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## FOREWORD

Over the past four years, the nation, pulling together, has turned a very difficult economic situation around.

The economy which had been shattered into stagnation over the past four decades, with the currency rendered unstable and eaten away by high inflation, and which had left massive unemployment and national institutions weakened, has now been stabilized. It is now poised for accelerated development.

With great reluctance, Ghana accessed the HIPC initiative coupled with growth and poverty reduction strategy in 2001. Government, counting on the support of the people, has had to adopt and implement austere fiscal and monetary policies and bold economic reforms. This policy record has convinced our creditors and development partners to acknowledge the sacrifice of our young democracy and decide to forgive the nation about US\$8 billion of debt accumulated over the years.

In July 2004, on reaching the HIPC completion point, US\$2 billion of debt was cancelled outright by the Paris Club of creditors, with a further US\$2 billion to be forgiven in installments over the next 20 years. Under the G-8 and multi lateral debt relief, Ghana is to be forgiven additional US\$4.2 billion by July 2006. This leaves the country with a historic and an immense opportunity to pursue its national aspirations.

Indeed, the nation has been ushered onto a new economic plateau which facilitates the process of attaining the status of a middle income country in the next decade within the framework of good governance, private sector development, rule of law, respect for human and property rights and prudent fiscal and economic management.

In pursuit of this goal, the country must unite and rally around a single vision which will engender high productivity and growth with sense of social responsibility and equity.

We must now see the “light at the end of the tunnel”, and reach for it.

This is a Budget of GOOD NEWS.

His Excellency J.A. Kufuor  
President of the Republic of Ghana.

8th November, 2005

## SECTION ONE: INTRODUCTION

1. **Mr. Speaker**, it is again an honour to present, on behalf of His Excellency President John Agyekum Kufuor, the 2006 Budget Statement and Economic Policy. This is the first time since post-independence that the country's budget is being presented before the beginning of the fiscal year. His Excellency commends all Ghanaians for this achievement.

### *Why the Change in the Budget Time-Table*

2. **Mr. Speaker**, in the 2005 Budget Statement and Economic Policy the nation agreed to adopt a businesslike approach in the governance of this country. Adoption of terminology '**Ghana Incorporated**' meant that Ghana could not continue to do 'business as usual'. Hence, though the budgeting process has always satisfied the 1992 Constitution (Article 179) and the Financial Administration Act, 2003, the Budget Statement and Economic Policy has never been presented, debated and passed by this August House, in readiness for implementation at the beginning of the financial year. This change in budget cycle is one of the processes Ghana is going through in its move from 'business as usual' to 'Ghana Incorporated'.
3. Another notable feature of the 2006 Budget Statement and Economic Policy is the call to all Ghanaians in August in the national dailies for input into the budget. This confirms the inclusive nature of this Government. The many positive responses received have been both humbling and thought-provoking and provided us with insight in the many ways in which public finances impact on our daily lives. The inputs received have helped shape this budget.
4. **Mr. Speaker**, permit me to share with you a few highlights of the responses:

- Organised labour welcomes this 'new government open-door policy on national budgeting' and sees this as 'an effective way of ensuring civil society participation in national decision making. The leadership of the GTUC is ready for dialogue particularly on employment and income related issues'.

*GTUC – Proposals for Budget 2006*

- In an open letter to His Excellency the President, Civil Society groups engaged in public fora in the 2005 annual budget expressed the view that 'poverty in the country is mainly a result of unemployment and so called on government to do something about the worsening unemployment situation, efforts which they believe will help curb the high rates of crime, and social vices'.

*Daily Graphic, Nov 3, 2005, Page 18-19*

- At a pre-budget round table of the Business community in Ghana, participants requested Government to 'reduce or widen the bands of personal tax rates in conjunction with an amnesty to allow companies to declare all salaries and wages and increase the tax revenues for the state'.

*Pre-Budget Roundtable for Business Community, August 19, 2005*

- Another submission by an individual Ghanaian has requested that Ghana 'efficiency of the ports should be looked at with much more seriousness'.

*Yaw Nsarkoh*



5. **Mr. Speaker**, the 'listening government' is continuously taking steps to address them. Notable among these are issues of security (armed robbery, road accidents, challenges at our ports), the inability of our local industries to compete with dumped and smuggled products, sanitation especially in our cities and unemployment.

***Theme - 'Good News Budget'***

6. **Mr. Speaker**, the aim of His Excellency the President for this year is to ensure that this budget and its implementation address the concerns being raised by Ghanaians. **This budget therefore seeks to invest in people and invest in jobs.**
7. The key to sustainable progress in attacking poverty and improving living standards is by creating opportunities and incentives for firms to invest productively, create jobs and expand.
8. **Mr. Speaker**, while it is Government's intention that Ghanaians earn realistic wages, the issue of productivity is firmly linked with this ideal. Government and the private sector can only pay realistic wages when people are productive. All of us Ghanaians should work on improving the individual self, be productive in our occupations and thereby improve the national economy and put realistic wages in everybody's pocket.
9. **Mr. Speaker**, the accomplishments of Ghana over the last few years is a result of, one the one hand a commitment to good policies by this Government and on the other the sacrifice, understanding and patience of the good people of Ghana, who have supported governments efforts on the sometimes difficult decisions necessary for accelerated growth as has

already been mentioned in His Excellency the President's Foreword to this Budget Statement.

10. Mr. Speaker, the evidence of the performance of the economy in 1992, 1996 and 2000, which were all election years show that we suffered shocks that took us back on gains that had been painfully achieved.
11. Mr. Speaker, last year 2004, was an election year and it had been followed by the dramatic oil price rises of this year and yet our economy has shown great resilience. In other words, the macroeconomic stability that we have achieved is not a "nine-day wonder".
12. The Government has put its fiscal house in order, made the structure of government finances more transparent and accountable, ensured considerable low government borrowing which has resulted in lower interest rates and release more resources for the private sector to help reduce poverty.
13. Though external loans and grants have increased, the percentage share of these external inflows to internal receipts has been progressively decreasing over the past three years. Mr. Speaker, this is evidence of the hard work being undertaken by the revenue agencies and the private sector.
14. Ghana continues to make progress in the achievement of the Millennium Development Goals (MDGs). With the current growth levels the country is experiencing, Ghana is more than likely to meet a good proportion of the set goals. However in the area of Health, the results are mixed and efforts are being made to understand these challenges for corrective measures to be put in place.
15. Mr. Speaker, Ghana is one of the few countries to benefit from the recently announced Multilateral Debt Cancellation

Initiative (MDCI), irrevocable debt stock cancellation of outstanding obligations to the IMF, World Bank and African Development Bank. The benefits would be realised over a long period of time effective 2006.

16. Mr. Speaker, Ghana was selected as one of the Co-Chairs (with World Bank and DFID) for the Working Party on Aid Harmonisation and Effectiveness and will host the 2008 High Level Forum III Meeting (after Italy and France) which will bring over 160 Ministers of Finance for Developing and Developed countries and Heads of Multilateral and Bilateral Countries to Ghana. The Multi-Donor Budgetary Support continues to help in Aid predictability for external resources to the budget envelope.
17. Mr. Speaker, Ghana has for the first time qualified for the World Cup. Ghana Black Stars will in 2006 go to Germany to lift high the flag of Ghana. This achievement was due to the resilience, hard work, determination and support of all Ghanaians, Mr. Speaker, H.E the President John Agyekum Kufuor wishes to express his profound gratitude and deepest appreciation to all Ghanaians.
18. Mr. Speaker, HE the President urges all Ghanaians to adopt the same qualities exhibited towards these achievements to all other areas of the economy since the success of Ghana will always be enjoyed by all. Differences should not obscure our collective vision as a nation, which is striving to improve the well-being of its people.
19. Ghana has successfully executed its medium term development agenda - Ghana Poverty Reduction Strategy (GPRS I). The successor framework dubbed the Growth and Poverty Reduction Strategy, (GPRS II) has a strategic focus on 'accelerated growth as a means of wealth creation, poverty reduction and equitable social development'.

20. Mr. Speaker, taking into account the aims of GPRS II, and input from the general public this 2006 budget will continue to be anchored on an Accelerated Growth Agenda and will focus on creating opportunities and defining avenues for individuals, communities, institutions and companies to assist in accelerating the pace of national development. His Excellency John Agyekum Kufuor urges Ghanaians to take individual and collective action to utilize the opportunities being created in this budget to liberate the energies of the Ghanaian people and unleash the potential of the private sector to create jobs, so that Ghana becomes a country of hope and of great accomplishment.
21. The world is changing and Ghana needs to change with the world. We all need to work together to chart our course for the future – to ‘make poverty history’.
22. Mr. Speaker, I now move to the substantive part of the 2006 Budget Statement and Economic Policy.

## SECTION TWO: THE WORLD ECONOMY

### Developments in 2005

23. **Mr. Speaker**, global economic growth in the first quarter of 2005 was quite robust with growth in the services sector more than adequate to offset the somewhat sluggish performances in the manufacturing and trade sectors. In the second quarter, however, signs of a renewed “soft patch” emerged—in part reflecting the impact of higher crude oil prices—as key economic indicators trended downward and business confidence waned in most of the world’s major leading economies. While growth in global manufacturing and trade have since strengthened, and the leading economic indicators trended upwards, the persistent rise in the prices of crude oil and refined petroleum products, nonetheless continued to pose major challenges and threats to world economic growth.
24. The expansion in the global economy was propelled by developments in the United States and China, where the growth momentum remained robust. Growth estimates for 2005 in many other regions of the world—with the notable exceptions of India and Japan—were revised downward to reflect the resurgence in weakness in business confidence and the adverse impact of high crude oil prices, particularly in the euro zone.
25. While world output is expected to grow by 4.3 per cent, overall, 2005 was favourable to Africa where the estimated economic growth of 5.4 percent exceeded the 5.1 percent growth attained 2004. This achievement put Africa’s trend growth above 4.5 percent for the first time in over a decade, supporting the view that Africa is becoming a better investment destination. GDP growth in sub-Saharan Africa is

estimated to moderate to 4.8 per cent in 2005, 0.4 percentage points lower than expected.

26. Although global inflation picked up slightly in 2005 in response to higher crude oil prices, it was, nonetheless relatively moderate. Among the major industrialised countries, core inflation was generally contained, as inflationary expectations remained subdued, with moderate wage increases.

### **Outlook for 2006**

27. **Mr. Speaker,** World economic growth is expected to slow down slightly in early 2006. Thereafter, accommodative macroeconomic policies in most of the major economies, aimed at counteracting the adverse impact of higher crude oil prices, are expected to lead to a modest recovery during the course of the year. On balance, a GDP growth of 4.3 percent is projected for 2006.
28. The projected pick-up in global economic growth in 2006 should trigger a rebound in world trade volume which is expected to increase by 8.75 percent. Although increases in non-energy commodity prices are projected to be broadly flat, the recent rise in the prices of metals is expected to boost their supply globally.
29. **Mr. Speaker,** For sub-Saharan Africa, economic growth in 2006 is expected to be led by a resurgence in growth in the oil producing countries, mainly as a result of investment in new productive capacity. An average growth rate of 5.9 percent is, therefore, projected—slightly higher than the performance in 2005.

### SECTION THREE: DEVELOPMENTS IN THE WEST AFRICAN REGION

**Mr. Speaker,**

30. May 2005 marked thirty years of the formation of ECOWAS to spearhead the economic and monetary integration of countries within the West Africa sub-region. The establishment of the West African Monetary Zone (WAMZ), with the objective of placing monetary integration amongst the five participating countries — the Gambia, Ghana, Guinea, Nigeria and Sierra Leone — on a “fast-track” gave renewed impetus towards the realization of the ECOWAS Monetary Cooperation Programme. The WAMZ is envisaged to merge with the CFA zone to create a single monetary zone in the sub-region.
31. After assessing the progress of the WAMZ countries towards monetary integration, the Authority of Heads of State of the WAMZ, on May 6, 2005, postponed the commencement of the monetary union in the WAMZ to December 1, 2009 (The Banjul Declaration). This decision of the WAMZ Authorities was based on the assessment that although member countries showed significant promise in meeting the agreed quantitative and qualitative criteria, the progress attained, nonetheless, was not sufficient to enable the countries to enter into a formal union arrangement by the scheduled date of July 1, 2005.
32. The Banjul Declaration proposed an expanded work programme and an Action Plan for its delivery to ensure that the monetary union takes off effectively in December 2009. The focus of the WAMZ Programme is now broader, spanning not only macroeconomic convergence but also issues relating to the actualization of a single economic zone.

