



REPUBLIC OF GHANA

# BUDGET SPEECH

Budget Statement and Economic Policy

Of the

Government of Ghana

For the

**2012 FINANCIAL YEAR**

**Theme: 'Infrastructure Development for  
Accelerated Growth and Job Creation'**

**THE BUDGET STATEMENT AND ECONOMIC POLICY FOR FISCAL YEAR 2012**

1. **Madam Speaker,** I beg to move that this honourable House approves the Financial Policy of the Government of Ghana for the year ending 31<sup>st</sup> December, 2012.
2. **Madam Speaker,** in doing so, I humbly stand before you to present the fourth Budget Statement and Economic Policy on behalf of the President, His Excellency, Prof. John Evans Atta Mills in accordance with article 179 of the 1992 Constitution.
3. **Madam Speaker,** this presentation is an abridged version of the 2012 Budget Statement. I would like to request the Hansard Department to capture the entire Budget Statement and Economic Policy tabled for your information and action.
4. **Madam Speaker,** the NDC Government was given the mandate to manage the affairs of this country in January 2009, based on our Manifesto for a 'Better Ghana'. Our manifesto promises were anchored on transparent and accountable governance, a strong economy for real jobs, investing in people, and expanding infrastructure.
5. **Madam Speaker,** since the NDC came to power, I have had the singular honour and privilege to present three Budget Statements and Economic Policies on behalf of His Excellency Prof. John Evans Atta Mills to this august House. The implementation of all these budgets has significantly improved the standard of living of Ghanaians.
  - There has been a significant growth in real GDP from 4.0 per cent in 2009, to 7.7 per cent in 2010 and 13.6 per cent in 2011 on provisional basis, making Ghana one of the fastest growing economies in the world in 2011.
  - Under the able leadership of His Excellency, Prof John Evans Atta Mills, coupled with the hard work of our cocoa farmers and other stakeholders, Ghana has now attained the 1.0 million metric tonnes of cocoa production for the first time in our history ahead of the 2012 schedule;

- At the end of 2008, the fiscal deficit on cash basis was 8.5 per cent of GDP (14.5 percent of GDP - old series). As at the end of September 2011, it had been reduced significantly to 2.0 percent of GDP;
- Inflation which was 18.1 per cent at the end of 2008 now stands at 8.40 per cent in September, 2011. This single digit inflation is real and has been sustained for the longest period of our economic history, from June 2010 to date;
- Interest rates have continuously declined since 2009. This is evidenced by the significant reduction in the yield of the 91-day money market instrument from 24.67 per cent in 2008 to 9.1 per cent in September 2011, making it the lowest recorded money market rate in decades;
- Gross International Reserves of US\$4.98 billion recorded in October 2011 exceeded 3.0 months of import cover of goods and services, compared to reserves of US\$2.0 billion at the end of December 2008, which could barely cover 2 months of imports. The gross international reserves realized in October 2011 is also the highest ever recorded in our history;
- For the first time since the West Africa Monetary Zone (WAMZ) programme commenced in 2001, Ghana has met all the four primary convergence criteria as at end-June 2011;
- Significant progress has been made in improving the well-being of the vulnerable through social intervention such as removal of Schools under Trees, provision of free uniforms and text books, up-scaling of the school feeding programme and the Local Enterprises and Skills Development Programme (LESDEP).

6. **Madam Speaker,** for this, we acknowledge the contribution of Honourable members of this august House, Council of State, Colleague Ministers, the private sector, development partners and indeed all citizens of this country in supporting the agenda for a Better Ghana. I personally wish to express my profound gratitude to His Excellency the President for the honour and opportunity to present four consecutive Budgets on his behalf.
7. **Madam Speaker,** in the NDC Manifesto, we pledged to implement policies and programmes that would expand infrastructure, create jobs and provide the needed social services for the benefit of all Ghanaians.

8. Consequently, we have pursued with commitment, very solid socio-economic policies that have resulted in the restoration of fiscal consolidation and macroeconomic stability; and are on the brink of achieving the highest real GDP growth rate ever recorded in the history of this country.
9. **Madam Speaker**, the macroeconomic stability achieved has provided the appropriate platform for accelerated growth. The priority of government over the medium term is to find a solution to our infrastructure deficit that has hampered the country's accelerated development over the past decades.
10. The focus of the 2012 Budget is, therefore, on the provision of key infrastructure in various sectors of the economy, to further stimulate growth, support the private sector to create more jobs and improve the incomes of Ghanaians. For these reasons, the 2012 budget has been crafted around the theme "**Infrastructural Development for Accelerated Growth and Job Creation**".
11. **Madam Speaker**, the key infrastructural projects to be implemented in 2012 consistent with the Ghana Shared Growth and Development Agenda (GSGDA) will principally be in the following areas :
  - **Electricity, Oil and Gas;**
  - **Water and Sanitation;**
  - **Railways, Roads, and Ports; and**
  - **Health, Education, and Agriculture.**
12. **Madam Speaker**, in pursuit of the social democratic principles of the NDC Government, the 2012 budget will continue the implementation of a number of pro-poor intervention programmes that will provide equal opportunities and improvement in the well-being of our people. In this respect, the scope of the numerous social intervention programmes will be expanded to benefit a greater number of vulnerable people in our society.
13. In order to accelerate the achievement of universal health coverage, Government will commence the implementation of the one-time premium payment policy under the National Health Insurance Scheme (NHIS). To further improve financial controls and efficiency, the NHIS will pilot Capitation, as an alternative Provider Payment Mechanism (PPM). Furthermore the review of the NHIS law would result in a major restructuring of the scheme at the district, regional and national levels.

14. **Madam Speaker,** the NDC Government promised to improve fiscal decentralization to deepen participatory democracy, bring public services closer to the people, and improve public financial management at the local level. In fulfillment of this promise, Government has set up a Fiscal Decentralization Unit within the Ministry of Finance and Economic Planning to implement fiscal decentralization programme which has been on the drawing board for decades.
15. **Madam Speaker,** the 2012 Budget will complete the next step which involves the transfer of resources in conformity with the principle of “resources follow functions” through the Composite Budget framework.
16. **Madam Speaker,** the public sector wage bill constitutes the largest single expenditure item in the budget. The implementation of the Single Spine Pay Policy (SSPP) has resulted in as much as 41.2 per cent of total revenue being used to pay wages and salaries to public sector workers. This situation constrains government’s spending in other areas. This notwithstanding, government is committed to ensuring equity and fairness in salary administration and will therefore continue implementation of the SSPP to its logical conclusion.
17. Government will also continue to implement policies that would substantially improve payroll administration through audits and the cleaning of the payroll to eliminate waste and excesses. In addition, Government will implement programmes to link public sector pay to productivity with a view to improving the performance of public sector workers.
18. **Madam Speaker,** as part of our democratic consolidation process, the nation goes to the polls once again in 2012. The Electoral Commission will conduct and supervise presidential and parliamentary elections. The NDC Government will adequately resource the EC to conduct free, fair and transparent elections to the satisfaction of all stakeholders.
19. **Madam Speaker,** this Budget Statement and Economic Policy will broadly cover the following:
  - I. Developments in the global economy and their impact on the Ghanaian economy;
  - II. Macroeconomic developments in 2011 and outlook for 2012 and the medium term;
  - III. Sectoral performance in 2011 and outlook for 2012; and
  - IV. Structural reforms and policy initiatives for 2012.

## **GLOBAL ECONOMIC DEVELOPMENTS**

20. **Madam Speaker,** the year 2011 witnessed a number of unanticipated events which adversely affected global growth and significantly weakened overall economic prospects. These include the devastating earthquake and tsunami in Japan, unrest in some oil-producing countries in North Africa, and major financial turbulence in the Euro zone. Consequently, the IMF projects global GDP growth in 2011 and 2012 to be much less than the 5 per cent achieved in 2010.
21. Growth in the advanced countries is projected to be very slow, attributed to the gradual reversal of the factors that held back activity during the second quarter of 2011. The growth prospects in emerging and developing economies however remain positive in 2011 and 2012, propelled mainly by high commodity prices.
22. **Madam Speaker,** Sub-Saharan Africa (SSA) witnessed strong macroeconomic performance in 2010 and 2011, with many economies in the region growing at rates close to their pre-crisis averages, largely on account of higher commodity prices and implementation of prudent macroeconomic programmes. For the oil-exporting economies in the region, the acceleration in growth, despite projected lower oil prices, reflects continued strength in domestic public investment spending and increase in oil production in some countries. Real GDP growth in the West African Monetary Zone is forecasted at 8.0 per cent in 2011, driven by increased activities in both the agricultural and industrial sectors in member countries.

### **Implications for Ghana's Economy**

23. **Madam Speaker,** a further deterioration of the global economic environment could pose serious risk to the Ghanaian economy by undermining the prospects for export growth, remittances, official aid, and private capital flows.

## **RECENT MACROECONOMIC PERFORMANCE**

24. **Madam Speaker,** Ghana's economy has witnessed significant growth and stability since 2009. The huge fiscal and external current account deficits that characterized the pre-2009 period have been reduced significantly; inflation has dropped to single-digit levels; the stock of international reserves has risen to over three months of import cover; and the exchange rate has stabilized since August 2009, except for some minor volatility earlier in the year. Real GDP growth has been very strong while the rebasing and revision of the national accounts saw the country's national income expanding by more than 60 percent, moving the country into a lower middle-income status.

