic Planning on the current location, condition and maintenance history of all government land, buildings, vehicles and major capital equipment. Yet, on an annual basis, there is an appropriation for the maintenance of these assets. The National Asset Register will inter alia:

- Act as an inventory of State Assets- for accounting and budgetary allocation purposes
- Ensure transparency and accountability in the use of Government resources
- Minimize financial malpractices (whereby similar assets are purchased by different organizations at different prices)
- Assist the Ministry of Finance and Economic Planning to assess the true budgetary requirements for asset acquisition and maintenance

990. Beginning this year the Government will take steps to build the National Asset Register in two phases. Under the first phase of the project, all assets owned by the various MDAs would be identified and appropriately described. The second phase would entail the valuation of these assets by appropriate professionals using internationally accepted principles.

D. PETROLEUM DEREGULATION AND MITIGATING MEASURES

991. **Mr. Speaker**, Government has taken a decision to deregulate the petroleum sector to free budgetary resources, allow it to cut down on borrowing and increase allocations to vital social services. It will also allow the private sector to assume the role of service provider within a well-regulated environment. As Government frees itself from the petroleum sector, resources hitherto used in subsidizing petroleum products will be freed and channeled into other priority sectors including health, education, agriculture and rural development.

992. As part of the process Government has had to re-align prices in accordance with the existing pricing formula with effect from 18th February 2005.

993. **Mr. Speaker**, being mindful of the hardships which are likely to arise due to these price increases of petroleum products and the full implementation of the deregulation policy, Government intends to introduce measures, which are targeted to mitigate the likely hardships. To support poor households, a number of mitigating measures, including implementation of targeted social protection programmes will be undertaken. Government intends to increase its spending to improve education, health and nutrition status of the poorest households. The following measures will therefore be implemented:

Tax Reliefs

994. Mr. Speaker, a total amount of about ¢229 billion is expected to be released from tax revenues to be put back in people's pockets as disposable income. These personal tax relief measures are intended to cushion the impact of higher petroleum prices on persons with relatively lower income levels.

Increased Wage Levels

995. **Mr. Speaker**, furthermore, Government being mindful of the importance of higher wages in mitigating hardships and enhancing the productivity of its employees, is committed to improving the remuneration of Ghanaians and will grant increases in salaries in consultation with all stakeholders.

Mass Transit

996. **Mr. Speaker**, to further alleviate the transportation problems of workers, the Metro Mass Transit system will be improved and expanded to other regional capitals currently not covered. The current fleet of 354 will be increased to 950 by the end of the year. Pupils and students in uniform shall continue to pay special rate of ¢ 500.

997. To provide more affordable transport for the public especially workers, students and the urban poor, special bus services will be introduced in high passenger density areas such as the universities, hospitals, and markets during the relevant peak periods.

998. Government expects to conclude the railway concession process to open up the Western, Eastern and Central lines. The Accra – Tema railway line rehabilitation will also be completed by the end of the year and train services introduced. Current services on the Accra

and Nsawam line will also be improved. This will also improve mass transportation at affordable prices.

Capitation Grant

999. **Mr. Speaker**, the Capitation Grant Scheme introduced last year, covered fees and levies such as cultural dues, sports dues, and development levies paid by pupils in public primary and Junior High School pupils in deprived districts, which meant parents did not have to pay such fees and levies. This year, Government is extending the implementation of the Scheme to cover pupils from public primary schools and Junior High School in all districts with immediate effect.

1000. **Mr. Speaker**, this will imply that no pupil in a public primary school and Junior High School anywhere in Ghana will pay such fees and levies any more. Government will pay all such fees and levies on behalf of parents. This measure is intended to increase enrolments and retention and also lessen the financial burden on parents.

School Feeding Programme

1001. Mr. Speaker, the Ministry of Education and Sports in collaboration with the Ministry in charge of the New Partnership for African Development (NEPAD) and the Ministry of Education and Sports will embark on a School Feeding Programme on an extended pilot basis. Currently, the programme is being piloted on a limited basis covering only one school in one district in each region.

1002. The extended programme will initially cover 500,000 pupils in basic schools and will increase to 1.7 million in the next five years. The feeding programme will provide one meal a day to every school child and is intended to increase enrolments and retention and also improve the nutritional intake of the school child and their cognitive

skills. It is anticipated that the feeding programme will also ease parents' financial burden.