33. The new Action Plan under the extended programme includes:
- macroeconomic Convergence and Multilateral Surveillance;
  - creation of a WAMZ Customs Union by 2007; and
  - Financial Sector Integration, and Ratification and Incorporation into National Law of the WAMZ Legal Instruments.
34. Government will enact the relevant legal instruments to pave way for the eventual liberalization of the capital account by 2007 as well as to ensure cross listing of stocks on the Ghana Stock Exchange and the quoting and trading of regional currencies in the country by December 2006.
35. Government is determined to carry out its commitments under the WAMZ programme to actualize the single currency goal. The status of Ghana's convergence criteria is in Appendix 1.



## **SECTION FOUR: OVERVIEW OF MACROECONOMIC PERFORMANCE**

**Mr. Speaker,**

36. I would like to start by reminding all of us about where we have journeyed from and where we are currently, in order for us to appreciate the amount of effort that has gone into the economic achievements over the last five years.

**Mr. Speaker,**

37. At the time the NPP Government assumed office in 2001, the economy was in crisis. The cedi had virtually collapsed, losing 50.0 percent of its value vis-à-vis the US dollar. The country's stock of gross international reserves was so depleted that it could not cover a month's imports, and external payments arrears were building up. Headline inflation was running at 41.5 percent and the fiscal deficit had increased to 9.0 percent of GDP.
38. The economy today is in dramatically better shape than it was at the end of the year 2000 with strong macroeconomic fundamentals.
- Headline inflation has declined from a peak of 41.5 percent in March 2001 to 14.9 per cent in September 2005, and is projected at no more than 15.0 per cent by the end of 2005;
  - The exchange rate of the cedi has remained stable over the last few years and has recently been appreciating in nominal terms against the major international currencies; and
  - Private sector participation in the economy has increased. Private investment as a percentage of GDP has increased from 13.8 percent in 2001 to 17.1 percent by end 2004. Public investment has also

increased steadily from 6.1 percent of GDP in 2002 to 12.5 percent of GDP by end 2004.

39. After many years of petroleum subsidies and attendant losses at the Tema Oil Refinery - estimated at \$2.0 billion since 1985 - Government decided to implement the policy of deregulation of the petroleum industry, notwithstanding strong political opposition. A deregulation Law (The National Petroleum Authority Act) was presented to Parliament and passed in June 2005. The National Petroleum Authority (NPA) which was subsequently set up in accordance with the Law, has carried out its mandate, and petroleum prices have since moved broadly in line with international market trends.
  
40. The Government has put its fiscal house in order and has made the structure of government finances more transparent and accountable.
  - Revenue generation has been robust, and expenditure has been contained;
  - Lower government borrowing has meant more resources for the private sector and at lower interest rates; and
  - Road and non-road arrears that had been a feature of budgetary outcomes have been cleared at a faster pace than planned, with the Government remaining current on its statutory obligations. Transfers of earmarked resources such as the Ghana Education Trust Fund, the District Assemblies Common Fund and the Road Maintenance Fund, have remained current.
  
41. On the monetary side, the government has given the Bank of Ghana the independence to implement monetary policy with some notable degree of success. The Bank of Ghana Act (2002) was passed to give the central bank statutory

independence and focus its mandate on price stability for growth.

- A Real Time Gross Settlement Payments System was introduced in 2003 to facilitate the settlement of high value transactions between banks;
  - An Interbank Credit Transfer System has also been introduced to facilitate the settlement of small value payments through the banking system;
  - A Payments System Bill was passed into law in 2003; and
  - A Central Securities Depository System became operational in November 2004.
42. Ghana reached the HIPC Completion Point in July 2004 and this has improved Ghana's external debt profile significantly with debt service savings averaging US \$170 million annually.
43. Furthermore, Ghana has been selected as one of 18 post-HIPC countries to benefit from the recently announced Multilateral Debt Cancellation Initiative (MDCI) 100 percent, irrevocable stock of debt cancellation of outstanding obligations to the IMF, World Bank and African Development Bank contracted prior to January 1, 2005, amounting to over US\$4 billion.
44. Ghana submitted itself to the sovereign credit rating process in 2003 with a B+ rating assigned by Standard and Poors and a "B Positive Outlook" assigned by Fitch Ratings. While the B+ rating was confirmed by Standard and Poors, Fitch Ratings upgraded the "B Positive outlook" to B+ in 2004. These ratings confirm Ghana's sustained track record in prudent economic management and good governance and, hence, put Ghana at par with countries like Turkey, Brazil and Indonesia, in terms of sovereign credit risk.

45. The credibility of Ghana's policy framework was recently reinforced when she was selected among sixteen countries declared eligible for the Millennium Challenge Account introduced by the U.S. government.

**Mr. Speaker,**

46. The Global Competitiveness Report rankings capture a broad range of factors affecting the economy's business environment that are key determinants of sustained economic growth, with particular attention to the macroeconomic environment, the quality of public institutions which underpin the development process, and the level of technological readiness and innovation.
47. The Global Competitiveness Report 2005-2006 rankings considers Ghana as one of the more notable success stories in terms of competitiveness, having improved from the 71<sup>st</sup> position in 2003 to 68<sup>th</sup> in 2004 and a further improvement by **nine** places in 2005 to occupy the 59<sup>th</sup> position. The improvement from the 68<sup>th</sup> to 59<sup>th</sup> position was one of the best improvements among the 117 economies polled worldwide during 2005-2006.

**Mr. Speaker,**

48. It is worthy to note that Ghana performed better than some of its peer group members in sovereign credit ratings such as Brazil and Turkey, and also places Ghana and only three other sub-Saharan African countries (South Africa – 42<sup>nd</sup>; Botswana – 48<sup>th</sup>; Mauritius – 52<sup>nd</sup>) among the region's success stories.

**Mr. Speaker,**

49. These accomplishments of Ghana over the last five years did not take place in a vacuum. They have been possible because of the commitment to good policies by this Government and the sacrifice and understanding of the good people of Ghana

who, have come to value and cherish the importance of a stable macroeconomic environment for accelerated growth, and for which H.E. the President and the NPP government is most grateful.

## **MACROECONOMIC PERFORMANCE IN 2005**

**Mr. Speaker,**

50. In the Budget Statement and Economic Policy for 2005 presented to this House, the macroeconomic programme reflected the following targets:

- a real GDP growth of at least 5.8 percent;
- a 12-month CPI inflation rate of 13.5 percent by end-December 2005;
- a gross international reserves build-up equivalent to 4 months of import cover;
- a domestic primary surplus equivalent to 2.4 percent of GDP; and
- an overall **budget deficit equivalent to 2.7 percent of GDP**

**Mr. Speaker,**

51. In addition to the accomplishments that I catalogued earlier, I will also like to declare that the NPP Government has largely delivered on the macroeconomic targets set in the 2005 budget.

**Mr. Speaker,**

52. I will now proceed to give an account of the economy's performance for the 2005 fiscal year based primarily on provisional data through the end of September, and projections for the rest of the year.

## **General Overview of 2005 Economic Performance**

**Mr. Speaker,**

53. The Ghanaian economy showed significant resilience through the first three quarters, despite the record high crude oil prices in international markets. At the end of September, gross international reserves amounted to US\$1.67 billion, enough to cover three months of our import bill. Indicators of real economic activity through the third quarter of 2005 indicate that the growth targets for the year will be met. Headline inflation rate declined continually from April, except in September, that recorded a marginal increase from 14.7 per cent to 14.9 percent as a result of petroleum price realignment.

## **REAL SECTOR DEVELOPMENTS**

**Mr. Speaker,**

54. Analysis based on available information through the half year indicates that the targeted GDP growth rate of 5.8 percent for the fiscal year will be realised. The growth is broad-based, with positive contributions from all the three broad sectors, namely Agriculture, Industry, and Services.

## **Sectoral Growth Performance**

### **Agriculture**

55. The agricultural sector is projected to grow at the rate of 6.5 percent compared to 7.5 percent for 2004. The Crops and Livestock sub-sector is expected to grow by 6.0 percent, compared to the 2004 outcome of 5.3 percent. Growth in the Cocoa sub-sector (including marketing) is projected at 13.2 percent far below the record performance of 29.9 percent in 2004. The Forestry and Logging sub-sector is expected to record a growth rate of 5.6 percent against 5.8 percent in 2004 fiscal year, while output of the Fisheries sub-sector is

expected to grow at 3.6 percent, a marginal improvement over the 2004 outturn of 3.5 percent.

**Table 1 Percentage Growth in Agriculture (2002-2005)**

	2002	2003	2004	2005 proj. outturn
<b>Agriculture</b>	<b>4.4</b>	<b>6.1</b>	<b>7.5</b>	<b>6.5</b>
Crops and Livestock	5.2	5.3	5.3	6.0
Cocoa	-0.5	16.4	29.9	13.2
Forestry & Logging	5.0	6.1	5.8	5.6
Fishing	2.8	3.0	3.5	3.6

*Source: Ghana Statistical Service /MoFEP*

56. The contribution of the agricultural sector to overall GDP growth is projected at 41.4 percent, compared to a 46.7 contribution in 2004. The projected reduction in the sector's share is attributable mainly to the slower growth in the cocoa sub-sector.

**Table 2 Agriculture's Percentage Contribution to Overall Growth (2002-2005)**

	2002	2003	2004	2005 Proj. outturn
<b>Agriculture</b>	<b>34.4</b>	<b>41.4</b>	<b>46.7</b>	<b>41.4</b>
Crops and Livestock	28.0	24.9	22.6	25.5
Cocoa	-0.4	9.8	17.9	9.7
Forestry	3.9	4.2	3.6	3.5
Fishing	2.8	2.6	2.6	2.7

*Source: Ghana Statistical Service/MoFEP*

57. The special policy initiatives introduced in earlier years for the development of the agricultural sector and agro-based industries continued to impact significantly on agricultural produce.

## Industry

58. Total industrial output is projected to grow at 5.6 percent in 2005 as against 5.1 percent in 2004.
59. Apart from the Mining and Quarrying sub-sector which is projected to grow at slower rate of 3.0 percent compared to 4.5 percent in 2004, all the other sub-sectors—Manufacturing, Construction, and Electricity and Water—are projected to perform better than in 2004.
60. The Manufacturing sub-sector is projected to grow at 5.5 percent in 2005 compared to 4.6 percent in 2004.
61. Growth in the Electricity and Water sub-sector is projected at 6.6 percent compared to the 3.7 percent of 2004. This is the result of the significant public investment in water and electricity.
62. The vigorous road infrastructure development country-wide, translated into higher output in construction activity during the year. As a result, the Construction sub-sector is projected to grow at 7.0 percent as against the 2004 outcome of 6.6 percent.

Table 3: Percentage Growth in Industry (2002-2005)

	2002	2003	2004 Prov.	2005 Prov.
<b>Industry</b>	<b>4.7</b>	<b>5.1</b>	<b>5.1</b>	<b>5.6</b>
Mining and Quarrying	4.5	4.7	4.5	3.0
Manufacturing	4.8	4.6	4.6	5.5
Electricity and Water	4.1	4.2	3.7	6.6
Construction	5.0	6.1	6.6	7.0

*Source: Ghana Statistical Service/MoFEP*

63. Industry's contribution to aggregate economic growth is projected to improve from 22.1 percent in 2004 to 23.9 percent in 2005 mainly as a result of better performance from



the manufacturing, construction, and electricity and water sub-sectors.