25. **Madam Speaker,** a combination of fiscal consolidation and disinflation has underpinned the country's strong macroeconomic performance in recent years, especially in 2011. Through a strong growth in domestic revenue and prudent expenditure management, the country is on track to achieve the fiscal target set for the year.
26. During the year, the Bank of Ghana reduced its policy rate twice as inflation dropped to a single digit. While export growth, especially of cocoa and gold has been impressive and oil export came on stream, the external current account deficit widened in 2011 due to a strong import growth. Gross international reserves rose to more than 3 months cover of imports of goods and services. At the same time, the banking sector remained adequately capitalized and liquid, and nonperforming loans declined.
27. **Madam Speaker,** provisional GDP estimates released by the Ghana Statistical Service in October 2011 indicate that in real terms, the economy will expand by 13.6 percent in 2011 compared to the growth of 7.7 percent in 2010.
28. The agriculture sector expanded by 2.8 percent. The cocoa sub-sector grew by 14 percent. The remarkable growth in the cocoa sector is due mainly to policy interventions, such as the provision of subsidized fertilizers, supply of early bearing and high-yielding planting materials for rehabilitation of old farms, and timely payment of remunerative producer prices and bonuses, as well as the hard work of cocoa farmers. The country achieved its target of one million metric tonnes of cocoa production for the first time this year ahead of the 2012 schedule.
29. **Madam Speaker,** the Industry Sector recorded the highest growth of 36.2 percent this year, due mainly to the coming on stream of oil production.
30. **Madam Speaker,** the Services Sector continues to be the largest contributor to the country's GDP, accounting for 48.1 percent in 2011.

### **Oil Receipts and Distribution in 2011**

31. **Madam Speaker,** His Excellency the President, Prof. John Evans Atta Mills made a pledge to ensure transparent and judicious management of oil revenues. In accordance with provisions of the Petroleum Revenue Management Act, Act 805, 2011 (PRMA), I now report on the receipts and distribution of oil revenue.
32. **Madam Speaker,** the Ghana National Petroleum Corporation (GNPC) has, on behalf of Government, lifted oil from the FPSO Kwame Nkrumah four times as at the end of October 2011. The proceeds from the first three liftings

have been received. The proceeds for the fourth lift are expected later in November 2011.

33. **Madam Speaker**, the total volume of crude oil from the first three liftings amount to 2,980,720 barrels which realized a total sum of US\$337.3 million (GH¢ 506.0 million).
34. The total oil revenue received so far has been allocated to the various allowable sources in accordance with the PRMA. A total of US\$112 million (equivalent to GH¢168 million) has been transferred into the Consolidated Fund as the Annual Budget Funding Amount and is being utilized in the four priority areas as set out in the 2011 Supplementary Budget in accordance with relevant sections of the PRMA.
35. An amount of US\$54.8 million and US\$14.4 million have been transferred into the Stabilization and Heritage Fund accounts respectively in accordance with relevant sections of the PRMA.
36. In line with Section 7 of the PRMA, an amount of US\$156.1 million has been transferred to GNPC as equity financing cost and GNPC's share of net Carried and Participating Interest.

#### **Fiscal Performance**

37. **Madam Speaker**, a major objective of the 2011 Budget was to continue the progress in fiscal consolidation to support macroeconomic stability. To this end, the Budget set a fiscal deficit target of 5.1 percent of GDP to be achieved by strengthening expenditure management, and enhancing revenue mobilisation.
38. **Madam Speaker**, in reviewing the fiscal performance in 2011, provisional data up to the end of September 2011 have been used. Projections have been made to indicate the expected outturn for the whole year based on the provisional data up to September 2011.
39. Total revenue and grants for the first three quarters of the year amounted to GH¢8,798.2 million compared to the budget target of GH¢8,119.9 million. This represents an increase of 8.4 percent over the target. The high growth in revenue and grants was the result of improvements in tax revenue administration.
40. For the first three quarters of 2011, domestic revenue totalled GH¢8,177.0 million, equivalent to 14.4 percent of GDP. This amount, which was 15.9 percent higher than the budget estimate of GH¢7,055.0 million shows a significant improvement in domestic revenue mobilization. It is projected that



- by the end of the year, total domestic revenue will amount to GH¢11,835.7 million, 11.7 percent higher than the budget estimate of GH¢10,620.9 million.
41. During the first three quarters of the year, the disbursement of programme grants was 1.6 percent lower than the target of GH¢248.4 million. For project grants, the disbursement was 46 percent lower than the target of GH¢663.8 million. Grants disbursement is expected to reach GH¢984.4 million by the end of the year, which will be 26.8 percent lower than the budget estimate of 1,346.5 million.
  42. **Madam Speaker**, total expenditure, including arrears clearance and commitments, in the first 9 months of 2011 amounted to GH¢10,412.3 million, equivalent to 18.3 percent of GDP. This figure is 1.2 percent lower than the budget target of GH¢10,543.8 million. For the whole year, total expenditure, including provision for arrears clearance and commitments is projected at GH¢15,565.5 million, or 6.0 percent higher than the 2011 budget estimate of GH¢14,397.4 million. The higher projected expenditure is attributed mainly to the higher-than-expected public sector wage bill resulting from the implementation of the single spine salary structure and the clearance of more than programmed during the year.
  43. **Madam Speaker**, the overall budget balance for the period showed a deficit of 2.0 percent of GDP, compared with a budget target of 4.4 percent of GDP.
  44. Based on the projected end-year data, the fiscal deficit in 2011 is expected to be 4.8 percent of GDP and the domestic primary balance, will register a surplus equivalent to 2.6 percent of GDP.
  45. **Madam Speaker**, demand for money was generally strong in the first three quarters of the year. Broad money supply, including foreign currency deposits, grew by 41.9 percent year-on-year, driven mainly by a huge surge in accumulation of net foreign assets.
  46. **Madam Speaker**, inflation has been on a downward trend since the peak level of 20.7 percent in June 2009. Inflation dropped and has remained in a single digit since June 2010. This decline has been driven mainly by a decline in food inflation. Developments in the first nine months of the year indicate that the end of year inflation target of 9.0 per cent will be achieved.
  47. **Madam Speaker**, interest rates continued their downward trend during 2011 in line with declining inflation and inflationary expectations. The policy rate which stood at 18 per cent in December 2009 had by September 2011 dropped to 12.5 percent. Rates on Treasury bill instruments have also been on a downward trend, with the rates for the 91-day bill and 182-day bill.

48. **Madam Speaker,** the banking system continued to show a steady growth during the year, with its assets to GDP ratio rising to 43.5 percent in August 2010, from under 30.0 percent of GDP in 2008. Commercial banks' lending rates have been trending down during the year, with the market leaders dropping their lending rates to 17 per cent and below. We expect all other banks to follow suit.
49. **Madam Speaker,** the external sector continued to show strong performance during the year. The trade balance recorded a deficit equal to 4.5% of the GDP for the first nine months of the year on account of a faster export growth. The stock of gross international reserves at the end of October 2011 stood at US\$4.98 billion, enough to cover more than 3.0 months of imports of goods and services.

### **Public Debt Analysis**

50. **Madam Speaker,** the total public debt increased from US\$11.2 billion in September 2010 (representing 37.8 percent of GDP) to US\$14.8 billion (representing 39.0 percent GDP) in September 2011.
51. As at end September 2011, external debt amounted to US\$7.1 billion, representing 48 percent of the total public debt stock and 19.1 percent of GDP. The increase in external debt stock is attributed largely to a positive net flow of project loan disbursements compared to debt service payment on existing loans.
52. Domestic debt on the other hand increased from US\$5,682 million in 2010 to US\$7,521.6 million in September 2011, representing 51.0 percent of the total public debt stock and 19.9 percent of GDP. The increase in domestic debt is largely explained by the issuance of the 5-year and 3-year fixed rate bonds to settle arrears owed to contractors and securitization of TOR debt owed to Ghana Commercial Bank.

### **Debt Sustainability Assessment**

53. **Madam Speaker,** in November 2011 the Government in collaboration with the International Monetary Fund (IMF) and the World Bank conducted the Debt Sustainability Analysis (DSA) which showed the public debt to be sustainable in the medium to long term, even when compared to the external debt thresholds.
54. The solvency and liquidity condition, which demonstrates the ability to service the public debt are, thus, favorable over the medium to long term. At a ratio of 33.6 percent of GDP in 2008, the public debt is expected to rise to 37.2 percent by 2015, by which period the CDB and other pipeline loans would have been disbursed.

55. The combination of fiscal consolidation sustained over the medium to long term, together with stronger real GDP growth, higher export levels, post-oil and gas production, contributes to a more favourable DSA baseline.

### **Petroleum Hedging Programme**

56. **Madam Speaker,** Ghana's macroeconomic stability has been threatened in the past by external commodity price shocks, the key one being the price of crude oil.
57. **Madam Speaker,** rising crude oil prices has meant that Government has had to subsidize ex-pump price of petroleum products to the tune of GH¢267.61 million as at September 30, 2011. The entire under-recovery of petroleum pricing for the year is estimated to be GH¢364.94 million based on the assumption of crude oil price of US\$110.23 per barrel.
58. Government has put in place a simple hedging mechanism to mitigate the impact of crude oil price fluctuations on crude oil receipts. The call option is adopted to manage oil import prices whilst the put option is adopted to smoothen fluctuations in crude oil export receipts. **Madam Speaker,** the hedging has contributed significantly to the stability of the economy in 2011.
59. The commencement of crude oil production has created a new price risk exposure for government revenue. In order to protect the revenue, the scope of the hedging programme was expanded in May 2011 to include petroleum revenues. The put option has been adopted under which Ghana has the option to sell crude oil at a price of US\$107.00 per barrel. Currently, 100 percent of anticipated receipts of crude oil sales have been hedged to the end of 2011.
60. **Madam Speaker,** I am pleased to announce that the government hedging programme on petroleum has worked very well to reduce fluctuations in the oil export revenues and expenditures on imports.

### **MACROECONOMIC FRAMEWORK FOR THE MEDIUM-TERM (2012-14)**

61. **Madam Speaker,** the Ghana Shared Growth and Development Agenda (GSGDA) focuses on structural transformation of Ghana's economy through industrialization, modernized agriculture and natural resource development. The overarching economic goal for the medium-to-long term is to ensure rapid and sustained economic growth and development.