Housing the People

1003. **Mr. Speaker**, in support of the President's State of the Nation Address, which placed an urgency on the provision of housing for the people, the following housing projects will commence in the course of the year to make shelter readily available and affordable:

- A SSNIT Metro Ikam pilot housing project at community 19 to provide 2,000 houses at selected locations over two years to provide low and medium income housing in Accra. The scheme is a joint venture which will be replicated nationwide after the Accra pilot scheme

- The Ministry of Works and Housing is expected to commence the construction of low cost housing throughout the country. Consequently amount of ¢150 billion will be allocated to the Ministry as seed money for this purpose.

- Valuation of low cost houses constructed by Government in 1973 and sale of these units will commence this year. Amounts mobilized from this activity will be utilised as seed capital for construction of more staff housing particularly for newly created Districts. This is intended inter alia, to ease the housing problems of teachers and health workers in the relatively deprived districts of the nation.

Scholarship for Wards of Cocoa Farmers

1004. Mr. Speaker, Government will continue to support the scholarship scheme for the wards of cocoa farmers. An amount of nearly ¢14 billion utilized last year for this programme will be increased to ¢15 billion to enable more children benefit from the scheme.

Rural Electrification Programme

1005. **Mr. Speaker**, Government, mindful of the extra burden of the fuel price increases, has decided to accelerate its rural electrification programme as a way of reducing kerosene consumption in the villages which is expected to reduce household expenditure outlays for kerosene. Specific projects will include development of solar PV systems, connection to the national grid etc. An initial allocation of ¢ 50 billion from HIPC resources will be disbursed into the Rural Electrification Fund to ensure the execution of the programme.

Strategic Fuel Stocks

1006. **Mr. Speaker**, Government will continue to support the Bulk Oil Storage Company (BOST) to increase its strategic stocks to levels that will enable BOST stabilise the supply situation with the introduction of deregulation. This will forestall a situation where Oil Marketing Companies will not have the opportunity to use the supply side of the market to cause unnecessary price hikes and also to ensure fuel security in the economy.

E. REVENUE RATIONALISATION AND ENHANCEMENT MEASURES

1007. The challenge is to enhance domestic revenue mobilisation without creating excessive tax burden and/or income inequalities. It is also targeting the poor to get quick and quality delivery in respect of education, health, etc.

REVENUE RATIONALISATION

Reclassification of Tax

1008. Mr. Speaker, it has been realized that the registration of sachet water producers has become controversial due to Schedule 1 Item 18 of the VAT Law Act 546. The current rendition has led to disputes as to what constitutes bottled water leading to court cases and difficulties in the registration of this class of enterprises. It is therefore proposed to amend the schedule in order to rectify the anomaly.

Excise Duties on Tobacco and Alcoholic Beverages

1009. Mr. Speaker, to discourage local manufacturers from importing finished products to the detriment of local manufacturing and employment, the administration of Excise Duties on cigarettes and alcoholic beverages will be reviewed in the course of the year. This is to bridge the profitability differentials between imported and domestic production of these products to modify the regime towards international best practices to encourage domestic production.

Adoption of ECOWAS Common External Tariff (CET)

1010. **Mr. Speaker,** the Authority of Heads of State and Governments of the ECOWAS signed protocols to authorize the implementation of the Common External Tariff within the sub-region in December 2002. Studies on the impact of the adoption of the ECOWAS CET by Ghana have been conducted and the reports are under consideration. It is clear from the report that about 60% of the imports to Ghana have tariffs that are equal to those recommended by the ECOWAS while about 32.7% of the imports do not contribute significantly to the revenue from import duty.

1011. Government will this year, implement the adoption of the ECOWAS CET for all the items for which the tariffs charged are either the same as those of the protocol or which the tariff difference is negligible. Negotiations on the tariffs for the other items will be undertaken during the transition period to achieve convergence in the tariff regime of ECOWAS.

REVENUE ENHANCEMENT

Revision Of Fines On VAT Defaulters

1012. **Mr. Speaker**, currently the fines imposed by the law courts on tax defaulters have been considered inadequate as instruments of deterrence. Since 1998 when the VAT Law was passed the rates have not been revised and inflation has reduced the value of these fines. The fines would therefore be brought in line with current trends.