Table 4 Industry's Percentage Contribution to Overall Growth

	2002	2003	2004 Prov.	2005 Prov.
<b>Industry</b>	<b>25.9</b>	<b>24.0</b>	<b>22.1</b>	<b>23.9</b>
Mining and Quarrying	5.2	4.7	4.1	2.7
Manufacturing	9.6	8.0	7.2	8.6
Electricity	2.3	2.0	1.6	2.9
Construction	8.7	9.3	9.2	9.8

Source: Ghana Statistical Service /MoFEP

## Services

64. The Services sector is projected to grow at 5.4 per cent compared to 4.7 percent in 2004. The projected improvement is broadly reflected in the sub-sectors, all of which are projected to grow at rates faster than the corresponding outcomes in 2004. This could be attributed, among others, to the sound monetary policy which contributed to competitiveness in the finance industry, as new banks and new products were introduced.

Table 5 Percentage Growth in Services (2002-2005)

	2002	2003	2004	2005 Prov.
<b>Services</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>5.4</b>
Transport, Storage and Communication	5.7	5.8	5.6	6.0
Wholesale, Trade & Retail	5.6	5.0	4.9	6.1
Finance and Insurance	5.5	5.2	4.8	5.6
Government Services	3.6	4.0	4.4	5.0
Community, Social and Personal Services	4.4	4.1	4.2	4.3
Producers of Private non-profit Services	3.1	3.3	3.3	3.8

Source: Ghana Statistical Service /MoFEP

65. The contribution of the Services sector to total GDP growth is also projected to improve from 24.3 percent in 2004 to 27.7 percent in 2005. All the relevant sub-sectors are projected to feature significantly in this positive improvement.

Table 6 Services Contribution to Growth (2002-2005)

	2002	2003	2004	2005 Prov
<b>Services</b>	<b>31.0</b>	<b>26.7</b>	<b>24.3</b>	<b>27.7</b>
Transport, Storage and Communication	6.0	5.4	4.7	5.1
Wholesale, Trade & Retail	8.5	6.6	5.9	7.3
Finance and Insurance	5.2	4.3	3.6	4.2
Government Services	8.8	8.4	8.2	9.3
Community	1.9	1.5	1.4	1.4
Producers of Private non-profit Services	0.6	0.5	0.5	0.6

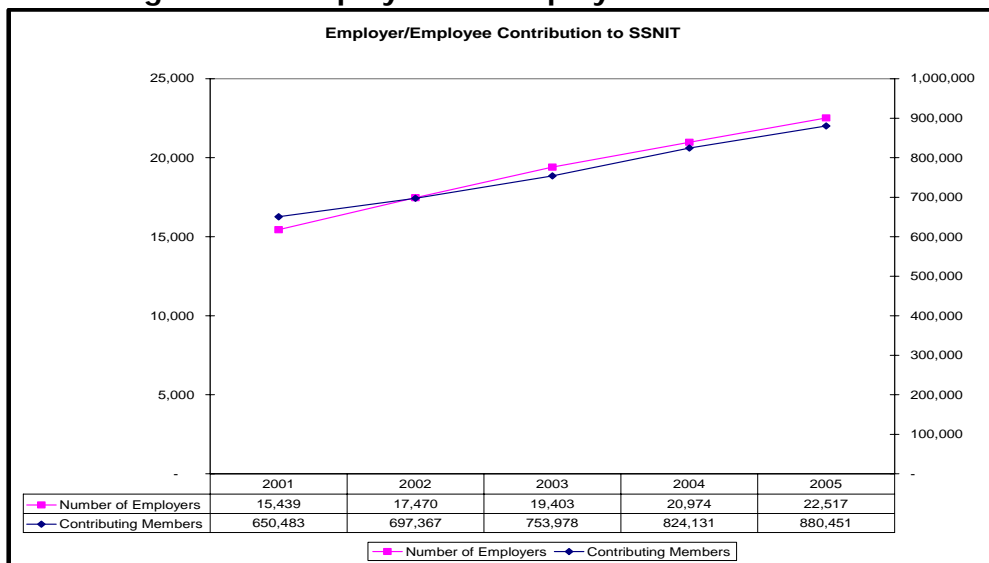
*Source: Ghana Statistical Service/MoFEP*

## Employment

66. **Mr. Speaker**, the lack of reliable employment data makes it difficult to do a robust analysis on employment. The Ghana Statistical Service has instituted two initiatives, which are ongoing, to provide comprehensive, reliable and up-to-date data on the labour market in Ghana. The first is a special module attached to ongoing fifth round of the Ghana Living Standard Survey (GLSS-5) to collect comprehensive data on the demand side of the labour market. The second initiative is a collaborative effort with the Ministry of Manpower and Employment to collect information on the supply side of the labour market. These two initiatives will provide the needed comprehensive, reliable and up-to-date data on the labour market on a continuous and timely basis.
67. The paucity of employment data notwithstanding, developments in social security contributions provide indirect

evidence of overall employment trends. Social security contributions to SSNIT (as shown in the figure below) from 2001 to 2005 tend to suggest increase in employment levels and improvement in general economic activity.

**Figure 1 Employer and Employee Contribution to SSNIT**



### Other Indicators of Economic Activity

68. Other indicators of economic activity through the third quarter of 2005 also provide further evidence of robust economic activity in 2005.

### Tourist Arrivals

69. The tourism sub-sector recorded an impressive performance during the first half of 2005 and continued during the early part of the third quarter. International tourist arrivals averaged 34,000 per month over the first seven months of the year. The recorded July arrivals of 37,600 exceeded the

period average by nearly 11.0 percent. These developments could be attributed to the increased domestic and international tourism. The increased presence of several international airlines at the country's airport and improvement in the airport infrastructure also played significant roles in attracting tourists into the country.

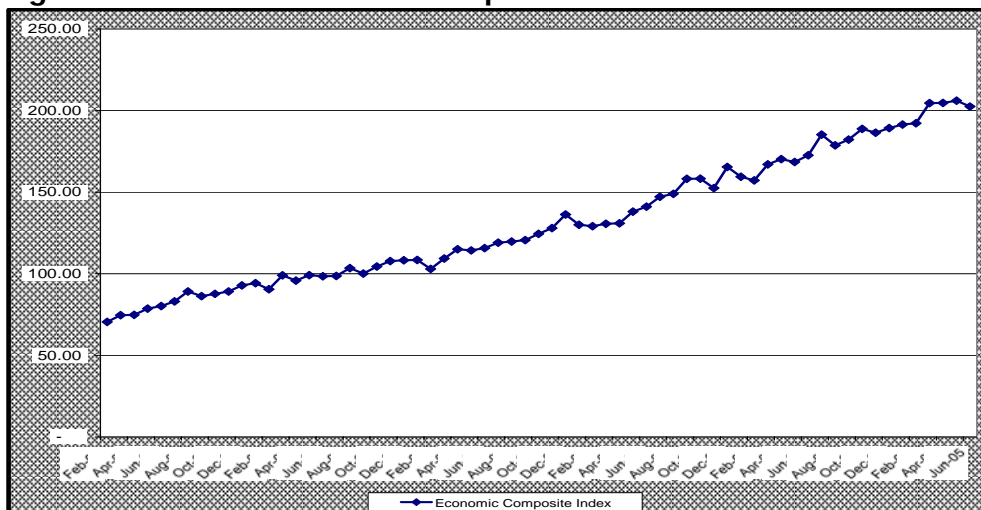
### **Building Permits**

70. Another key indicator that can be used to track economic activity is the number of building permits granted by building supervisory bodies and authorities. A total of about 1,600 permits were granted to commercial, industrial and private developers from January to August 2005 by four local authorities—Accra Metropolitan Authority (AMA), Tema Municipal assembly (TMA), and Ga East and West District Assemblies.

### **Bank of Ghana Composite Index**

71. The Bank of Ghana Composite Index of Economic Activity (CIEA), which measures real sector activities by tracking output of selected key enterprises, industrial electricity consumption, domestic VAT, port activity, imports, exports and employment contributions is another key measure of real sector performance.
72. The quarter-on-quarter Bank of Ghana Economic Composite Index growth rate shows that the Ghanaian economy picked up slightly in the second quarter of 2005 and has been trending upwards.
73. The index corroborates the Ghana Statistical Service projections of an overall GDP growth of 5.8 per cent for 2005.

**Figure 2 Bank of Ghana Composite Index**



## FISCAL DEVELOPMENTS

**Mr. Speaker,**

74. In 2005 Government took further steps to improve tax administration through reforms in procedures, reporting requirements, and increased vigilance to deal with revenue leakages resulting from smuggling and under-invoicing of imports. The efforts of the Revenue Agencies attest to some of the successes of enhanced tax administration. All these measures have subsequently improved domestic revenue mobilisation. Taking account of recent indicators, seasonal factors, and the ongoing administrative improvements, tax revenue for the full year will exceed the target set in the 2005 budget. External inflows have also seen a substantial increase in disbursements.

75. Budget execution has been monitored carefully, and efforts to contain public expenditure continued throughout the year. Government's broad policy objective is to continue to build on the recent strong performance and we are confident that the Budget's objectives for 2005 will be achieved.
76. Mr. Speaker, as a result of Government's policy to reduce the stock of domestic debt, implying a repayment rather than borrowing from domestic sources, **Repayment of Domestic Debt** has now been classified under the **Payments** schedule in the Budget, while **Domestic Financing** or **Borrowing** is captured under the **Receipts** schedule. Similarly, **Redemption of Deferred Interest Payments on Inflation-indexed Bonds** is classified under **Payments**, while **Deferred Interest Payments on Inflation-Indexed Bonds** is classified under the **Receipts** schedule.
77. The modified classification means that **Total Receipts** and **Total Payments** are now reported on gross basis and, thus, adjusted by the same margins, accounting for the reclassification of **Net Domestic Financing** and **Net Savings due to Inflation-indexed Bonds**. All other classifications under **Receipts** and **Payments** remain the same.
78. These new classifications have been effected in the Fiscal tables presented in this Budget Statement.
79. Additionally, the fiscal tables have been expanded and more detailed information is now provided to facilitate analysis.
80. Mr. Speaker, the details of the fiscal data classification are provided in Appendix 4A, 4B and 4C.