62. In fiscal year 2012 and the medium term, government macroeconomic policy will focus on three complementary objectives, namely:
- **preserving the gains of macroeconomic stabilization and fiscal consolidation achieved since 2009;**
  - **creating fiscal space for high-priority investments to spur long-term growth and development; and**
  - **maintaining inflation in single digits**
63. To achieve these objectives, fiscal deficits will be kept at levels that can be prudently financed, without crowding out private sector credit, while efforts to fill the country's large infrastructure gaps will be accelerated and kept consistent with the Ghana Shared Growth and Development Agenda (GSGDA).
64. **Madam Speaker,** over the medium term, economic growth is expected to average 8 percent, reflecting strong expansion in both the oil and non-oil sectors of the economy. The fiscal deficit reduction will be driven by rising oil revenues, strengthened revenue administration and prudent expenditure management. Monetary policy will be geared at maintaining single-digit inflation, while the balance of payments is projected to remain in surplus, reflecting high commodity export prices, oil production and exports, and continuing portfolio capital inflows
65. **Madam Speaker,** to finance infrastructure projects critical to the country's growth and development, a US\$3 billion non-concessional but competitive facility from the China Development Bank has been sourced. In August 2011, **Madam Speaker,** this House mandated Government to negotiate and sign the Master Agreement for this facility.
66. **Madam Speaker,** the macroeconomic outlook for fiscal year 2012 is very positive. The economy is projected to grow by 9.4 percent in 2012, with the inflation rate remaining broadly stable at the upper single digit range. External demand for the country's exports is expected to remain strong, with oil production projected to rise further, while sizeable infrastructure investments and strong private demand is expected to support broad-based economic activity.
67. The details of the macroeconomic targets for fiscal 2012 are as follows:
- Real non-oil GDP growth of 7.6 percent;
  - Real overall GDP growth of 9.4 percent;

- Average inflation of 8.7 percent;
  - End-period inflation of 8.5 percent;
  - Overall budget deficit equivalent to 4.8 percent of GDP; and
  - Gross international reserves of not less than three months of import cover for goods and services.
68. **Madam Speaker,** notwithstanding the fact the 2012 is an election year, the NDC Government will maintain the fiscal consolidation achieved so far.
69. **Madam Speaker,** fiscal policy in 2012 will focus on strengthening revenue mobilization through further reforms in tax administration, managing the wage bill and implications of the implementation of the Single Spine Pay Policy; and controlling other recurrent expenditures. Government will also ensure that the disbursement of the USD3.0 billion loan from the China Development Bank is consistent with the medium-term fiscal plan and debt sustainability requirements.

#### **Petroleum Revenues- Outlook for 2012**

70. **Madam Speaker,** the total revenue from crude oil sales in 2012 fiscal year is projected at GH¢1,239.82 million based on an estimated average oil price of US\$90.00 per barrel and production of 90,000 barrels per day. This amount comprises royalty payments of GH¢236.87 million, income from government Carried and Participating Interest of GH¢618.84 million, and corporate income tax of GH¢384.11 million.
71. **Madam Speaker,** as required by the PRMA, government wishes to submit to this august House for your consideration and approval a proposal for the Annual Budget Funding Amount (ABFA) for fiscal year 2012 to be set at 70 percent of the benchmark revenue, consistent with Section 18 of the PRMA.
72. **Madam Speaker,** transfer of oil revenue to the National Oil Company will amount to GH¢361.90 million. The benchmark revenue will amount to GH¢877.92 million. The proposed 70 percent of the benchmark revenue determined as the Annual Budget Funding Amount will amount to GH¢614.55 million. Transfer to the Ghana Petroleum funds will amount to GH¢263.28 million.
73. **Madam Speaker,** in line with Section 21(5) of the PRMA, the Annual Budget Funding Amount would be spent in the following four priority areas:
- Expenditure and amortization of loans for oil and gas infrastructure;

- Road and other infrastructure;
- Agricultural modernization; and
- Capacity building (including oil and gas)

### **Monetary Sector Outlook**

74. **Madam Speaker,** monetary policy in the medium-term will focus on maintaining single digit inflation while responding to volatility in the foreign exchange market. To this end, Bank of Ghana will continue to deploy its instruments within the inflation targeting framework to preserve the gains of macroeconomic stabilization.
75. **Madam Speaker,** recognizing the crucial role the private sector is expected to play in the country's growth and development process, real credit to the private sector will increase on a sustained basis to an average of 18 per cent per annum over the medium term. The Bank of Ghana will continue to engage the deposit money banks on the determination of base rates in the banking sector, with the view to bringing standardization and transparency into the determination of lending rates.
76. **Madam Speaker,** it is envisaged that there will be a further build-up in Gross International Reserves to an average of US\$7.5 billion (estimated around 4.5 months of import cover) over the medium term.
77. The emergence of oil exports also brings along with it many benefits to the country, including high capital inflows from petroleum exports and the attraction of Ghana as a preferred investment destination. But such inflows of capital could pose significant risks to the management of the country's exchange rate. To this end, the Central Bank will ensure effective management of the exchange rate, with the view to maintaining adequate and sufficient foreign exchange reserves, export competitiveness, as well as smoothening excessive volatility on the foreign exchange market.
78. **Madam Speaker,** Government will build higher benchmark bonds. Seven-year and 10-year fixed rate bonds will be introduced in 2012 to reduce liquidity in the short-dated instruments and extend the yield curve. To mitigate the risks of rising floating interest rates for debt servicing, government will hedge the interest rates through swap arrangements to allow for enhanced predictability of debt service planning and forecast.

## **RESOURCE MOBILISATION AND ALLOCATION FOR 2012**

79. **Madam Speaker,** as a result of the rebasing and revision of the national accounts, Ghana became a lower middle-income country. However, this resulted in a reduced tax revenue-to-GDP ratio from 22 percent to 13.1 percent in 2010. This figure is below the average of 15 percent for the sub-Saharan African countries and also below the average of 18 percent for lower middle-income countries.
80. Ghana's estimated tax revenue-GDP ratio outturn of 16.5 percent for 2011 indicates a strong improvement in revenue mobilization and is above the average for sub-Saharan African countries and below the average for lower middle-income countries.

### **Proposed Tax Policy Measures for 2012**

81. **Madam Speaker,** while recognizing the strong revenue performance in 2011, the country needs to sustain the revenue mobilization efforts in view of the huge funding requirements to close the country's infrastructure gaps. The focus therefore of revenue management in fiscal year 2012 is to expand the tax base and improve the efficiency of the tax administration. The following tax proposals will therefore take effect in 2012.

#### **Taxation of Professionals and Informal Sector**

82. **Madam Speaker,** in fulfillment of the promise made in the 2011 Budget to focus attention on revenue contribution from the self-employed, the Self-Employment Income Tax Revenue Enhancing Project has been set up to broaden the tax net. Through this project, the contribution of the self-employed in the domestic tax revenue would improve from the current 4% to a targeted level of 8%.

#### **Increase in VAT threshold**

83. **Madam Speaker,** as part of the continued efforts to improve efficiency in tax administration, Government will raise the VAT registration threshold from an annual turnover of GH¢90,000 in 2011 to GH¢120,000.00 in fiscal year 2012. Businesses with a turnover of less than GH¢120,000.00 over a twelve month period will pay a presumptive tax of 6 per cent of turnover.

84. These taxpayers will fall within the category of small taxpayers and the GRA will put in place the necessary measures to operationalize the small taxpayer office concept. **Madam Speaker**, I wish to stress that the increase in VAT threshold does not constitute an increase in the VAT rate.

### **Transfer Pricing**

85. **Madam Speaker**, it is estimated that developing countries lose about US\$160 billion every year through transfer pricing fraud. Recent studies in the mining sector showed that Ghana loses about US\$36 million a year through transfer pricing. Together with the Ghana Revenue Authority we have drafted regulations to strengthen existing tax legislation to deal with taxation of multinational companies and minimize the incidence of abuse of transfer pricing. The regulation will soon be presented to Parliament.

### **Tax Amnesty**

86. **Madam Speaker**, Government is aware that many companies and individuals are operating outside the tax net. To address this problem, Government is offering amnesty to all such companies and individuals who have evaded taxes. The Ghana Revenue Authority will embark on a registration and re-registration exercise of tax payers during this period. All tax payers are therefore encouraged to take advantage of this opportunity to register. The tax amnesty will start from January 2012 and end on 30<sup>th</sup> September 2012.

### **Capital Gains Tax**

75. It has been observed that some firms in the country have in recent times been undergoing changes in their ownership structure through takeovers and acquisitions. Such changes have brought appreciations in the values of the companies and businesses involved. Henceforth, such appreciations in value would attract capital gains tax.

### **Revenue Refunds**

76. **Madam Speaker**, the implementation of the VAT refunds and duty drawbacks has been problematic in the past. In 2012, adequate measures will be put in place to address this problem. As part of the tax administration reforms, the GRA will adopt an accounting system that will allow taxpayers to offset such refunds against other tax obligations.



## **Natural Resource Taxation**

77. **Madam Speaker**, although mining is one of the leading sectors in the country, the economic and social benefits that the sector provides do not meet our expectations. Lack of transparency and the need for incentives to reform the extractive industry's value-chain have contributed to this state of affairs. Environmental degradation resulting from mining operations also imposes additional costs to the country.
78. Beginning in the fiscal year 2012, the following changes to the taxation of mining activities will apply:
- Following established practice in the extractive industry, and in the oil and gas sector, the corporate tax rate for mining companies will be increased from the current 25 percent to 35 percent;
  - A windfall profit tax of 10 percent will be collected from all mining companies; and
  - A uniform regime for capital allowance of 20 percent for five years for mining, as is the case in the oil and gas sector.