1013. The suggested amendment will be in accordance with the Fines (Penalty Units) Law of 2000, (Act 572). This will help maintain the fines at realistic levels and eliminate the need for further adjustments in future.

Administration of Property Rates

1014. **Mr. Speaker**, the administration of property rates has been bedeviled with many difficulties. Despite property rates being a potential source of revenue for local development and service delivery, the Assemblies have not been able to derive the benefits, which could accrue from these rates. To address this, the Ministry of Finance and Economic Planning and Ministry of Local Government and Rural Development will take steps to facilitate the collection of property tax.

Gold Auditing Programme

1015. Mr. Speaker, in order to effectively check declarations made by Gold Mining companies on their production and exports, and in turn enable the Government to collect the correct amount of royalties, Government intends to introduce a Gold Auditing Programme to audit the Gold Industry. This will ensure that Government is fully informed on the production, exports and profits of companies, which will facilitate the collection of correct taxes and royalties due to the state.

Extension of GCNeT

1016. **Mr. Speaker**, to reduce revenue leakages, enhance revenue collection, and improve data on trade statistics, GCNeT will be extended to Elubo and Paga this year.

NON-TAX REVENUE

1017. **Mr. Speaker**, the Ministry of Finance and Economic Planning will work in consultation with the relevant Ministries, Departments and Agencies (MDAs) to improve the legal and regulatory environment and provide needed logistics and other support for the enhancement of Non Tax Revenue this year.

1018. To improve value for money of services provided by MDAs, the necessary amendments to the enabling Acts/Legislative Instruments (LI's) of the under listed MDAs will be brought to Parliament to revise absolute rates/fees and charges for the concerned MDAs.

Printing of Value Books

1019. **Mr. Speaker**, currently, quite a number of MDAs print and utilise their own value books for the collection of revenue. This practice leads to substantial revenue leakages. Henceforth, all value Books

including forms, receipts etc, used by MDAs, must be acquired through the Controller and Accountant-General's Department to ensure proper monitoring of proceeds from the sale of these books. The use of Value Books registers would also be enforced in all MDAs.

Payment of Surpluses by Statutory Corporations into the Consolidated Fund

1020. Mr. Speaker, in order to increase domestic revenue to support national development all statutory corporations and other public institutions shall transfer all excess funds required for their operations to the Consolidated Fund in accordance with Financial Administration Act, 2003 (Act 654). Towards this end, the Auditor-General will be charged with ensuring compliance of the Act by auditing the books of such corporations and institutions.

Special Housing And Transportation Scheme For Cocoa Farmers

1021. Mr. Speaker, to improve the quality of life of the cocoa farmer and farm hands on their farms, Government will initiate a study into the possibility of establishing a special scheme to assist them to obtain low cost houses in their farms and pick-up vehicles for farm work on soft financial terms. Cocobod has voted ¢5.0 billion to start the project. The government intends to encourage the use of the services of graduates from our Technical and Vocational Education Training Institutes who specialize in building and construction to build the farmhouses thereby creating jobs for our youth.

F. OTHER INITIATIVES

Modernising Agriculture and Improving Food Security and Nutrition

1022. **Mr. Speaker**, as parts of efforts to modernise agriculture, ensure food security and good nutrition, Government in collaboration with the private sector will undertake major interventions within the entire value chain of some selected commodities such as maize, rice, citrus, mango, cashew and soybean. It is the expectation that these activities will provide a ready market and lead to increased production and incomes for farmers and improve nutrition. This will be made possible through the Food and Agriculture Budget Support (FABS) project.

1023. Government will also support aquaculture and promote the breeding of small ruminants (sheep, goats and pigs) to encourage increased protein intake by Ghanaians. Actions will be taken to remove constraints and bottlenecks that hamper the growth of these produce. Activities to be undertaken will include provision of improved seeds and breeds, introduction of appropriate technologies, storage and marketing facilities and promotion of demand driven research.