## Receipts

Mr. Speaker,

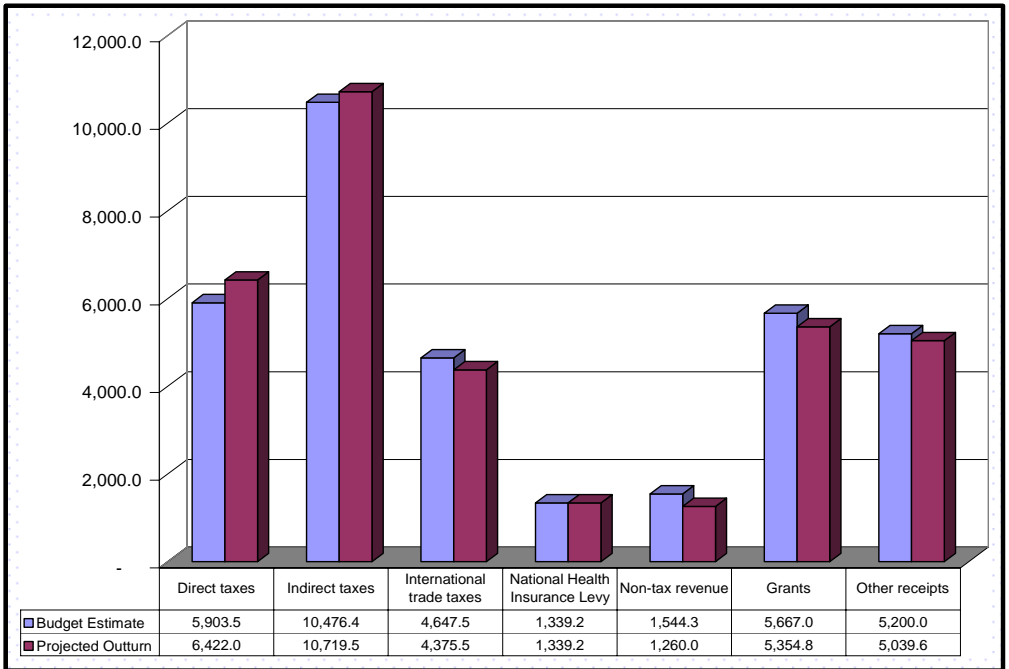
81. Domestic revenue has been robust and is expected to be ₺24,116.2 billion, equivalent to 24.9 of GDP. This exceeds the budget estimate by ₺376.9 billion.
82. **Total tax revenues** are projected to exceed the budget projection of ₺21,027.8 billion by 2.3 per cent to reach ₺21,517 billion in 2005.
83. **Direct taxes** which comprise personal, self employed, companies and others such as airport tax and the National Reconstruction Levy, are projected to yield ₺6,422.0 billion, exceeding the target of ₺5,903.5 by ₺518.5 billion. The expected over performance is the result of, among others, the reduction in corporate tax rate from 32.5 percent to 28 percent which has increased compliance significantly.
84. **Indirect taxes** are also projected to record ₺10,719.5 billion exceeding the budget target by ₺356.6 billion. All the various tax types under indirect taxes are projected to exceed their budget targets, except excise taxes which are projected to record a shortfall of ₺ 19.7 billion.
85. **International Trade Taxes** are projected at ₺4,375.5 billion, indicating a shortfall of ₺385.8 billion from the estimated budget amount to ₺4,761.4 billion. **Cocoa receipts** are projected at ₺272.4 billion lower than expected, on account of lower international prices for the commodity as well as lower production volumes.
86. The **National Health Insurance Levy** (NHIL) is expected to yield ₺1,339.2 billion as projected.

87. **Non-Tax Revenue** is expected to yield ₵ 1,260.0 billion, ₵112.3 billion below the budget projection of ₵ 1,372.3 billion. The shortfall is mainly attributed to the slowdown in the yield from dividend and income surpluses of State-Owned Enterprises (SOEs).
88. **Divestiture receipts** are expected to record a shortfall of ₵ 374 billion vis-a-vis the budget estimate of ₵524.0 billion. This is the result of the slow pace in the preparation of targeted SOEs for floatation on the Ghana Stock Exchange.
89. **Total grant** disbursement is projected at ₵5,354.8 billion, ₵263.2 billion below the budget estimate of ₵5,618.0 billion. While **multilateral HIPC Assistance** is expected to exceed the budget target marginally, **Programme grants** are expected to be below the budget estimate of ₵1,599.5 billion by ₵245.4 billion because some expected IDA grant inflows included in the budgeted programme grants were reclassified as loans.
90. **Project loans** at ₵2,950.0 billion, will be marginally below the budget estimate by ₵12.4 billion, while **programme loans** are expected to exceed the budget estimate of ₵1,351.5 billion by ₵135.5 billion, on account of a reclassification of some programme grants into loans.
91. **Exceptional financing** of the budget, which is mainly debt relief related, is expected to meet the budget target of ₵1,539.2 billion.
92. **Deferred interest payments on inflation-indexed bonds** is projected at ₵66.7 billion.
93. In all, **total receipts** made up of Domestic revenue, grants, loans, divestiture receipts and exceptional financing are projected at ₵35,672.5 billion lower than the budget estimate



of ₺35,801.3 billion by ₺128.8 billion for the year. The shortfall is due to lower-than-projected non-tax revenue and divestiture receipts.

**Figure 3 Total Receipts in 2005**



## Payments

**Mr. Speaker,**

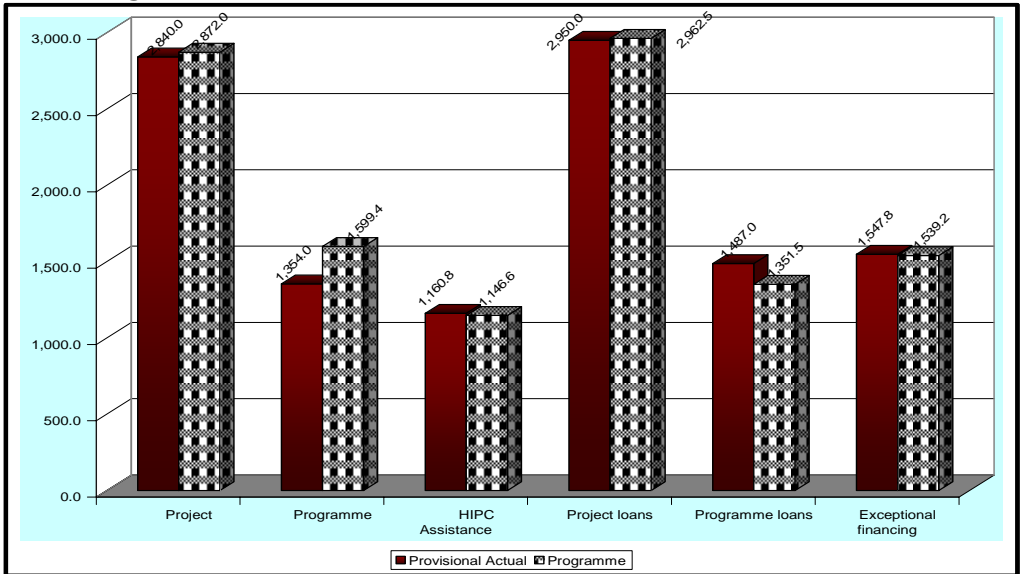
94. Following developments in the first nine months we will continue to ensure that the expenditures are prudently contained to enable us meet our targets for the end of the year.

95. **Total payments** for the 2005 fiscal year was budgeted at ₺35,801.3 billion. This was made up of **statutory payments** of ₺ 12,240.4 billion and **discretionary payments** of ₺ 23,560.9 billion. Provisional data and projections for the rest of the year indicate that the estimated outturn for total payments is expected to be ₺35,672.5 billion, showing a lower level of payments by ₺128.8 billion.

### **Statutory Payments**

96. **Statutory payments** for 2005 was estimated at ₺12,240.4 billion. The expected outturn indicates an amount of ₺12,217.6 billion which is ₺22.8 billion short of the budget estimate.
97. **External Debt service** which comprises amortisation of the debt and interest payments is expected to be ₺3,610.0 billion against the budget estimate of ₺3,620.9 billion. This shows a lower than expected debt service envisaged during the preparation of the budget.
98. **Domestic interest payments** are projected at ₺2,470.6 billion, recording a shortfall of ₺84.4 billion compared to the estimate of ₺2,555.0 billion. The lower payments for domestic interest are attributable to the falling interest rates recorded throughout the year.

**Figure 4 Grants inflows for 2005**



**Mr. Speaker,**

99. Transfers to the **District Assemblies Common Fund** — a transfer of five percent of total tax revenues with a payment of a quarter in arrears — were projected at ₡1,048.4 billion for 2005. Provisional outturn projects an end-year transfer of ₡1,069.9 billion, exceeding the budget projection by ₡21.5 billion. This will be mainly on account of the improved outturn for tax revenue collection for the year.
100. The budget estimate for expenditures on **transfers to households** was ₡2,927.7 billion. This consisted of Government transfers of ₡613.8 billion and ₡355.9 billion to pensions and gratuities, respectively. In addition, Government's contribution to the social security on behalf of its employees was estimated at ₡618.8 billion and transfers to the National Health Insurance Fund was projected at ₡1,339.2 billion. Provisional outturn and projections for the rest of the

year indicate that we will be on track for the payments of these transfers.

**Mr. Speaker,**

101. Payments to the **Ghana Education Trust Fund (GETFund)** is on schedule. Provisional figures show that current transfers are estimated to exceed the budgeted amount of ₵1,124.2 billion by ₵51.4 billion mainly on account of improved performance by VAT.
102. Payments to the **road fund** and **petroleum-related-funds** are expected to meet the budget targets of ₵883.3 billion and ₵80.3 billion, respectively.

### **Discretionary Payments**

**Mr. Speaker,**

103. **Total discretionary payments** are projected to fall short of the budget estimate of ₵23,560.9 billion by ₵106.3 billion.
104. Through proper audit of payroll, accounting and technical progress in upgrading the computerized Integrated Personnel and Payroll Database (IPPD), the **wage bill** is expected to be within the budget ceiling of ₵8,683 billion for 2005.
105. In 2005, Government's objective was to integrate all employees on the Ghana Universal Salary Structure (GUSS) and subvented agencies under the Integrated Personnel and Payroll Database (IPDD 2). That objective is on course, and is expected to be completed by the end of 2005.

**Mr. Speaker,**

106. **Administration and Service** expenses are expected to amount to ₦1,613.0 billion and ₦969.6 billion respectively as projected in the budget, while an amount of ₦ 145.0 billion is earmarked for strategic oil stocks.
107. **Total Investments** excluding the statutory investment expenditures of DACF, GETFUND, Road Fund and Petroleum-Related Funds are expected to be ₦7,316.0 billion, about ₦44.5 billion short of the budget estimate, resulting largely from a projected shortfall in foreign-financed investment expenditures. Of this amount, ₦ 1,427.9 billion will be expended for domestic investment.
108. **HIPC-Financed expenditures** from the HIPC Debt Relief programme are expected to amount to ₦1,614.8 billion, showing an over expenditure of ₦20.4 billion compared to the budget estimate of ₦1,594.4 billion.
109. Transfers to the Tema Oil Refinery (TOR) for under-recovery amounted to ₦412 billion for the period of January 2005 through 18<sup>th</sup> February 2005, before prices of petroleum products were adjusted upwards. This was ₦62.5 billion more than the budget estimate for under-recovery of ₦349.5 billion. The more-than expected transfer to TOR was the result of the higher-than estimated world price for crude oil and petroleum products.
110. **Repayment of Domestic Debt** which is also directly linked to our fiscal anchor for the reduction in the ratio of domestic debt-to-GDP ratio, is projected to be on the budget target of ₦996.2 billion. The bulk of the repayment is expected to be to the non-bank, thus freeing more resources from the Government to the private sector for development.

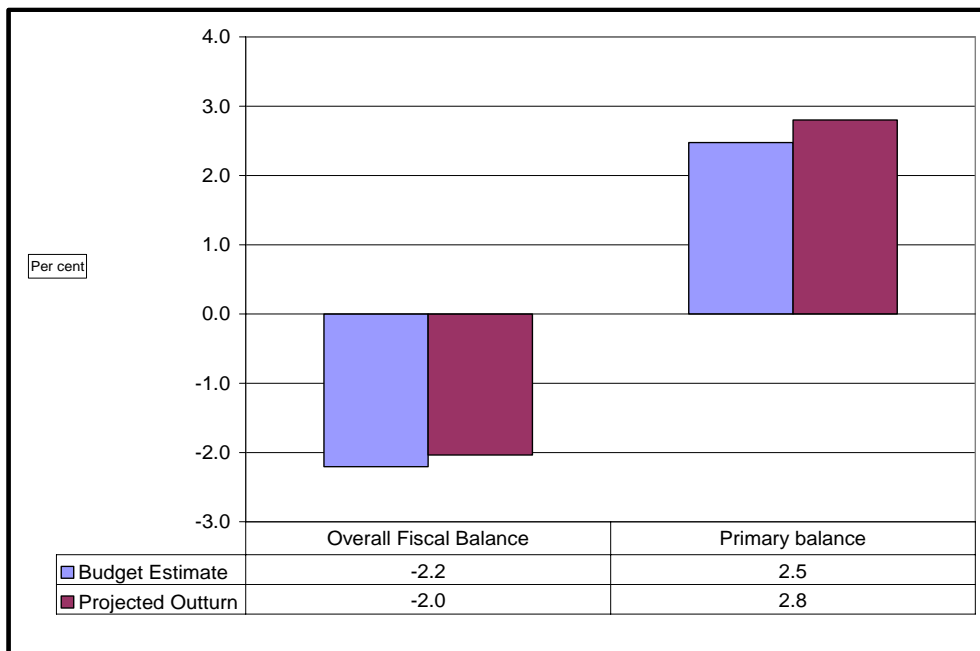
111. **Other transfers, comprising safety net programme for the deregulation of petroleum prices, and payments for the lifeline consumers of electricity** are expected to be on target, with expenditures on safety net for deregulation going mainly into the purchase of buses for the Metro Mass Transport Ltd and the Capitation grant for first-cycle schools.
112. **Mr. Speaker**, in 2005, an amount of ₦95 billion was expended for capitation grants, while ₦ 112.0 billion was used as subsidies for public transportation.