## **Ring Fencing**

79. **Madam Speaker**, the principle of Ring-fencing as applicable to the natural resource sector (petroleum and mining) will be made more explicit. Beginning in fiscal year 2012, cost in one contract area or site will not be allowed to be set off against profits from another (belonging to the same company) in determining chargeable income for tax purposes. This will prevent companies undertaking a series of projects from deducting costs from new projects against profitable ventures yielding taxable income.

## **Environmental Tax**

80. **Madam Speaker**, as part of the measures to protect the environment, the government introduced an environmental tax of 20 percent on plastic packaging materials and products in 2010. Following extensive discussions with the industry, government will reduce the rate to 15 percent in fiscal year 2012, with exemptions for the pharmaceutical and agricultural sectors.

## **Tax Holidays for Hospitality Industries**

81. **Madam Speaker**, in the 2011 Budget, government repealed LI 1817 which empowered the GIPC to grant tax exemptions to the hospitality industry. Government has completed the review of the relevant incentives granted under LI 1817 and to the extent necessary, will incorporate them into the Internal Revenue Act 2000, (Act 592) which will be managed by the GRA. The full list of the incentives will be published by the GRA in due course. To boost the hotel and hospitality industry, the government has decided to reduce the sector's corporate tax rate from 22 percent to 20 percent.

## **Additional tax Holidays for the Ghana Stock Exchange**

82. **Madam Speaker**, for the past 20 years the Ghana Stock Exchange has enjoyed tax holidays, yet total capitalization of the stock exchange has not met the industry's expectation. To improve the capitalization, Government is extending the Stock Exchange tax holiday for another five years. In addition, the exemption from capital gains tax has also been extended for further 5 years to promote investment and deepen activities on the Stock Exchange. Mutual funds and Unit Trust Funds that invest in stocks on the Stock Exchange will also be exempted from VAT on financial services.

## **Personal Income Tax Bands**

83. **Madam Speaker**, in line with the government's social democratic principles, personal income taxation will continue to be used as a measure for equitable distribution of income and also for the protection of low-income earners. Taking cognizance of the current inflation trends in the country, the impact of the real increases in GDP on personal incomes, and to compensate for the loss in purchasing power of income earners, government has revised the income tax thresholds and brackets as follows:

### **Proposed Income Tax Brackets for 2012**

Income Band	Rate
First GH¢1,440	Free
Next GH¢720	5.0%
Next GH¢1,008	10.0%
Next GH¢25,632	17.5%
Exceeding GH¢28,800	25.0%

## **Revision of Personal Reliefs**

84. **Madam Speaker,** in the 2011 budget, all the personal tax reliefs were revised upwards and taxpayers were advised to take advantage and file their tax returns for any refund of income tax paid. It has been observed that many individual tax payers are not taking advantage of the tax relief scheme, with the reason that the GRA will not implement the scheme expeditiously. The GRA has signalled its readiness to fully implement the personal relief refunds to the fullest.

## **National Fiscal Stabilization Levy (NFSL)**

87. **Madam Speaker,** the NFSL was introduced in the second half of 2009 to last for a period of 18 months. However, in 2011, government extended it for an additional one year. In order to keep to our promise, government has abolished the NFSL with effect from fiscal year 2012. However, all arrears due will be collected.

## **Excise Duty Rates**

88. **Madam Speaker,** the change from specific to ad valorem duties on alcoholic and non-alcoholic beverages improved revenue collection significantly in 2011. Despite the reduction in the rate by 2.5 percent, revenue collection has increased. Government will consider a further reduction in the rate as the industry increases the use of local raw materials in production and further investment in capital, technology and employment of labour. As a matter of priority, Government will grant excise duty reduction on a sliding scale to companies using local raw materials as substitutes in the production of excisable goods.

## **Passage of Tax Laws**

89. **Madam Speaker,** in fiscal year 2012, government will bring before the House the following bills for consideration to strengthen the GRA to harmonise and organize the administrative procedures and processes for effective revenue mobilization:
- A Tax Administration Bill which seeks to consolidate the common procedures of all the tax laws;
  - The Internal Revenue Bill;
  - The Customs Bill; and

- The VAT Amendment Bill (this will not lead to an increase in the VAT rate)

### **Improving Valuation of Goods**

85. **Madam Speaker,** as part of measures to enhance revenue, GRA has started building up a database of prices of goods imported into the country as a basis for comparison with the Final Classification and Valuation Report (FCVR) issued by the Destination Inspection Companies. This mode of monitoring has improved revenue collection. In 2012 the GRA will broaden the coverage of the database with the view to further improving revenue collection.

### **Bonded Warehousing**

86. As part of measures to improve revenue administration, the more than 300 customs bonded warehouses scattered over the country will be reorganized and reduced to a reasonable number in 2012. The remaining bonded warehouses will be re-zoned and sub-offices created to ensure efficiency.

### **Improving Efficiency in Customs Revenue Collection**

87. **Madam Speaker,** as part of Government's commitment to improving efficiency in revenue collection, the GRA in 2012 will introduce the Ghana Integrated Cargo Clearance System (GICCS) to track and account for containers and consignments arriving at the ports in the 2012 fiscal year. In addition, risk management will be improved by targeting revenue risk consignments for examination based on profiling, and provisions will be made to facilitate the release of compliant consignments.
88. In 2012, the Ministry of Finance and Economic Planning, together with the Ghana Revenue Authority, will continue to work at restricting the use of permits and improve its monitoring.

### **Free Zones**

89. **Madam Speaker,** the free zones concept introduced by government to promote export has suffered various abuses in the past. To ensure that 70 percent of production in the Free Zones areas is duly exported and the quota of 30 percent for the local market is adhered to, the customs division of the Ghana Revenue Authority will in 2012 step up its monitoring of the free zones operators.

## **Air Transport and Aviation Development**

90. **Madam Speaker,** KIA over the past three years has seen a dramatic increase of over 100 percent in traffic volume. Over 33 airlines currently use KIA compared to only 15 airlines 4 years ago. While these airlines have requested for increase in flight frequencies other international airlines have applied for bilateral arrangements and commencement of flight operations in Ghana. Similarly, the domestic aviation market has attracted considerable interest as evidenced by the entry of new airlines. This has increased competition and already resulted in about 30 per cent reduction in domestic air fares.
91. With the increase in air traffic volumes infrastructure and facilities at the airport are under severe pressure. This has led to the current congestion at both the arrival and departure halls. Massive investments are therefore required to expand the facilities at our airports in areas such as upgrading and extension of runways as well as baggage handling facilities. In 2012 Government will set up a committee to propose the modalities for funding the expansion and modernization of KIA and other regional airports.

## **Tax Revenue-to-GDP target for 2012**

92. **Madam Speaker,** it is government's expectation that the successful implementation of these measures will increase the tax revenue from 16.5 percent of GDP in 2011 to 17.3 percent in 2012 .

## **SECTORAL PERFORMANCE AND OUTLOOK**

### **FOOD AND AGRICULTURE**

93. **Madam Speaker,** Government is focused on accelerating the modernization of agriculture to transform the economy through the continuous introduction of technology and agric mechanisation. The main policy interventions are fertilizer subsidy, irrigation, buffer stock management, seed improvement and quality standardisation.
94. **Madam Speaker,** major achievements in the Agricultural sector include:
- The off-loading of over 10,000 metric tonnes of maize to the market to stabilize maize prices by the National Food Buffer Stock Company (NAFCO). NAFCO also provided a guaranteed market for rice, maize and soya bean to farmers during the 2011 fiscal year. As a result, the price of par-boiled rice is now 50 per cent cheaper than the average price of imported rice.

- The supply of 114,160 metric tonnes of chemical fertilizers to farmers through the Fertilizer Subsidy Programme at a total cost of GH¢54.9 million as against GH¢34 million spent in 2010.
  - The production of 68 metric tonnes of maize and 30 metric tonnes of nerica rice foundation seeds by Grains and Legumes Development Board.
  - The establishment and operationalisation of 89 Agricultural Mechanization Service Centres (AMSECs) to increase farmers' access to agricultural mechanization services. In addition, 165 combine harvesters were assembled to be deployed across the country.
95. **Madam Speaker**, the producer price of cocoa was reviewed upwards in October 2011 to GH¢3,280.00 per tonne (i.e. GH¢205.00 per bag) of cocoa for 2011/2012 cocoa season. This price is 76.04 percent of the net F.O.B. price.
96. **Madam Speaker**, due to good policies and programmes as well as the hard work of our cocoa farmers and other stakeholders, Ghana has now attained the 1.0 million metric tonnes of cocoa production for the first time in our history ahead of the 2012 schedule.

## **ENERGY**

97. **Madam Speaker**, Government undertook the following key projects in the year under review:
- Connection of 406 communities to the National Electricity Grid under SHEP 4 phase 2 in Volta, Western, Central and Northern Regions. An additional 28 communities were connected in the Eastern and Ashanti Regions.
  - Construction of 6 primary electricity sub-stations in Kumasi and Accra were completed under the Distribution Improvement Project. High Voltage and Low Voltage distribution network for 83 communities in Central Region, 56 communities in the Western Region and 12 communities in Ashanti Region were completed.
  - The expansion works at the Akosombo and Mami Water depots commenced with the construction of additional 10,000 cubic meter storage tanks.

98. There has been an increase in production of crude oil from 30,000 barrels per day to about 85,000 barrels of crude per day from 3 wells in the Jubilee Oil Field.
99. The Ghana National Gas Company has also been established to deal with upstream gas.