1024. **Mr. Speaker,** whilst acknowledging that effective competition with the world market is still a challenge, we are however determined to develop a healthy and vibrant society by ensuring that Ghanaians have access to adequate and quality food through increased local production. In support of this stance, all districts will be provided with ¢350 million for investment in the selected areas. The Council for Scientific and Industrial Research (CSIR) will be provided with ¢ 15 billion to undertake agricultural research. Private sector operators in agri-business will be supported with over ¢70 billion to increase production and processing of these commodities.

Managing and Sustaining Forest Resources

1025. Following the obvious distress of the timber industry resulting in company closures and labour lay-offs in the industry, Government has decided to remove the Export Duty on lumber, veneer and plywood products with immediate effect. This is to help revive growth in the timber industry. The Ministry of Lands, Forestry and Mines will this year announce measures aimed at ensuring sustainability of our forest resources.

1026. The Validation of Legal Timber as a means of ensuring transparency accountability and compliance with International Market requirements will be implemented this financial year.

1027. All valid Timber Leases will be converted into Timber Utilization Contracts in accordance with the Timber Resources Management Act, 1997 and its Amendment, Act 617, of 2002 as well as Timber Resource Management Regulations, 1998 (L.I. 1649) and its Amendment (L.I. 1721) of 2003.

1028. Twenty percent (20%) of the revenue accruing from competitive bidding of plantation timber will be set aside by the Forestry Commission for re-afforestation to increase growth in the sector

1029. Improvement in the auctioning of timber has become necessary in the light of the abuses of the current system. To rectify this situation, Government is introducing a clause in the contract agreement to charge interest at the prevailing Bank of Ghana rate on companies who do not make payments promptly.

Promoting Sheanut Industry

1030. In order to promote the growth and development of the sheanut industry in the country and to increase the incomes of sheanut farmers so as to reduce poverty in the sheanut growing regions,

Government will consider the possibility of the resumption by the Ghana Cocoa Board of the purchase and export of sheanut as was done previously. To this end, a Committee will be set up by the end of the first quarter to study the issue and make recommendations for the consideration of Government.

Pension Schemes

1031. **Mr. Speaker**, to reduce the vulnerability of workers, especially on retirement, Government has set up a commission to review pension schemes in the country. The commission is scheduled to submit its report during the course of the year. The report will be studied and a white paper issued on the findings. Government will also encourage the informal sector to join the SSNIT pension scheme.

1032. Government is aware of the difficulties faced by pensioners in claiming their pension benefits. This year, Government will take the necessary steps to ensure that these problems are reduced. In addition, Government has programmed in the budget of 2006, to clear all arrears, relating to the new policy regarding the computation of pension benefits.

Removal of Tree Stumps from Volta Lake

1033. **Mr. Speaker**, the creation of the Volta Lake inundated about 1,500 sq kilometres of land, including large forests. The submerged tree stumps have become a major hazard to transportation on the Volta Lake, especially transportation across the banks.

1034. Government will take immediate action to facilitate removal of these tree stumps to create safer fairways (waterways) on the Volta Lake using best environmental practices to ensure ecological balance. The tree stumps harvested can be used as inputs for industrial purposes such as sleepers for railway trucks and boat building.

1035. Fairways (waterways) in the first phase of this project shall link some communities in the Afram Plains to major market centres of Tapa Abotoase, Dzemeni Kpando Tokor and Yeji. Government will explore all avenues to execute this project.

Harmonisation and Alignment of Activities of MDAs

1036. **Mr. Speaker**, Government has observed with concern, the considerable overlapping of functions, activities and expenditures of Ministries, Departments, Agencies, Metropolitan, Municipal and District Assemblies and Statutory bodies set up to administer funds allocated from the Consolidated Fund.

1037. This has led to duplication of activities and expenditures, thereby depriving this economy of focused handling of issues and programmes, and resulting in increased cost of implementing the Budget.

1038. Mr. Speaker, there is the need therefore, to harmonize and align these activities to ensure that MDA's, MMDA's and Statutory bodies focus on their core activities, and handle only matters of necessity incidental to their functions.

1039. To achieve this objective, the Government has decided to organize workshops for all MDA's, MMDA's and Statutory bodies dependent on the Consolidated Fund, to harmonize, align, and streamline their activities and expenditures.

1040. The first workshop would be held by the end of April 2005, and it is expected that the exercise will lead to better control of government expenditure.

1041. **Mr. Speaker,** Government has also decided to hold Quarterly Budget Review meetings to monitor the implementation and performance of the Budget.