### **Overall Budget Balance**

**Mr. Speaker,**

113. Given the expected receipts and payments in 2005, the **overall budget balance** is projected to record a deficit of 2.4 per cent of GDP, compared to the budget estimate of 2.2 per cent of GDP. The **domestic primary balance**, however, is expected to perform better with a surplus outturn of 2.7 per cent of GDP as against the budget estimate of a surplus of 2.5 per cent of GDP.

**Figure 5 Overall Fiscal Balance And Primary Domestic Balance, 2005**



**Mr. Speaker,**

114. Substantial progress has been made in enhancing public expenditure and financial management, revenue administration, as well as increasing domestic resource mobilisation. This, together with the enhanced growth, should lead to a marked reduction in the domestic debt-to-GDP ratio to 11.5 per cent, lower than the budget target of 13.5 per cent.

## **MONETARY POLICY, PRICE AND EXCHANGE RATE DEVELOPMENTS**

**Mr. Speaker,**

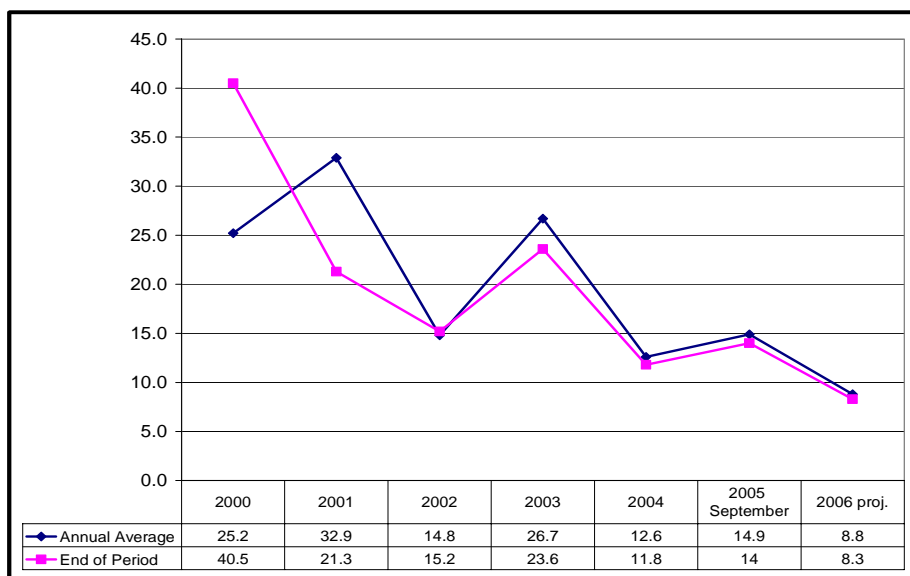
115. Monetary policy in 2005 has continued to focus on creating the environment for accelerated growth and wealth creation by sustaining the progress made in reducing inflation and maintaining exchange rate stability.

### **Price Developments**

116. Following the 50 percent upward price adjustment in the prices of petroleum products in February 2005, the CPI rate of inflation which surged from 11.6 percent in January to 16.7 percent in March has since trended downwards. On the whole, the inflationary environment has been generally benign with inflation easing down to 14.9 percent by the end of September 2005. The reduction in inflation has been aided by a slowdown in both the food and non-food price components.



**Figure 6 Trends in Inflation**



## DEVELOPMENTS IN MONETARY AGGREGATES

117. Growth of the key monetary aggregates in the year through September has continued to slowdown consistently with established programme targets and seasonal trends. Broad money growth is projected to stay within the broad budget target of 23.5 per cent for 2005.

### Reserve Money (RM)

118. By September 2005, the annual growth of reserve money had eased downward to 19.3 per cent from the 37.4 per cent recorded during the same period in 2004. The growth of reserve money over the period compares favourably with the programmed growth of 22.1 per cent.

## **Broad Money**

119. Similar to the trends in reserve money growth, provisional data on money supply indicate a continued slowdown, reflected in the preference for liquid assets. The annual growth rates of M1 (which includes currency outside banks and demand deposits), M2 and M2+ at the end of September 2005 were 14.2, 19.1 and 16.0 per cent respectively. These compare with 52.3 per cent, 44.8 and 41.6 per cent respectively for M1, M2 and M2+ during the same period in 2004.
120. The slowdown in the annual growth rates of broad money over the period August 2004 through September 2005 was the result of a measured pace of growth of net foreign assets and net domestic assets of the banking system.

## **Money Market and Interest Rate Developments**

121. Developments in the money market in the first three quarters of 2005 generally reflected continued declining interest rates in line with trends in the Bank of Ghana prime rate, but supported lately by lower average government borrowing and increased liquidity of banks following the revision of the secondary reserve requirements from 35.0 per cent to 15.0 per cent in July.
122. It will be recalled that subsequent to the Bank of Ghana's Monetary Policy Committee's (MPC) decision to adjust the prime rate downwards in May 2005, various reforms aimed at enhancing efficiency of the policy transmission process were also announced. The other reforms are also aimed at boosting the competitiveness of the interbank money market and making it the primary market for the banking system. In particular,

- the secondary reserve requirement was reduced from 35.0 per cent to 15.0 per cent; and
  - the requirement that banks hold 15.0 per cent of deposits in the form of medium-term securities was abolished.
123. The process of separating Bank of Ghana's open market operations (OMO) for liquidity management and public sector borrowing requirement (PSBR) of Government also started in July, 2005. In line with this, and in order to enhance flexibility in managing market liquidity, two new BOG instruments—the 14-day and 28-day Bank of Ghana bills—were introduced along side the already existing bills in July.

### **Maturity Structure of Outstanding Government Securities**

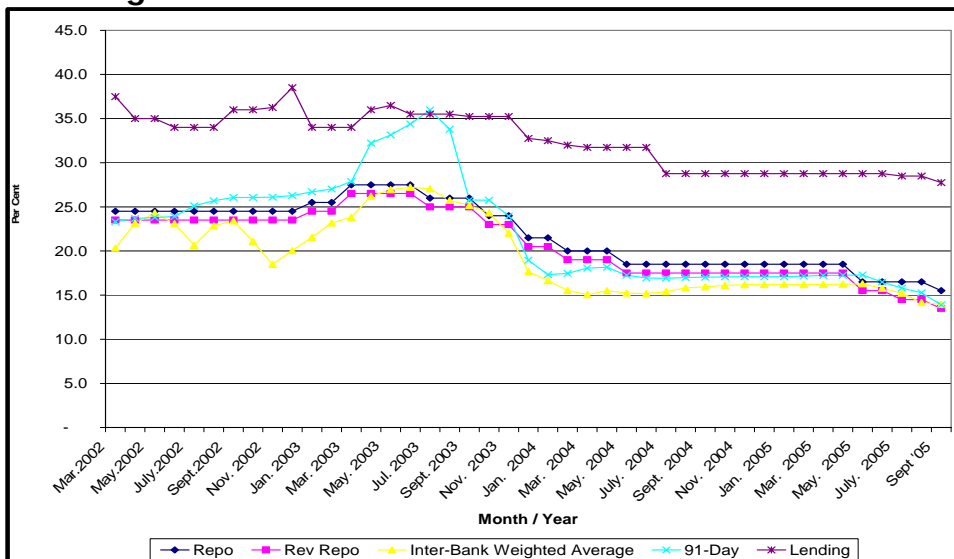
124. Data on the maturity profile of the outstanding stock of government securities indicate that the market share of the 91-day treasury bill eased downwards to 47.9 per cent in September 2005 from 56.8 per cent at the end of December 2004. On the other hand, as expectations of declining interest rates strengthened, interest in the longer-dated instruments strengthened, especially the 2-year fixed instrument. The share of the longer-dated securities together increased from 18.2 per cent at the end of 2004 to 28.5 per cent at the end of September 2005.

### **Interest Rates**

125. Interest rates generally followed a declining trend in response to the monetary policy stance pursued during the first nine months of 2005. The Bank of Ghana Prime Rate was lowered on two occasions during the review period, shedding a total of 3.0 percentage points, to stand at 15.5 per cent at end of September 2005.

126. Similarly, money market interest rates as well as deposit and lending rates of deposit money banks (DMBs) followed the declining trend. The average interest rate on the 91-day Treasury bill, the interbank weighted average and 3-month time deposit rates of DMBs dropped by 3.18, 2.24 and 3.40 percentage points respectively to 13.90, 13.95 and 9.85 per cent by the end of September 2005.

**Figure 7 Selected Interest Rates**



127. Following the implementation of the monetary policy measures introduced in July 2005, DMBs' average lending rates, which had remained at 28.75 per cent since July 2004, began to soften in the third quarter of 2005. It shed off 25 basis points in July 2005 and a further 75 basis points in September 2005 to close the third quarter at 27.75 per cent.

128. **Mr. Speaker**, in spite of the decline in the prime rate and the subsequent declines in DMBs' base rates, the spread between deposit and lending rates have not declined as fast as expected.

129. Government is concerned about the wide spread between the deposit and lending rates and is in constant dialogue with financial and non-financial institutions to address the constraints that is perpetuating this downward rigidity in lending rates.

### **CREDIT ADVANCES BY THE DEPOSIT MONEY BANKS**

130. **Mr. Speaker**, the private sector continued to get the bulk of credit extended by the DMBs —accounting for ₺3,336.2 billion (72.3 per cent) of the credit flow over the twelve-month period to September 2005.
131. The distribution of credit within the private sector, however, has remained more skewed to the commerce and finance, manufacturing, services and import trade sectors, which together accounted for 93.9 of the total flow of credit in the period. Credit to agriculture, export trade and miscellaneous activities recorded marginal declines.