## **WATER RESOURCES, WORKS AND HOUSING**

100. **Madam Speaker**, to ensure adequate and reliable supply of water nationwide, the following projects were either completed in 2011 or are at various stages of completion.
  - 670 boreholes and 20 hand dug wells are about 90% complete;
  - Small towns' water system at South Dampong in Asante Akim was completed
  - 85 percent of Afigya Kwabre, Ankase, Ejuratia and Mpobi water systems was completed
  - Wiamoase small town's water system was also extended to improve water supply to Okomfo Anokye Senior High School.
  - Phase I and II of Koforidua water supply project was completed while phase 3 of the project is ongoing;
  - Konongo-Kumawu-Kwahu Ridge Water Project is about 30 percent complete;
  - The Esakyire Water Project is also about 30 percent complete.
  - Laying of pipelines and construction of 3 reservoirs and 2 treatment plants under the ATMA Rural Water Supply Project are almost completed.

## **TRANSPORT, ROADS AND HIGHWAYS**

101. **Madam Speaker**, the Transport, Roads and Highways sector recorded the following achievements:

- Four new Ghanaian airlines have been licensed to commence operations on both the domestic and regional routes to improve connectivity on the continent.
- The Phase 3 rehabilitation of Kotoka International Airport (KIA) has commenced and a new fire station has been completed. In addition, 3 new boarding gates have been completed making a total of 5 at Kotoka International Airport (KIA) to ease passenger flow. Work on a new bay to accommodate wide boarding aircraft has commenced.
- Inter-City STC (ISTC) and Metro Mass Transit (MMT) companies took delivery of 10 Yutong Luxury Coaches and 50 buses respectively to augment their fleet and improve upon service delivery.
- The rehabilitation and extension of the Accra-Tema sub-urban railway line from Tema Harbour to Japan Motors (Community 1) is about 60 per cent complete.
- The contract for Lot 1 of the Bus Rapid Transit (BRT) project involving the expansion of the Odaw Bridge and construction of flyover bridges on the Graphic Road is 40 per cent complete and evaluation report for Lot 2 has been completed.
- Government completed the following major road projects: Bamboi-Tinga, Sogakope-Adidome-Ho, Kumasi-Techiman (ph2), Nsawam Bypass (Kumasi bound), Akatsi-Dodze-Akanu (Lot1), Akatsi-Dzodze section, Akatsi-Aflao Road (Lot 1) and Akatsi-Agbozume section.
- A total of 14,938km of routine and periodic maintenance works were completed and 103km of spot improvements were also completed. In addition 382km of upgrading and rehabilitation works were undertaken.
- The contract for Anyaa to Pokuase Section of the Awoshie- Pokuase road project has been awarded.
- Considerable progress has been made in the construction of roads commonly referred to as the "Gang of Six", namely;
  - i. Achimota – Ofankor
  - ii. Kwafokrom –Apedwa
  - iii. Tetteh Quarshie – Pantang
  - iv. La –Teshie



- v. Sunyani Road (Komfo Anokye – Abuakwa)
- vi. Dansoman Highway

## **EDUCATION**

- **Madam Speaker**, an amount of GH¢15.3 million was released during the year as payment of Capitation Grant for 5,252,683 pupils in all public basic schools for the second and third terms of the 2010/2011 academic year.
- In fulfillment of Government's promise of providing free school uniforms and exercise books to increase enrolment and retention, 1,258,690 uniforms and 39,536,119 exercise books were distributed to pupils in deprived communities across the country.
- In line with Government's effort towards the elimination of schools under trees over the medium-term, 1,226 school projects are at various stages of completion.
- 21 Science Resource Centres in 7 Regions were completed and handed over whilst 57 are at various stages of completion. 435 projects made up of 380 six unit classroom blocks and 55 2-storey dormitory blocks were started and are at various stages of completion.
- A total amount of GH¢36.8million was released by GetFund for the construction of lecture theatres, staff accommodation, library blocks, halls of residence, computer laboratories, auditoriums and agricultural engineering workshops which are at various stages of completion.

## **HEALTH**

- **Madam Speaker**, Government trained community volunteers in Community Integrated Management of Childhood Illnesses (IMCI) to help in the detection and management of IMCI cases promptly in the three Northern Regions.
- Government also established 276 new functional Community-based Health Planning and Services (CHPS) Zones.
- The Guinea worm elimination status of the country was maintained with no reported cases since May 2010. Two rounds of national polio immunization were organized and indoor residual spraying is on-going in the three Northern Regions.
- To ensure the sustainability of the NHIS and adequate coverage, the Ministry of Health collaborated with the Ministry of Employment and Social Welfare

(MESW) and identified the very poor in society for registration under the National Health Insurance Scheme.

- Major achievements in the area of claims management were made and this included auditing of 28,925,293 claims and the recovering of GH¢471,215 and GH¢755,582 from services and medicines respectively.

## **OUTLOOK FOR 2012**

### **FOOD AND AGRICULTURE**

102. **Madam Speaker,** Government will expand the Agriculture Subsidy Programme to include liquid fertilizers (bio-fertilizer) and improved seeds. The Ministry will subsidize 165,000 metric tonnes of chemical and liquid fertilizer.
103. Government will also continue with the policy of providing one Agricultural Mechanization Service Centre (AMSEC) per district with the full complement of machinery and equipment along the value chain.
104. In addition, Government will rehabilitate 50 breached dams and dugouts in the 3 Northern Regions, Greater Accra and Volta Regions and complete rehabilitation works on Weija and Okyereko dams to boost irrigation.
105. The Akumadan Irrigation scheme will be expanded and an additional area of 100ha will be made available for production of vegetables.
106. Construction of the first phase of the Accra Plains Irrigation Project, covering an area of about 10,000ha will commence.
107. The National Food Buffer Stock Company will acquire another rice mill with a capacity of about 8.5 metric tonnes per hour, to be located in the Northern Region where rice production has been increasing for the past 3 years.
108. In line with the national policy of stocking food for a better Ghana, at least 10,000 metric tonnes each of maize and milled rice, as well as 1,000 metric tonnes of soya beans will be stocked at all times.
109. As part of the Youth in Agriculture Programme, Government will continue to pursue the Block Farm Programme, with a target of 60,000ha for the production of maize, cassava, rice, yam, sorghum and cowpea by 100,000 farmers under METASIP.

### **Cocoa**

110. **Madam Speaker,** the Cocoa Disease and Pests Control Programme (CODAPEC) will continue to be pursued to mitigate the risk associated with

- the incidence of disease and pests that attack cocoa. For the 2011/2012 cocoa crop year an amount of GH¢100.2 million has been allocated for this programme.
111. COCOBOD will continue the programme on the rehabilitation and tarring of selected roads in the major cocoa growing areas under the Cocoa Roads Improvement Project (CRIP).
  112. COCOBOD will rehabilitate 1,000 hectares of small-to-medium scale coffee farms. An amount of GH¢1.57 per tonne of the net F.O.B. has been allocated to fund this project.
  113. COCOBOD has initiated a programme to supply free cocoa seedlings to cocoa farmers. Beginning 2012, Government will through COCOBOD supply 20,000,000 seedlings free to cocoa farmers for the next six years.
  114. **Madam Speaker**, since the introduction of the housing scheme for cocoa farmers, only a few cocoa farmers have benefitted from the scheme due to implementation problems. Beginning in 2012, Government through COCOBOD will review the existing housing scheme and come out with a new scheme under which building materials will be provided to cocoa farmers to enable more farmers take advantage of the scheme.
  115. For the implementation of programmes and activities in 2012, the Ministry of Food and Agriculture has been allocated an amount of GH¢262 million.

## **ENERGY**

116. **Madam Speaker**, as part of efforts to further expand the Power Generation Capacity to 2,000MW in the medium term, the sector will commission the first unit of 133MW from the 400MW Bui Hydro project into the national grid. The 132MW Takoradi 3 Thermal Project will also be commissioned.
117. Six 33/11kV ECG primary electricity sub stations in Accra and Tema area under GEDAP will be completed to improve system reliability and reduction of system losses.
118. Additional works under SHEP 4 Phase II will commence in 600 selected communities in the Volta, Greater Accra, Ashanti, Central, Western and Brong Ahafo Regions.
119. Construction of 150,000 cubic meter capacity tanks for gasoline, diesel and kerosene storage for the BOST Petroleum Terminal will commence.

120. The construction of LPG satellite storage depots at Kumasi, Savelugu and Mami Water will commence while the storage capacity for LPG at Tema and Takoradi will be expanded.
121. For the implementation of these programmes and activities, the ministry of energy has been allocated an amount of GH¢657,132,393.00

## **WATER RESOURCES, WORKS AND HOUSING**

122. **Madam Speaker,** Government will provide 4,000 new boreholes countrywide in fulfillment of its promise of providing 20,000 boreholes over the next 5 years. Government, in addition, will provide 670 new boreholes in collaboration with development partners, rehabilitate 400 existing boreholes, construct 20 new hand dug wells, 4 small community pipe systems and 18 small town pipe systems, as well as rehabilitate 13 existing small town pipe systems.
123. Government will continue with the Esakyire, Konongo-Kumawu-Kwahu Ridge Water project and Kumasi water expansion project. It will also start the rehabilitation/construction of water treatment plants, reservoirs and pipelines at Nsawam, Sunyani, Damango and Kpong.
124. **Madam Speaker,** Government will source funding to complete the 4,720 Government Affordable Housing Projects at Borteyman, Kpone, Koforidua, Asokore-Mampong, Tamale and Wa.
125. For the implementation of these programmes and activities, the Water Resources, Works and Housing Ministry has been allocated an amount of GH¢283,176,014.00

## **TRANSPORT, ROADS AND HIGHWAYS**

126. **Madam Speaker,** the Accra-Nsawam and Kumasi-Ejisu railway lines will be rehabilitated to increase sub-urban rail service. In addition, the reconstruction of the Western Corridor Railway Line will commence under the China Development Bank (CDB) Facility.
127. The Takoradi Port Expansion Project and the Multi-Modal Transport Project that links the Tema Port by rail to the Volta Lake and coastal fishing harbours and landing sites will be undertaken.
128. A total of 54,084km of routine and periodic maintenance works will be undertaken while 250km of spot improvement works will be done.
129. **Madam Speaker,** in fulfilment of its pledge to complete key road infrastructure around the country, Government will in 2012 complete the construction of the following major highways commonly referred to as the "Gang of Six": Achimota-Ofankor, Dansoman highway, La-Teshie expansion project, Tetteh-Quarshie-Pantang and Nsawam By-pass (Accra bound). Construction works on Sunyani Road (Komfo-Anokye to Abuakwa) and Kwafokrom to Apedwa Roads will continue.