MILLENNIUM CHALLENGE ACCOUNT (MCA) - STATUS OF GHANA'S COMPACT PROPOSAL

1042. The MCA is the U.S. Government's new form of development assistance. Under this initiative assistance will be provided to those countries that rule justly, invest in their people and encourage economic freedoms. Ghana was selected among the first 16 countries eligible for an MCA award in 2004, and subsequently in 2005 and has been invited by the Millennium Challenge Corporation (MCC) to present the country proposal for funding under the new programme. To date the U.S. Congress has approved the total of $2.25 Billion for disbursement to qualifying countries

1043. Ghana has submitted a draft proposal to the MCC for assistance under the MCVA programme in December 2004. The proposal seeks to enter into a 4 year compact agreement for support for a $200-$290 million funded programme focused on promoting growth through private sector agri-business development.

1044. The MCC investment committee approved Ghana's interim proposal in December 2004. We anticipate that by the end of the year, a compact agreement with the MCC will be reached.

SECTION EIGHT: CONCLUSION

1045. **Mr. Speaker,** the year 2004 was taken up in consolidating the successes and achievements of H.E. the President's first Term of Office. These achievements were remarkable; thus they won the appreciation and admiration of both Ghanaians and our development partners around the globe.

1046. Ghana reached Completion Point of the HIPC Initiative in a record time of thirty months, a clear indication that the NPP Government was on course with the implementation of a well-crafted and internationally endorsed agenda for the reconstruction of our beloved country after the long traumas of constitution upheaval and indifferent governance.

1047. The Government of the United States of America also recognized the performance of the Government when it selected Ghana to be one of the first sixteen countries to benefit from its Millennium Challenge Account. It must be put on record that the selection process was highly competitive and painstaking and so for Ghana to have been chosen among the top sixteen countries was a clear endorsement of the meritorious economic performance and good governance, generally exhibited under President Kufour and the NPP.

1048. For a second year running, and for the first time in the history of our country, Ghana achieved 100 per cent disbursement rate in external assistance provided through the Multi Donor Budgetary Support. This is another indicator of Ghana's progress in consolidating the thrust and confidence that our Development Partners have in the Government.

1049. In the year 2004, also, the Government and People of Ghana won the admiration of the world at large, when this country conducted very successfully free, fair and transparent elections, an

achievement that the people of Ghana and the Electoral Commission, in particular, are justifiably proud. Indeed, our successes in the electoral field have become the beacon for many other African countries.

1050. **Mr. Speaker,** the fact that President Kufour served a second term as Chairman of ECOWAS, went to demonstrate the confidence and respect that his colleagues and the people of the sub-region had in him. His contribution to the peace and progress of Africa was recognised and appreciated by the people in the countries of the sub-region, which were engrossed in conflicts. As we all know, His Excellency led ECOWAS to bring peace to Liberia and Sierra Leone and to save Ivory Coast from falling over the brink of lawlessness and ethnic conflicts.

1051. **I**n 2004, a lot was done in strengthening the infrastructure of Ghana itself. Approximately, 2,550 kms of feeder roads and 1,053 kms of trunk roads were constructed or rehabilitated in the country. Work began or continued on the Accra-Yamoransa, Accra-Kumasi and Accra-Aflao Roads, looking towards the opening up of all the entrances to the capital cities. Similar strategies are to be implemented for Kumasi, Sekondi Takoradi and other focal points of the economy.

1052. Construction of the Tetteh-Quarshie interchange is virtually completed and the facility is slated to be commissioned this weekend. Work is continuing apace on the Accra-Mamfe Road and many other roads in other parts of the country.

1053. HIPC resources were judiciously applied to build schools, hospitals and clinics to provide water and sanitation facilities for the people of Ghana, particularly in the rural and deprived areas, and to lubricate micro enterprise production credits for the enhancement of life and prosperity in every rural community in Ghana.

1054. **Mr. Speaker,** for the very first time in our history as a nation, the macro-economic indicators have all been pointing in the right direction for four continuous years. Inflation has been reduced drastically from over 40 percent at the end of 2000 to just over 10 percent at the end of 2004. Escalating interest rates and the persistent depreciation of the cedi are now a receding nightmare in Ghana's economic history. Our foreign reserves have grown to very cushionable levels. Revenue mobilization at home has improved tremendously and become more predictable for purposes of economic planning. Cash management has improved beyond expectations.