Table 7 Analysis of Credit to the Private Sector

**Analysis of Credit To The Private Sector**

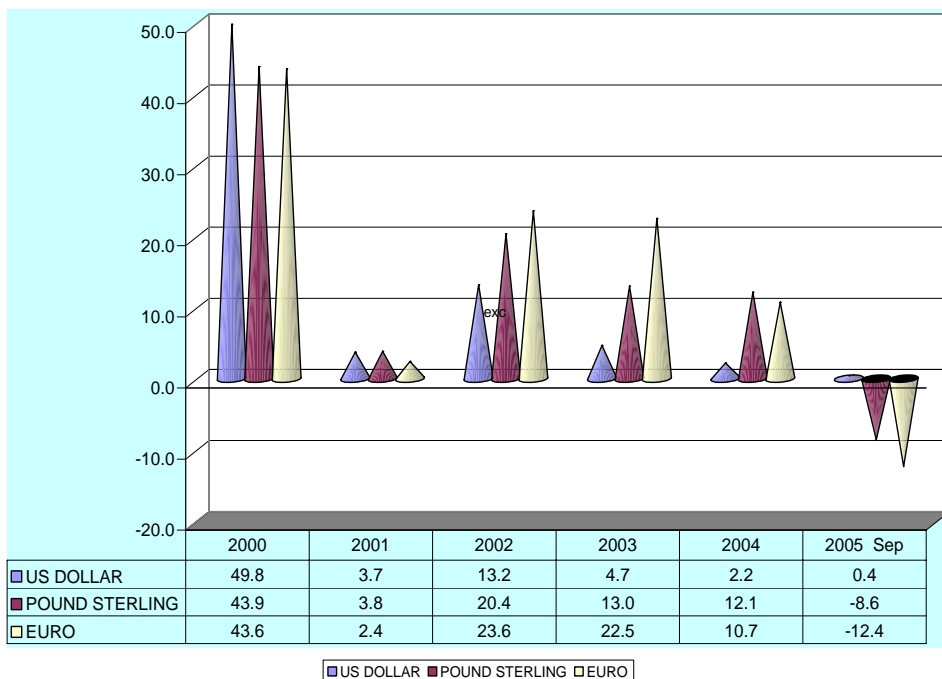
	2004		2005		Annual Change	
	Sept		Sept			
	¢ Bn	Share (%)	¢ Bn	Share (%)	¢ Bn	%
1. Public Institutions	2,583.2	20.7	3,863.5	22.6	1,280.3	49.6
2. Private Sector	9,896.6	79.3	13,232.8	77.4	3,336.2	33.7
Agriculture, Forestry & Fishing	1,005.2	8.1	903.7	5.3	-101.4	- 10.1
Export Trade	205.2	1.6	272.9	1.6	67.7	33.0
Manufacturing	2,353.6	18.9	3,129.8	18.3	776.2	33.0
Transport, Storage, & Communication	434.8	3.5	399.5	2.3	- 35.4	- 8.1
Mining & Quarrying	314.2	2.5	451.8	2.6	137.6	43.8
Import Trade	868.4	7.0	1,275.4	7.5	407.0	46.9
Construction	745.8	6.0	874.0	5.1	128.2	17.2
Commerce & Finance	905.0	7.3	2,093.9	12.2	1,188.9	131.4
Electricity, Gas & Water	77.7	0.6	145.3	0.8	67.6	86.9
Services	1,022.5	8.2	2,188.6	12.8	1,166.1	114.0
Miscellaneous	1,964.1	15.7	1,497.8	8.8	- 466.3	- 23.7
3. Total (1+2)	12,479.8	100.0	17,096.3	100.0	4,616.5	37.0

Source: Bank of Ghana

### Exchange Rate Developments

132. The exchange rate of the cedi has remained stable against the US dollar in 2005 while gaining strength against the British pound sterling and the euro.

**Figure 8 Developments in Exchange Rate Depreciation**

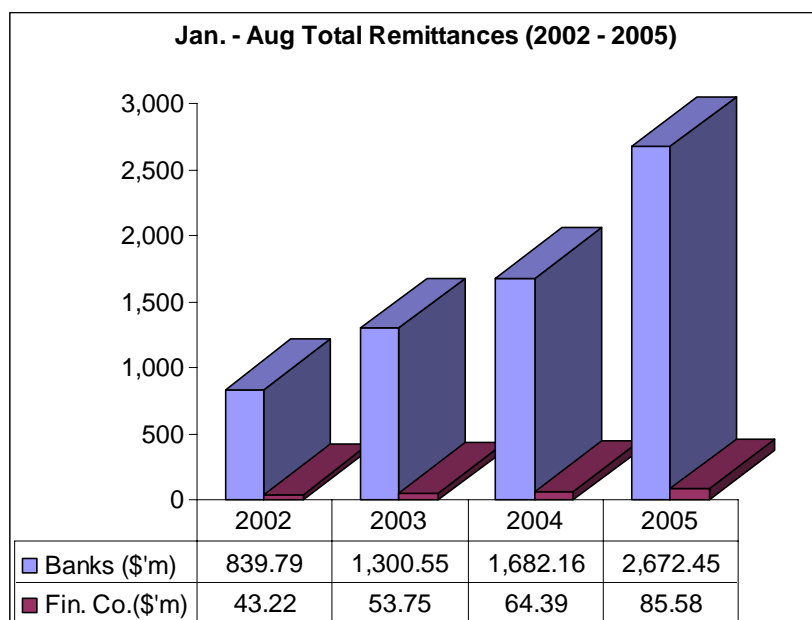


133. Developments in the nominal exchange rates of the cedi against the three core currencies (the US dollar, the pound sterling and the euro) show that for the January-September 2005 period, the cedi depreciated, cumulatively, by 0.4 per cent against the US dollar but appreciated by 8.2 and 11.6 per cent against the pound sterling and the euro respectively. This compares with year-on-year movements of 2.3, 5.7 and 2.1 per cent depreciation against the US dollar, the pound sterling and the euro respectively for the same period in 2004.

## Inward Remittances

134. Total inward transfers from individuals, NGOs, and religious groups, through the banks and finance companies for the period January-August 2005 amounted to US\$2.76 billion, which represents 57.9 per cent increase over the corresponding period in 2004. Of this amount, transfers by individuals during the same period amounted to \$771.0 million (or 28.1 per cent). This is an expression of confidence in the current economic and political environment.

**Figure 9 Total Remittances (2002-2005)**



*Source: Bank of Ghana*



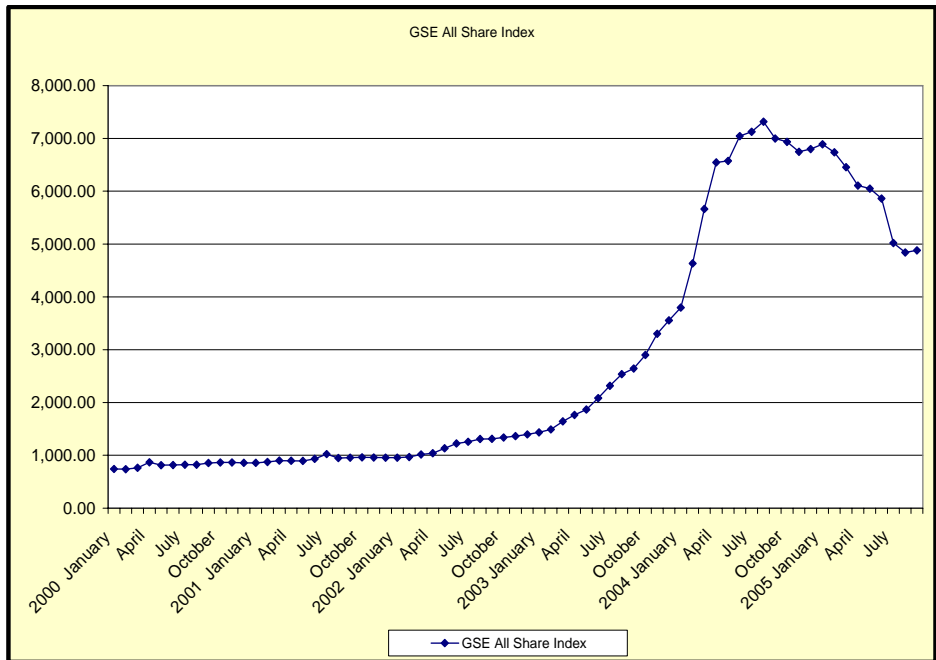
## STOCK MARKET DEVELOPMENTS

### The Ghana Stock Exchange All-share Index:

135. The Ghana Stock Exchange for five consecutive years through 2004, posted continued sterling gains. The All-Share Index, by the close of 2003, topped performance of stock markets in the world with a yield of 154.7 per cent (or 142.7 per cent in dollar terms). This trend continued until Q3 of 2004. However, from the last quarter of 2004 the market has faced bearish sentiments with the index ending September 2005 in the negative zone though marginally better than the return in August 2005.
136. These bearish sentiments initially cut across the globe due to the rising oil prices and a string of interest rate hikes as well as renewed concern over inflation among others. The effects were however short-lived in most developed and emerging markets with the stock market picking up significantly in the second quarter of 2005. While a few stocks on the GSE have recently started to record some gains, the index continues to face some bearish feeling.
137. On the outlook for the stock market, the substantial realignment of prices with earnings of the companies that has occurred along with the daily trading that was started in August should eventually trigger some renewed interest and increased activity in the market. Performance on the Ghana Stock Exchange for the most part in 2005 has been sluggish. This is expected to be reversed with the Government's decision to off-load the shares of its divested companies through the Ghana Stock Exchange.
138. The All-share index, the main gauge of the market, at the end of September 2005 recorded a loss of 28.2 per cent (or 28.5 per cent in dollar terms), a slight improvement over the end-

August 2005 loss of 28.8 per cent. Over the same period in 2004, the index had recorded a dollar gain of 92.5 per cent due to sharp share price rises in the period. Subsequent to these sharp price surges was a realignment of the prices with the earnings of the companies, a process that has occurred for the most part in 2005.

**Figure 10 Trends in the Ghana Stock Exchange**



## DEVELOPMENTS IN THE BALANCE OF PAYMENTS

### The Current Account Balance

139. The current account balance for the first three quarters of 2005 is estimated to register a deficit of US\$164.89 million compared to a small surplus of US\$21.95 million in the

corresponding period of 2004. The switch of the current account position from surplus to deficit was mainly as a result of the widening of the trade deficit due to higher costs of oil imports.

## **Merchandise Trade Account**

### **Exports**

**Mr. Speaker,**

140. Receipts from merchandise exports through the third quarter of 2005 were estimated at US\$2,118.64 million. Out of this amount, US\$719.42 million was attributed to cocoa beans and products; US\$679.69 million was accounted for by gold, timber exports amounted to US\$172.18 million, while other exports, including non-traditional exports accounted for the remaining US\$547.36 million. In the corresponding period of 2004, these commodities accounted for receipts of US\$860.6 million, US\$620.7 million, US\$157.9 million, and US\$449.8 million, respectively.
141. Earnings from cocoa beans are estimated at US\$660.32 million. The decline in the value of cocoa beans exports is due to both volume and price effects. Export volumes declined by 16.21 per cent from the corresponding period of 2004 to 433,727 tonnes in 2005, while prices also fell by about 5.0 per cent to US\$1,522.43 per tonne.

**Mr. Speaker,**

142. Receipts from gold exports amounted to US\$679.69 million, showing a growth of 9.50 per cent relative to that for the same period of 2004. The volume of gold exports was 1,575,054 fine ounces, 1.97 percent higher than the

1,544,605 fine ounces exported in the first three quarters of 2004.

143. Provisional estimates of earnings from timber and timber products were estimated at US\$172.18 million, (an increase of 9.06 per cent). The increase was partly the result of a 6.16 percent rise in average price of US\$461.99 per cubic metre realised during the first three quarters of 2004. The 2.74 per cent growth in quantity exported in 2004, to 351,073 cubic meters in the review period also contributed to the increase.

## **Imports**

**Mr. Speaker,**

144. The total import bill for the first three quarters of the year was estimated at US\$3,465.84 million, an increase of 12.84 per cent compared to an estimate of US\$3,071.4 million in the corresponding period of 2004.
145. Total oil imports amounted to US\$704.75 million. The increase in the value of crude oil imports was largely due to a 47.88 per cent increase in the average price of the product which more than offset a decline of 3.45 per cent in volume imported. Realised average price of the commodity was US\$36.94 per barrel during the first three quarters of 2004 compared to US\$54.63 during the same period in 2005. This development is explained by a rapid growth in the world's demand for oil especially in the US, China and India.
146. The value of non-oil imports during the review period was estimated at US\$2,761.09 million, an increase of US\$244.68 million from US\$2,516.41 million recorded in the corresponding period of 2004.

147. The surplus on the balance on the services, income and transfers account during the period under review increased marginally by US\$19.59 million from US\$1,004.36 million at the end of September 2004 to US\$1,182.32 million during the review period. The increase in net receipts was mainly on account of the narrowing of the deficit on the Services account by US\$51.99 million that more than offset the decline of US\$31.03 million on the surpluses on total transfers.
148. The balance on official transfers continued to be in surplus but declined to US\$337.70 in the review period from US\$391.51 million in the same period in 2004. The reduction was mainly the result of the delays in the disbursements of donor inflows during the first half of the year.