130. **Madam Speaker,** Government will continue to collaborate with private sector on the Public Private Partnership (PPP) arrangement for the financing, construction and management of road infrastructure. Projects to be considered include: Motorway Overpass at Teshie Link Junction, concrete overlay of Accra-Tema Motorway and expansion, dualization of Accra-Kumasi and the Accra-Cape Coast- Takoradi Roads.

### **Construction of Eastern Corridor Roads Project**

131. As part of measures to open up the country through efficient and effective road network, Government has secured donor funding amounting to US\$1.5 billion for the construction of the Eastern Corridor Roads. The project has been packaged into seven (7) sections, namely:
- Section 1: Tema roundabout – Kpong – Atimpoku – Asikuma junction (91 km);
  - Section 2: Asikuma Junction – Hohoe – Jasikan – Poase Cement (147.2 km)
  - Section 3: Poase Cement – Dodo – Pepesu – Nkwanta (78.2 km);
  - Section 4: Nkwanta – OtiDamanko (70.0 km);
  - Section 5: Tuwuo – Gushiegu – Nakpanduri (83.2 km);
  - Section 6: Nakpanduri – Bawku – Kulunguru (100 km); and
  - Section 7: Atebubu – Kwame Danso

132. **Madam Speaker,** Government has made a budgetary provision of GH¢100.0 million to begin the construction and development of the project in 2012.

133. The Ministry of Roads and Highways, has been allocated GH¢907,794,236.00 for the implementation of their programmes and activities in 2012. In addition, GH¢250,000,000 will be spent on the “gang of six” projects.

134. The Ministry of Transport will receive and amount of GH¢99,463,777.00 for the implementation of their programmes and activities in 2012.

## EDUCATION

135. **Madam Speaker,** Government will complete ongoing school infrastructural projects especially in the basic and senior high schools, including:
- Construction of 172 emergency six-unit classroom blocks at a cost of GHc49, 718,664.
  - Construction of 100 emergency blocks for 200 schools at a cost of GHc164, 872,400.
  - Construction of 55 dormitory blocks, 380 six-unit classroom blocks and the rehabilitation of 100 Science Resource Centres in selected SHS throughout the country to be completed at a cost of GHc25.0 million.
136. **Madam Speaker,** the Council for Technical and Vocational Education and Training (COTVET) will continue to receive support to coordinate skills development in both the formal and informal sectors. In the light of this, Competency Based Training will be rolled out to additional 50 institutions and 10 trade areas.
137. Government will intensify the implementation of intervention programmes such as the capitation grant, free school uniforms, free exercise books and subsidies to basic and senior high schools as indicated below;
- capitation grant - GH¢25,368,008
  - free school uniforms - GH¢28,800,000
  - free exercise books - GH¢28,967,500
  - BECE subsidy - GH¢6,718,332
  - SHS subsidy - GH¢48,197,652
138. **Madam Speaker,** Government will also take measures to ensure that rehabilitated and newly constructed infrastructure facilities are user friendly to students with disabilities whilst action plans would be developed to implement provisions of the Disability Act.
139. In 2012, the total amount of resources that would be utilized by the Ministry of Education to fund their programmes and activities is GH¢2,871,680,218.00

## HEALTH

140. Government will continue to implement programmes to bridge equity gaps in access to health care and nutrition services and also ensure sustainable financing arrangements that protect the poor.

141. In connection with the above, the following programmes and activities will be undertaken in the health sector:

- Completion of maternity and children's block at Komfo Anokye Teaching Hospital;
- Construction of children's block at Korle-Bu;
- Construction of Maternity hospital at Tema;
- Provision of additional ICT equipment support to 86 district level diseases surveillance units;
- Completion of 5 Polyclinics at Babile/Brefo, Wechau, Ko, Lambuise and Hain and offices for the Nurses' and Midwives Council at Okponglo, Accra;
- 23 Digital X-ray in selected District Hospitals nationwide to enhance diagnosis are far advanced for implementation;
- Expansion of 6 Health Training Institutions and major Rehabilitation and upgrading of the Phase 3 Bolgatanga Regional Hospital;
- Supply and Install medical equipment under OPIC funding in 8 regional hospitals, 30 health centres, 3 Teaching hospitals and 90 District hospitals nationwide;
- Improve access to quality maternal, neonatal, child and adolescent services and intensify prevention and control of communicable and non-communicable diseases ;
- **Madam Speaker**, other infrastructure projects earmarked for execution to increase access to health care will include the completion of 50 CHPS Compound.

142. An amount of GH¢1,799,434,809.00 has been allocated to fund interventions in the Health sector.

## **POVERTY REDUCTION PROGRAMMES**

143. **Madam Speaker**, poverty reduction is the core pillar of the Better Ghana Agenda of the NDC Government, and indeed of the GSGDA. Government spending on poverty reduction programmes and projects therefore continues to reflect our commitment to this important cause. During the fiscal year 2011, a total of GH¢2.9 billion was spent on poverty reduction programmes and projects. The efficiency of the resource use was also improved significantly.



144. **Madam Speaker**, permit me to highlight some of the critical poverty reduction programmes and projects undertaken in the first 9 months of the fiscal year 2011.

- GH¢783.61 million was spent on basic education;
- GH¢455.13 million was spent on primary health care programmes;
- GH¢6.71 million was spent on rural water provision;
- GH¢30.03 million was spent to provide electricity for our rural dwellers;
- GH¢66.4 million was used to fund the Fertilizer Subsidy Programme to support rural agriculture and the establishment of Agricultural Mechanization Services Centers;
- GH¢36.33 million was used to provide rural roads; and
- GH¢897.22 million was spent on other poverty related activities, including social welfare, public safety, drainage systems, environmental protection, rural housing, and decentralization.

145. Other social intervention programmes implemented to support poverty reduction include the following:

- In the education sector, GH¢138 million was spent in fiscal year 2011 on capitation grants, BECE and senior high school subsidies, supply of free exercise books and school uniforms in deprived communities, rebuilding of schools under trees, rehabilitation/construction of science resource centers, and scholarships for further studies. This figure will increase to GH¢179.28 million in fiscal year 2012. In addition, GH¢60.00 million was spent in 2011 on the School Feeding Programme. The programme will receive GH¢60.00 million in 2012.
- Some GH¢12.00 million was spent on the Local Enterprises and Skills Development Programme (LESDEP), aimed at empowering the youth through the acquisition of technical and entrepreneurial skills and supporting job creation at the local level. Given the impact of this programme on job creation, particularly jobs for the youth, an allocation of GH¢63.00 million has been made for this programme in fiscal year 2012.
- **Madam Speaker**, Government has released an amount of GH¢30.0 million to the Savanna Accelerated Development Authority

(SADA) for the implementation of its work programme in 2011. Government has allocated an amount of GH¢30 million to SADA for its operational and start up programmes in 2012. In addition Government will create an investment fund window for long term investment in the SADA zone in accordance with Act 805, 2010. To this end Government, will raise an additional amount of GH¢200 million as seed money for the SADA Investment Fund. A donor conference is scheduled to be held on 21<sup>st</sup> November 2011 to review SADA's long term investments needs and seek to align current and future donor funding to these needs.

- The Central Regional Development Commission (CEDECOM) will receive GH¢10.9 million in 2012, while the Livelihood Empowerment against Poverty (LEAP) will be supported with GH¢10.0 million.
- **Madam Speaker**, with the completion of feasibility studies, Government will commence the construction of infrastructure facilities and installation of equipment in the University of Energy and Natural Resources in Sunyani and The University of Health and Allied Sciences in Ho with a campus at Hohoe. Government has identified several structures for use by the two universities as start-up in anticipation that the first batch of students will be enrolled in the 2012/2013 academic year. An amount of GH¢20million has been provided in the 2012 Budget for these projects.
- A total of GH¢33.3 million was spent in 2011 on sanitation and waste management projects undertaken by the MMDAs. For the 2012 fiscal year, the figure will rise to GH¢60 million. In addition, Government will support Public Private Partnership to construct/install compost plants around the country to treat waste and produce fertilizer for farming.

## HOUSING

- **Madam Speaker**, since 2009, Government has embarked on a number of initiatives in conjunction with the private sector to provide affordable houses for Ghanaians.
- Government will continue to pursue the objectives of the National Housing Policy, to support the private sector to increase housing delivery. Government will source funding to complete the 4,720 Government Affordable Housing Projects at the following 6 project

sites; Borteyman, Kpone, Koforidua, Asokore-Mampong, Tamale and Wa.

### **Disaster Management**

- A total of GH¢25.0 million was spent on disaster management to support victims of disaster and repair destroyed infrastructure and facilities caused by acts of nature. Adequate provision would be made to fund disaster management in 2012.

146. **Madam Speaker**, to sustain the achievements made in reducing poverty, planned government spending on poverty reduction programmes in 2012 is increased to GH¢3.2 billion, representing 22.1 percent of the planned total government expenditure for the year. This amount is intended to support basic education, primary health care, poverty-focused agriculture, rural water, feeder roads, and rural electrification.