1055. Building on these remarkable foundations, the 2005 Budget is aimed at beginning a new strategic process of development, private sector development and the enhanced practice of good governance.

1056. The policies of human resources development are intended to arm the working men and women of Ghana with comparable knowledge, skills and capabilities that are required for this country to become competitive against her peers among the "Asian Tigers" and other middle income countries in our generation. Programmes for the accelerated production of the human resources to build the new Ghana will be unveiled and implementation year by year in the annual budget through out this era of positive change – chapter two. The outcome of this effort should eventually make Ghana country endowed with adequate human resources in the areas of managerial, technical, vocational, and information technological skills. People with these skills and expertise have the potential to attract investors who will rely and thrive on the knowledge and expertise of Ghanaians. This it is hoped will propel the mass momentum of private entrepreneurship that will eventually drive Ghana to the appointed destiny of economic success.

1057. By the end of POSITIVE CHANGE CHAPTER TWO, the average Ghanaian should already have become more resourceful and

enterprising. The skills acquired should already be sufficient to propel the formal/private sector into a much more vibrant player in the country's economy in industry, services, agro processing and financial sectors.

1058. Let the Ghanaian populace be hereby assured that at all times, the government of H.E. the President will continue to respect the fundamental human rights of all Ghanaians and of foreigners resident or visiting this country.

1059. This assurance of the rule of law and personal securities is the single most important addition to the traditional Ghanaian hospitality, which is needed to make the country the preferred destination of choice for most tourists and business travelers.

1060. The independent institutions that protect human rights, administer justice, safeguard life and property, that educate citizens of their civic rights and obligations, will all be strengthened to enable them protect Ghanaians and foreign residents alike. Women, children, the poor, the vulnerable and the physically challenged will be empowered to fully participate in national affairs and to enjoy the rights, privileges and the protection due to all Ghanaians.

1061. **Mr. Speaker,** the Government strongly supports the Ghana Aids Commission to undertake educational and awareness programmes for behavioural change in sexual practices in order to curb the prevalence rate and the spread of HIV/AIDS. The second phase of the Muilti-sectoral AIDS Project (MAP2) will commence this year. Government will continue to subside the supply of anti retroviral medicines to AIDS patients.

1062. The corporate tax concessions given in this Budget, the provision of equity funds through the implementation of the Venture Capital Scheme and the measures taken to ensure the availability of long-

term funds under the Long-Term Savings Act, are all designed to accelerate private sector development.

1063. What we require now are entrepreneurs who would accept this Government's challenge and take advantage of the opportunities offered in this Budget to revive and accelerate the growth of their businesses and thereby reduce unemployment by creating jobs for our people.

1064. Government is committed to providing the Ghanaian with all the basic necessities of life such as food, clothing and shelter. Consequently, the measure adopted in this budget will be consolidated in subsequent budgets to achieve these noble objectives.

1065. **Mr. Speaker,** I will take the opportunity once again this year to invite the house and public to join the Senior Minister Honourable J.H. Mensah to open an exhibition on the performance of the economy in the foyer of the house immediately after their adjournment of the sitting today.

1066. **Mr. Speaker** and Colleague members of Parliament, we Ghanaians are bold, adventurous, skillful and trustworthy people. We are innovative and resourceful. Let us therefore send the rays of our commitment to the outside world. We regard with distaste the notion that the world owes us a living: what we want is to build a new Ghana in partnership with our neighbours in the new global village. And in the process we seek the working hand and cooperation of others who have trod this path before us. The world owes us nothing, in an interdependent world we owe to ourselves the right to earn an honest living and we can make it through honest and hardwork, that is the message of this new era of positive change

1067. We are capable of doing it. Let us, against the backdrop of these noble traits, combine the FIRE OF OUR MINDS, the PERSEVERANCE OF OUR HEARTS and the SKILLS OF OUR LIMBS to implement the provisions of the 2005 Budget Statement and Economic Policy. This indeed is the divine calling of our time, to which we have to respond with collective purpose.

1068. May God bless us all for your attention.

1069. **Mr. Speaker**, I beg to move.