### **The Financial Account**

**Mr. Speaker,**

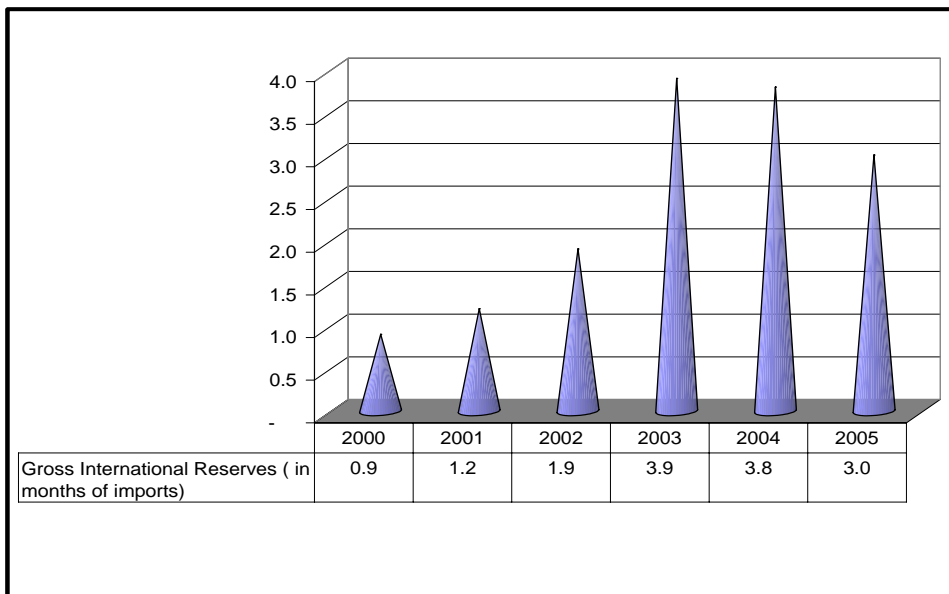
149. The balance on the financial account turned around to record a surplus of US\$66.97 million from a deficit of US\$120.35 million in the same period of 2004, mainly on account of a substantial improvement in the balance on other investments.
150. The balance on the official capital account went up to US\$65.06 million, compared to US\$47.38 million recorded during the same period of 2004. The increase was largely due to an inflow of US\$336.76 million that more than offset official amortisation of US\$271.70 million during 2005.
151. Net private capital inflows during the review period were estimated to have improved by US\$183.82 million to US\$431.55 million. The main contributing factor to the improvement in the account was the growth in the net 'other' private investment inflows.

152. The deficit on the short-term capital account was estimated at US\$429.64 million compared with a deficit of US\$415.46 million in the corresponding period of 2004. The narrowing of the deficit is a reflection of the repayment of the cocoa-loan facility that was higher in the 2003-2004 purchasing season than in the 2004-2005.

### Overall Balance

153. **Mr. Speaker**, preliminary estimates of the balance of payments for 2005 indicate that the current account will record a larger deficit of US\$164.89 million, compared with the deficit of US\$21.95 million in 2004. The overall balance of payments, however, is projected to be in a surplus of US \$86.7 million by the end of 2005, mainly from an improved capital account position.

**Figure 11 Gross International Reserves**



154. Ghana's foreign reserves stood at \$1,647 million at end September 2005, which is the equivalent of 3.4 months' of goods or 3.0 months of imports of goods and services. An import cover of three months of imports of goods and services is considered the minimum target which a developing country should aim to hold.

## **AID AND DEBT MANAGEMENT EXTERNAL**

155. Government's external assistance strategy in 2005 was to:
- continue to maintain debt at sustainable levels;
  - maintain the acquisition of loans at concessionary rate with a minimum grant element of 35%;
  - seek more grant financing;
  - seek more programme aid to support the implementation of the budget; and
  - continue to implement measures to minimise cost of external borrowing such as the margin of risk on variable rate lending and the insurance premium on export credit facilities.

### **Sovereign Credit Rating**

156. Ghana is currently rated B+ by both Standard & Poors ("S&P") and Fitch Ratings. After an initial split rating of B+ by S&P and B by Fitch in 2003, Ghana was upgraded to B+ by Fitch and re-affirmed B+ by S&P in 2004.
157. Up-to-date sovereign credit ratings are a critical part of borrowing in external markets. These ratings have a significant impact on the cost of borrowing from both public and private sector. Given the impact of future external debt

forgiveness under the MDCI proposed by the Group of 8 developed countries, Government will have Ghana's sovereign credit ratings reviewed in 2006. The impact will be a possible upgrade by the rating agencies.

### **New Commitments**

158. Total external new commitments signed amounted to US\$733.92million representing 67% of loans and 33% of grants. This shows an improvement in the 2004 commitments of 72% loans and 28% grants. Out of this amount, 36% was for programme aid and the rest for project financing

### **Loan Commitments**

159. Up to end of September, 2005, fourteen (14) new concessional loans were contracted to finance projects in achieving the GPRS objectives. The total amount contracted was US\$492.96million, and the main sectors that benefited included the Roads, Water, Agricultural, Energy, Health, Local Government and direct budgetary support. (see Appendix 12 for details).
160. On creditor categorization basis, about 53% were contracted from multilateral institutions, coming from the International Development Association (IDA) and African Development Fund, 18% from Non-Paris Club creditors, coming from Exim India and 29% from The Netherlands and France who belong to the Paris Club Group of creditors.

### **Average Terms of New Loan Commitments**

161. From an average rate of about 31.6% in 2000, the grant element rose sharply to about 74% in 2001, 79% in 2003 and had averaged around that in 2004 and 2005. Thus, the



strategy to contract loans with a minimum grant element of 35% has been adhered to as evidenced in table 8.

Table 8 Trends in Average Terms of New Commitment (2000 – 2005)

All Creditors	2000	2001	2002*	2003	2004	2005
Interest (%)	1.7	1.6	2.8	0.8	1.0	1.2
Maturity (Yrs)	17	34.6	16	43.2	43.5	40
Grace Period(Yrs)	4.8	8.4	5	10	10	8.5
Grant Element (%)	<b>31.6</b>	<b>73.8</b>	<b>74.6</b>	<b>79.1</b>	<b>80.0</b>	<b>78.5</b>

NB: \* - includes ORET mixed credit facilities with minimum pure grant of 35%.

Source: MoFEP

## Grants

### New External Grant Commitments

162. A total number of 16 new grant agreements were signed in 2005 with a total committed amount of US\$240.96 million. Out of this amount, 50% came from multilateral sources and 50% from bilateral sources. The main sectors that benefited are the Water, Health, Education and Economic Governance issues (see Appendix 13 for details).

### Disbursement Inflows

163. Total external inflows into the economy as at end September, 2005 stood at US\$747.72 million. This was made up of loan inflows of US\$395.82 million and grant inflows of US\$351.9 million.
164. Project inflows of US\$529.83 million accounted for about 71% of the total external inflows. Of this, US\$266.04 million and US\$263.79 million were from loans and grants, respectively.
165. Total programme inflow to support the budget was about US\$217.89million. This is made up of loan disbursements of

US\$129.78million and grant disbursements of US\$88.11million. The table below shows the contributions made so far by the MDBS Development Partners as at end September 2005.

Table 9 MDBS Contributions

<u>Creditor/Donor</u> <u>(US\$ Mil)</u>	<u>Aid Type</u>	<u>Amount</u>
World Bank	Loan	123.00
Germany	Loan	6.78
Canada	Grant	11.00
Denmark	Grant	2.92
France	Grant	7.06
Netherlands	Grant	10.16
Switzerland	Grant	5.82
United Kingdom	Grant	36.49
European Union	Grant	14.66
<b>Total</b>		<b>217.89</b>

*Source: Ministry of Finance and Economic Planning*

### **External Debt Service Payments**

166. Government's projected gross debt service payment for 2005 was US\$406.2 million, and actual debt service payment up to end of September 2005 was about US\$109.25 million. Projected payment from October to December is about US\$39 million, made up of US\$27.1 million in principal and US\$11.9 million of interest payments.

### **External Debt Stock**

167. Ghana's total medium and long-term external debt as at end September 2005 stood at US\$6.23billion for government,

government guaranteed and non-government guaranteed debt (institutions that government has more than fifty per cent shares).

168. In terms of broad creditor categorisation of external debt, the composition remained the same as in 2004. Multilateral institutions including IMF represented 88.6%, bilateral creditors constituting 8.4% and 3% to commercial creditors. Table 10 provides a breakdown for some of the major creditors.

Table 10 Debt Stock by Creditor Category

<b>CREDITOR CATEGORY COMPOSITION</b>	<b>PERCENTAGE</b>
<b>Multilateral Institutions</b>	<b>88.6%</b>
<i>o/w World Bank</i>	<i>68.8%</i>
<i>o/w African Development Fund</i>	<i>7.1%</i>
<i>o/w IMF</i>	<i>7.2%</i>
<i>others</i>	<i>5.5%</i>
<b>Bilateral Creditors</b>	<b>8.4%</b>
<i>o/w Paris Club</i>	<i>6.0%</i>
<i>o/w Non- Paris Club</i>	<i>2.4%</i>
<b>Commercial Creditors</b>	<b>3.0%</b>

169. The composition of external debt still reflects the strategy of seeking more concessionary loans and a strategy of maintaining external debt at sustainable levels.
170. Based on the above developments which includes a net resource flow (loan inflows less amortisation for post cut-off debt and HIPC relief) of US\$29 million as at end September 2005, and a projected net flow of resources of US\$45 million from October to December 2005, it is estimated that the

external stock of debt will be about US\$6.27 billion by end December 2005.

### **Developments under the Enhanced HIPC Initiative**

171. Ghana reached Completion Point under the Enhanced HIPC debt relief initiative in July 2004, after prudent fiscal and monetary policy management and satisfactory implementation of the Ghana Poverty Reduction Strategy (GPRS).
172. Currently, Ghana has completed all the bilateral negotiations with creditors for effectiveness of all official debt relief.
173. Effective January 2005 to December 2015, additional 10 per cent debt service relief on IDA and ADF loans was provided by the UK Government. The European Commission, effective 2005, cancelled all outstanding balance on loans owed to the European Development Fund, including a loan that was managed by the IDA. The total amount of stock written off was about Euro 22.87 million (US\$27.52 million).

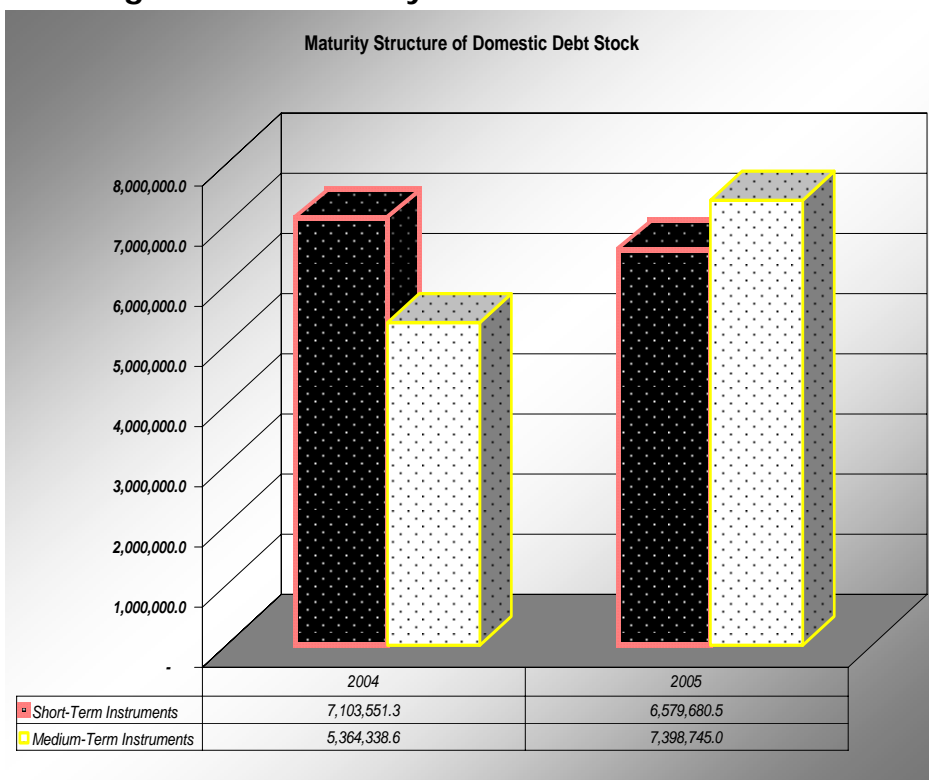
### **HIPC Accounts- Receipt and Approvals for Spending**

174. About **¢1.99trillion** was expected to be lodged into the HIPC account for 2005. As at end September 2005, government transferred about **¢1.35trillion** into the HIPC account at Bank of Ghana.
175. Since 2002, a total of **¢4.59** trillion has been transferred into the HIPC account and **¢4.52 trillion** disbursed from the HIPC Account to support poverty-related spending by the MDAs.