### **Microfinance and Small Loans Centre (MASLOC)**

147. **Madam Speaker**, as part of MASLOC's mandate to provide, manage and regulate approved funds for microfinance and small scale credit loan schemes and programmes, new loans to benefit 31,793 customers amounting to GH¢15.2million had been disbursed by the end of July 2011. In 2012, an amount of GH¢35million will be provided to fund the programmes and activities of MASLOC.

148. **Madam Speaker**, with close monitoring, the Centre successfully recovered 95 percent of the loans disbursed as at June 2011.

149. **Madam Speaker**, in 2012 the Centre will continue to support the value chain processes through the provision of loans and, in collaboration with Ghana Export Promotion Council, find markets for Agro-processed products and the fishing sector.

### **Progress towards the Millennium Development Goals (MDGs)**

150. **Madam Speaker**, Ghana has made significant progress in achieving the Millennium Development Goals (MDGs) of reducing poverty, improving access to education, reducing gender disparities in education in primary education, and providing access to improved water sources. These achievements have been lauded internationally.

151. **Madam Speaker**, progress in the other goals has been slower and meeting the 2015 target date will require accelerated efforts. The MDGs for child and maternal mortality and that for sanitation are lagging behind. Though we continue to make progress in them, the rate of improvement may not be sufficient to put it on track to achieving them by 2015.
152. Recognizing the significant challenges to achieving these goals government continues to prioritize maternal and child health interventions as well as programs for improving sanitation.
153. **Madam Speaker**, we are scaling up maternal health services, increasing investments in hospital infrastructure, community health planning systems, supply equipment etc.
154. With respect to sanitation, **Madam Speaker**, we have significantly increased investments in those areas. Sanitation and waste management programmes continue to be priorities of government

## **INFORMATION**

### **Media Development Fund**

155. Government is setting aside GH¢1 million for the establishment of the Media Development Fund. The Fund would be administered by a Board of Trustees and is aimed at improving the profession output and competence of media organizations and personnel in Ghana.
156. Donors and Corporate organizations would be invited to contribute to the Fund.

## **PUBLIC FINANCIAL MANAGEMENT REFORMS**

157. The Government of Ghana has been undertaking reforms in its public financial management (PFM) systems for the past fifteen years. While these reforms have yielded some results, some weaknesses still remain. These include the lack of comprehensiveness in the MTEF and the inability to fully control expenditures at the point of commitment.
158. In the fiscal year 2012, government will continue with the reforms to strengthen the current public financial management systems. Notable among the reforms are the Ghana Integrated Financial Management Information System (GIFMIS), Programme Based Budgeting (PBB), and Wage and Payroll Management.

159. **Madam Speaker,** the overall objective of the GIFMIS project is to improve the allocation of scarce resources to enhance the effectiveness of service delivery. Significant progress has been achieved in the GIFMIS implementation. In the fiscal year 2012, the remaining modules of the system will be rolled out to all the 23 ministries in Accra and the 10 regional capitals, while the piloting of the fixed assets module will take place. Auditing, upgrading and integrating the payroll with the financials will also be completed during the year.
160. In 2011, the PBB was piloted in the ministries of Tourism and Communication. In 2012, five additional institutions, namely, Education, Health, Food and Agriculture, Commission for Human Rights and Administrative Justice, and Roads and Highways will participate in the piloting project. Full rollout of the PBB to all MDAs is scheduled in the 2013 fiscal year.
161. **Madam Speaker,** in line with the principle of equal pay for equal work enshrined in Article 24(1) of the 1992 Constitution of Ghana, Government will implement fully the Single Spine Pay Policy (SSPP) to address and eventually remove the remaining distortions and inequities in the public service remuneration.
162. **Madam Speaker,** as at October 2011, the Fair Wages and Salaries Commission had migrated 55 major public service institutions, representing 97% of the public service employees, onto the single spine salary structure. Even though the migration exercise has resulted in a significant increase in the public sector wage bill, posing serious risks to fiscal sustainability, Government is fully committed to the full implementation of the SSPP to demonstrate our commitment to improving the welfare of public service workers in the country.
163. In 2012, the Fair Wages and Salaries Commission will collaborate with the Management Development and Productivity Institute to undertake a productivity survey that will assist in promoting and enhancing efficiency and equity in the management of public service pay and also establish the linkage of public sector pay to productivity.
164. **Madam Speaker,** government will accelerate IPPD migration and target its completion by mid-2012 once the single spine migration exercise is completed. Already, the migration of 103 out of 137 subvented agencies onto the Integrated Personnel and Payroll Database has been completed.

165. **Madam Speaker,** as part of the fiscal consolidation policy, government is undertaking a biometric registration of all pensioners and active employees on government payroll. The resulting database would be used for all future payments of wages, salaries and pensions in the public sector. The exercise which has been completed in the Eastern, Volta, Central, Western, and Greater Accra regions indicate that some 29,563 representing 41 per cent of all pensioners could not be accounted for, and can be described as ghost or non-existing pensioners.
166. **Madam Speaker,** the second stage of the exercise would cover the biometric registration of the payroll of active employees in sub-vented Agencies followed by the third phase which would cover 450,662 active employees on the Mechanized Payroll.
167. **Madam Speaker,** as we all are aware, the NDC Government was saddled with huge payment arrears from contracts awarded during the pre-2009 period. Through diligence and proper planning, substantial progress has been made in the clearing these arrears. In the last three years, a total cash payment of GH¢3.1 billion has been made to reduce arrears owed to road contractors, statutory funds and state-owned enterprises, leaving a balance of GH¢1.5 billion.

## **FISCAL DECENTRALISATION**

168. **Madam Speaker,** Governments are elected into office to perform three key fiscal functions which are stabilisation, redistribution and resource allocation. Over the years, these three functions have been controlled and executed at the center. In 2012, government will transfer the resource allocation function to the local authorities as a way of deepening fiscal decentralization and democratic governance at the grassroot in response to demand for local participation in decision making in resource allocation.
169. **Madam Speaker,** over the last two decades, significant progress has been made in political decentralization and decentralized planning. However, progress made in the administrative and fiscal decentralization up to 2008 was slow. In 2009, the LI 1961 was enacted to facilitate the implementation of the administrative and fiscal decentralization. The LI enabled the transfer of 30,000 civil servants to the Local Government Service and also acted as a trigger for the implementation of the Composite Budget system, the implementation of which has eluded us as a country for 18 long years.

170. **Madam Speaker,** the introduction of the composite budget in 2012 is one major innovation in our budget presentation, which we should all be justifiably proud of. This indeed is in fulfillment of our pledge to implement a Fiscal Decentralisation Programme to deepen democracy and improve public financial management at the local level.
171. **Madam Speaker,** over the medium term, the main policy objective of our fiscal decentralization agenda is to establish a predictable and transparent fiscal framework that will facilitate smooth flow of resources to MMDAs as well as ensuring that the utilization of such resources takes place in an efficient, effective, transparent and accountable manner.
172. **Madam Speaker,** beginning 2012, the budgets of the Category 1 Departments specified in L.I. 1961 will be contained in the budgets of their parent Ministries. The District Composite Budgets will be rolled out for the existing 170 MMDAs.

## **POLICY INITIATIVES**

### **Infrastructure Provision**

173. **Madam Speaker,** it is estimated that meeting Ghana's infrastructure needs in the next ten years would cost the country US\$ 1.6 billion per year. To sustain the medium term growth targets set for the country, will require a significant scaling up of investment spending.
174. **Madam Speaker,** even though Ghana's fledgling oil and gas industry presents new opportunities for mobilizing additional revenues to finance critical infrastructure yet these revenues are inadequate to meet our financing requirements to close the infrastructural gap. In the immediate to the medium term, therefore, external resources (loans and grants) will continue to be an important complement to the country's own resources in closing the infrastructural funding gap.

### **Public Investment Programme (PIP)**

175. **Madam Speaker,** to ensure a systematic, coordinated and comprehensively, planned public infrastructure investment for the next five years, Government will in 2012 prepare a Public Investment Programme (PIP). The PIP will also assist the Government to establish synergy and complementarity between the various infrastructure types, introduce prioritization into infrastructure provision, and provide the basis for a comprehensive funding plan.

## **China Development Bank Facility for Infrastructure Projects**

176. **Madam Speaker,** His Excellency the President embarked on a high profile visit to China in September 2010 to source US\$3.0 billion facility from the China Development Bank. The facility is to be utilized to reduce the country's infrastructure deficit by undertaking a number of critical infrastructure projects consistent with the GSGDA priorities.
177. Specific projects identified to be funded by the CDB loan include the following:
- i. Western Corridor Gas Infrastructure Project incorporating the Helicopter Surveillance Fleet for Western Corridor "Oil Enclave";
  - ii. Western Corridor Infrastructure Renewal Project (Western Railway Line Modernization and Takoradi Port Rehabilitation/Retrofit Project);
  - iii. Accra Plains Irrigation Project;
  - iv. Coastal Fishing Harbours and Landing Sites Project;
  - v. Eastern Corridor Multi-Modal Transportation Project;
  - vi. Western Corridor Petroleum Terminal Project;
  - vii. Western Corridor Oil Enclave Toll Road Project;
  - viii. Development of ICT Enhanced Surveillance Platform for Western Corridor "Oil Enclave";
  - ix. Sekondi Free Zone Project;
  - x. SME Projects Incubation Facility; and
  - xi. Accra Metropolitan Area Intelligent Management Project
178. **Madam Speaker,** these projects have the potential to significantly transform the Ghanaian economy. For example, the Accra Plains Irrigation Project will irrigate 11,000 hectares of land for a mixed cultivation regime, targeting approximately 60 percent of irrigated area for agribusiness; 20 percent for large scale farmers; and 20 percent for small scale farmers.



179. Developing the Eastern corridor multi-modal transportation infrastructure will enhance the cost-effectiveness of freight handling corridors linking the Tema Port via the Volta River to the Savannah Accelerated Development Zone, and the land-locked countries of Burkina Faso, Niger, and Mali. It will also facilitate access to the Afram Plains, Accra Plains and areas of the Volta region that have great potential for developing agro-industrial and fishing businesses.
180. **Madam Speaker,** Government will ensure that each project is supported by robust project execution strategies and project implementation agreements. The disbursement of funds for the projects will be scheduled for consistency with the agreed medium term fiscal sustainability plan.

### **Public-Private Partnership (PPP)**

181. **Madam Speaker,** in line with Government's policy to accelerate the delivery of infrastructure and public services, a National PPP Policy has been launched. Government will use the following instruments to support the implementation of the PPP projects:
- A Project Development Facility to finance upstream investment appraisal, value-for-money assessment and other feasibility and safeguard studies;
  - Viability Gap Schemes to provide financial support for PPP projects that are economically essential but not commercially viable; and
  - Infrastructure Finance Facility to raise the requisite long-term local currency financing for on-lending at commercial rates to private sector partners for PPP projects.

### **Local Content Enhancement**

182. **Madam Speaker,** huge opportunities exist in procurement for the growth and development of local companies and businesses. Recognizing this potential, Government will develop a local content policy for the whole economy. This policy will significantly enhance the level of participation of Ghanaians in the economic activities of the country. Government will also ensure that certain goods and services as well as labor expertise which are readily available in the country are not imported.

## **Labour Market Information System**

183. **Madam Speaker,** labor market information is very critical in designing responses to the problem of unemployment. In the 2010 Budget Statement, it was indicated that Government was developing and will install a functioning Labor Market Information System (LMIS). The LMIS has now been put in place, and from fiscal year 2012, Government will incorporate measurable employment targets in its economic and social programmes.

## **Deepening the Bond Market**

184. **Madam Speaker,** a notable weakness in our fledgling capital market is the lack of a meaningful market for debt instruments. The bond market is currently dominated by government bonds with a visible lack of corporate bonds. The scaling up of both public and private investment in support of accelerated growth will depend critically on the availability of long-term debt in the domestic capital market. Government has identified the need to deepen the bond market to facilitate the mobilization of long-term sources of funding for both the public and the private sectors. In this regard, Government will set up a National Bond Market Committee in 2012 to undertake the following tasks.

- Identify the constraints in the development of corporate bond market;
- Study and recommend legal, institutional and process changes needed to accelerate the development of a corporate bond market;
- Monitor the performance of the government bond market and to improve its effectiveness as an anchor for the corporate bond market; and
- Assist parastatals and the private sector to access the bond market by proposing appropriate financial/technical assistance mechanisms.

## **Increasing Transparency in the Extractive Industry**

185. **Madam Speaker,** I have already made reference to the harmful effects of transfer pricing on the economy. Ghana will also benefit from greater transparency in information sharing with the rest of the world regarding the activities of multinational companies. Accordingly, Government will enter into Exchange of Information (EOI) agreements with other countries. To this effect, Government in conjunction with our development partners is initiating a project to build the capacities of our revenue agencies. This project will enable Ghana improve its domestic resource mobilization and tax compliance.

In addition, Ghana's legal and regulatory framework on resource taxation will be aligned with the Global Forum on Transparency and Exchange of Information.

### **Improving Competitiveness of the Private Sector**

186. It has been noted that import regime and the cost of domestic inputs including high and unpredictable cost of utilities significantly hampers the competitiveness of the private sector. During the 2012 fiscal year, Government will review the import regime in consultation with the Tariff Advisory Board (TAB) and intensify on-going infrastructure development in the energy and water sectors to facilitate the operations of the private sector.

### **SME Development**

187. **Madam Speaker**, the 2011 Budget Statement outlined a number of measures to strengthen SMEs to enhance economic growth and generate employment. In 2012 and under the Financial Sector Strategic Plan (FINSSP II), Government will support the Ghana Stock Exchange to create an alternative market where simplified rules of entry will allow SMEs to list. It is hoped that with less stringent rules, many SMEs will improve their access to finance.

### **Congestion on City Roads**

188. **Madam Speaker**, road congestion has become an economic and social menace. The long hours spent in traffic undermine labor productivity and increase the cost of doing business and environmental pollution. The negative impact of road congestion over the next few years will be profound without a dramatic improvement in the public transport system.
189. To mitigate this situation, Government has initiated the Rapid Transport System that will reduce the time for commuting. The Rapid Transport System will become functional in the Accra Metropolitan area in early 2012 and will be extended to the Kumasi Metropolitan and Sekondi-Takoradi Metropolitan areas during the year. The Motor Traffic Unit of the Ghana Police Service will also be equipped with modern devices to track and remove broken down and unattended vehicles.

### **Membership of Shelter Afrique**

190. **Madam Speaker**, Government is committed to providing safe, decent and affordable accommodation for its population. The issue of long term financing that has militated against the housing delivery is being addressed by Ghana's decision to join Shelter Afrique (SA), a unique regional housing financial institution. As a full member of Shelter Afrique, Ghana will have the

opportunity of leveraging financing that will facilitate development in the housing sector. In addition, the country will benefit from Shelter Afrique's experience and expertise in housing policy design and implementation, and build capacity for financial institutions dealing with housing finance.

191. Ghana's subscription of US\$10 million has already been paid.

### **Boosting the Creative Arts Industry**

192. **Madam Speaker**, Ghana has a vibrant creative arts industry that can be nurtured to create jobs and provide increase income to all stakeholders. The industry covers creative sectors such as music, film video and photography, visual and performing arts, publishing, etc. Global trade in creative goods and services remained very robust during the financial and economic meltdown, with the value of global export of creative goods and services reaching nearly US\$600 billion between 2002 and 2008.

193. Ghana can benefit immensely if it begins to tap the creative sector of the economy, particularly those of the music and film industry. But this will require an evaluation of the potential of the creative industry to contribute to the growth of the economy. Beginning in 2012, therefore, Government will collaborate with the music industry to identify the potential of the industry through an impact assessment study. The study will be used to support the preparation of a medium term strategic framework that will guide the development of the industry. Government will also support the organisation of the 2012 Ghana Music Fair.

194. An amount of GH¢2.0 million has been allocated to support the creative arts industry in 2012.

### **Young Graduate Entrepreneurship and Innovation Initiative**

195. **Madam Speaker**, in our bid to support unemployed graduates and other youths to start their own businesses, Government will in 2012 establish the Centre for Entrepreneurship, Employment and Innovation Initiative (CEEII) as a one stop shop to facilitate business startups, finance, business ideas, evaluation, monitoring and business development.

### **Ghana Border Towns Economic Zones**

196. **Madam Speaker**, there is the urgent need to optimize the economic potential of the border towns especially the major ones such as the Aflao, Elubo and Paga borders as they are currently largely untapped. Accordingly, Government will redesign the border towns of Aflao, Elubo and Paga as economic zones for purposes of accelerating growth and development as part of the "Better Ghana Agenda". **Madam Speaker**, to this end Government

will set up the Border Development Agency (BDA) under the Ministry of Local Government to expedite the setting up of land banks and to attract the necessary local and foreign investments to these areas.

197. The development of the border zones will be driven largely by the private sector whilst the Agency ensures that the development is integrated and consistent with the GSGDA. It is our firm belief that the opening up of the roads of the eastern corridor coupled with the vision to develop the border areas of this country would facilitate the accelerated growth and development in the programme areas.

## CONCLUSION

198. **Madam Speaker**, the budget I have presented to this House recalls the impressive economic performance since 2009 when the NDC assumed the reins of power and charted the course for a more prosperous and optimistic future for Ghanaians in line with our agenda to build a 'Better Ghana'.
199. **Madam Speaker**, the NDC Government has restored and sustained macroeconomic stability and steered the economy on a path of rapid growth to the admiration of the whole world. Ghana is now considered as one of the fastest growing economies in the world with a provisional growth estimate of 13.6 percent in 2011 (Banker Magazine, July 2011).
200. **Madam Speaker**, the theme for this year's budget "**Infrastructural Development for Accelerated Growth and Job Creation**" appropriately captures the essence of our aspiration for the medium term. The 2012 Budget is designed to address the infrastructural deficit in order to sustain growth, create more employment opportunities, improve incomes and improve the standard of living of our people, thereby reducing poverty.
201. **Madam Speaker**, we promised Ghanaians a Better Ghana and we have significantly delivered on this promise:
- i. We promised to remove schools under trees, and we are very much on course!
  - ii. We promised to remove inequities in incomes through the single spine, and we are very much on course!
  - iii. We promised to move the economy from fragility to robustness, yes we have!
  - iv. We promised to significantly expand the economy, yes we have!

- v. We promised to arrest inflation, yes we have!
  - vi. We promised to arrest the rapid depreciation of the Cedi, yes we have!
  - vii. We promised to provide free school uniforms and exercise books, yes we have!
  - viii. We promised to deliver skills training and jobs to our youth, yes we have!
  - ix. We promised to expand the school feeding programme, yes we have!
  - x. We promised to provide school computers and Maths and Science scholarships, yes we have!
  - xi. We promised to establish the Public Private Partnerships (PPP) policy, yes we have!
  - xii. We promised deeper competition in the telephone industry, yes we have through Mobile Number Portability!
202. **Madam Speaker**, these achievements give us confidence that in the coming years, Ghanaians can continue to trust the NDC Government to faithfully steer the affairs of our dear nation.
203. **Madam Speaker**, this indeed is a budget that heralds the march towards the 'Better Ghana' and gives hope of a brighter tomorrow and the building of a nation that is truly great and strong. God bless our Home Land Ghana.
204. **Madam Speaker**, I beg to move.