## Domestic Debt

176. The thrust of Government's domestic debt strategy in 2005 was to:
- reduce the rate of growth of the domestic debt stock by operating within a context of programmed borrowings;
  - continue efforts to reorganize the domestic debt stock towards longer term instruments by replacing maturing Government of Ghana Indexed-linked Bonds (GGILBS) and other short-term securities with longer term instruments;
  - improve the pricing mechanism for the issuance of debt in order to lower borrowing costs; and
  - diversify the choice of debt instruments available to the market
177. The Government was successful in:
- reducing the borrowing costs (lower interest rates) of the various debt instruments; and
  - reducing the level of outstanding short-term instruments. At the end of August, 2005, the balance outstanding stood at ₵6,579.7 billion down from ₵7,091.6 billion at the end of December 2004. In addition, the average Treasury Bill Rate fell from 16.38% at the beginning of January 2005 to 13.34% by the end of September 2005.

**Figure 12 Maturity Structure of Domestic Debt**

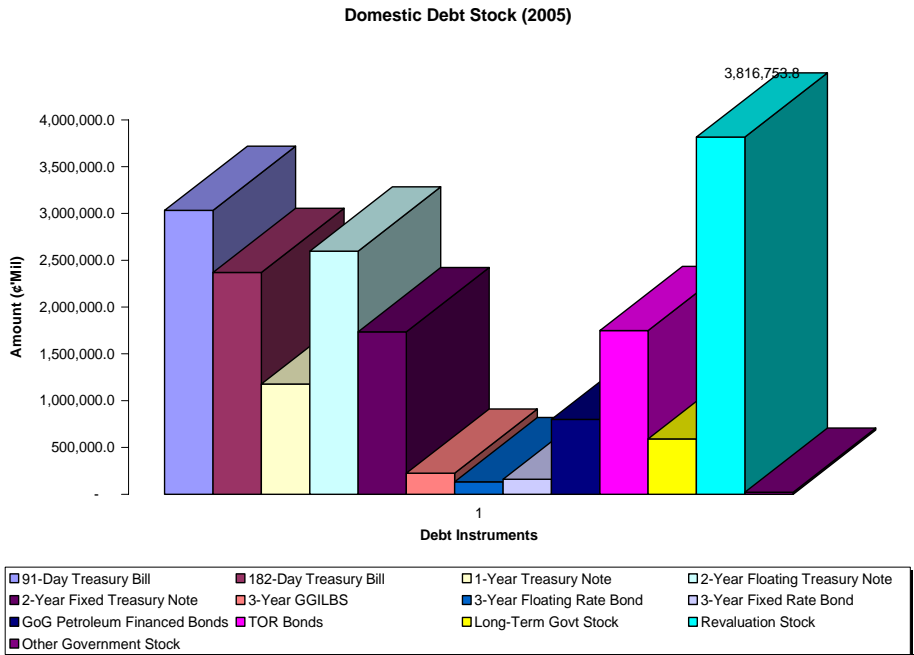


### Domestic Debt Stock

178. The domestic debt stock (excluding ₵4,429.3 billion interest bearing revaluation stock and other long-term stocks held by Bank of Ghana) stood at ₵13,978.4 billion or 16.03% of GDP as at the end of August 2005. This represented an increase of ₵1,510.5 billion or 8.9% over the stock of ₵12,467.9 billion at the end of December 2004. Although the increase is significant, it compares favourably to the 24.3% increase recorded at the end of December 2004. This indicates some measure of success in Government's effort to reduce the rate of growth of the debt stock. The increase in domestic debt during the 2005 is attributed mainly to the delays in accessing

the programmed external borrowing and lower than programmed revenue inflows.

**Figure 13 Domestic Debt Stock (2005)**



179. During the 2005, gross domestic debt raised amounted to ₺1,417.6 billion representing a net increase of ₺1,298.3 billion or 42.3% over the programmed debt reduction of ₺996.2 billion (1.0% of GDP) projected for the 2005.

### Domestic Debt Service

180. At the end of August 2005, domestic debt service totalled ₺15,133.1 billion, made up of an amortization of ₺13,514.1 billion and ₺1,619.0 billion interest payments. This represented an overall reduction of ₺3,544.1 billion or 4.5% over the 2004 level.

## **SECTION FIVE: MEDIUM TERM AND 2006 BROAD ECONOMIC AND FINANCIAL OBJECTIVES**

**Mr. Speaker,**

181. I will start this section with a general and broad overview of our economic policies for 2006 within the context of our medium term objectives.

### **THE MEDIUM TERM POLICY FRAMEWORK**

**Mr. Speaker,**

182. We wish to acknowledge that this budget has benefited from widespread consultation with all stakeholders and is informed by, and aligned with the Growth and Poverty Reduction Strategy (GPRS-2).
183. The fundamental premise of the medium term strategy is to maintain a prudent and sustainable economic stance to provide the 'fiscal space' for the productive sectors to ensure the accelerated GDP growth of at least 6 per cent. It is informed by the overall objective of raising the per capita income of Ghanaians to at least US\$1,000 by 2012, and will boost our efforts at achieving the Millennium Development Goals (MDGs).

### **The 2006 Budget Framework**

**Mr. Speaker,**

184. With this broad overview and background to our economic policies, let me proceed to elaborate on the details of the fiscal and monetary policies for 2006.



**Mr. Speaker,**

185. For 2006, our broad economic and financial program objectives will include:
- real GDP growth of at least 6 percent;
  - a lowering of end of period inflation to single digit of between 7 and 9 percent by end-year;
  - average inflation rate of 8.8 per cent;
  - a further accumulation of international reserves to a target of four months of import cover;
  - Domestic primary surplus of 2.0 percent of GDP; and
  - An overall budget deficit of 2.1 percent of GDP.
186. To achieve these objectives, the **fiscal stance** will continue to provide room for the 'crowding-in' of private investment through a projected net domestic debt repayment equivalent to about 1.0 per cent of GDP, while enhancing resources for development.
187. **Monetary and external policies** will continue to focus on the inflation and international reserves targets.
188. Also, continued effort to improve the performance of public enterprises and reform of the civil service are expected to harness resources that will be used to pursue the policies for accelerated growth.

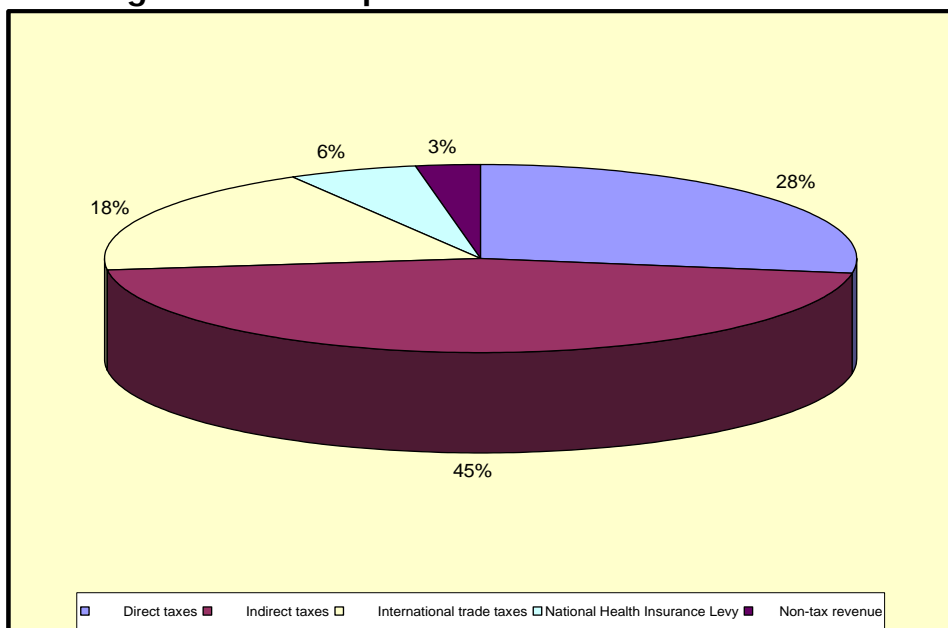
## Resource Mobilisation

**Mr. Speaker,**

189. A key objective of this budget is to strengthen tax administration to make room for reduction in some tax rates and to increase the focus on productive and pro-poor expenditures. Accordingly, the emphasis is on measures to realize efficiency gains and to broaden the tax base so that policy measures to lower the marginal tax burden have the minimum adverse impact on revenue mobilisation.
190. **Mr. Speaker,** no new taxes are proposed as we believe that Ghana's tax burden is already relatively high. Government has decided, however, to continue with the rationalization of the tax structure with a view to providing a strong base for the medium-to long-term. Accordingly, further reductions of corporate tax rates, as well as reduction in personal income tax are proposed to spur corporate expansions, as well as increased productivity. The details are provided in Section Eight of this Budget Statement.
191. In 2006, the **total resource envelope** for the budget is projected at ₵38,972.8 billion. **Domestic revenue** is projected at ₵26,411.3 billion, amounting to an increase of about 10 per cent over the expected revenue outturn for 2005.
192. **Tax revenue** from the IRS, CEPS and VATS is projected at ₵24,186.7 billion and accounts for 21.5 per cent of GDP. The 2006 tax revenue projection constitute a growth of 12.4 per cent over the expected revenue outturn for 2005.

193. Of the total tax revenue, **direct taxes** to be collected by the IRS is projected at ₺7,268.6 billion, representing about 30 per cent of total tax revenue. This represents an increase of about 13 percent over the expected collection for 2005.
194. **Indirect taxes**, comprising VAT, Petroleum taxes and Excise Taxes are projected to yield ₺12,060.3 billion. Of this, VAT is projected to contribute ₺7,031.5 billion, equivalent to 29.0 per cent of total tax revenue. **Petroleum-related taxes** are projected at ₺4,148 billion or 17.0 percent of projected total tax revenue.
195. **International trade taxes** are projected at ₺4,858.5 billion or 20.0 per cent of total tax revenue. Under this tax type, **import duties** are projected to contribute ₺4,445.7 billion, with export duty, mainly on cocoa exports, contributing the remaining ₺412.8 billion. The substantial decline in cocoa duty receipts which is about 32.0 per cent lower than the 2005 levels, results from the low expected crop size for 2006, as well as the projected fall in world market price for the commodity.
196. **Non-Tax revenue** is programmed to yield ₺711.0 billion which is lower than the realised amount in 2005.

**Figure 14 Composition of Tax Revenue for 2006**



197. **Domestic Debt Repayment** is programmed at ₺1,167.7 billion representing 1.0 per cent of GDP, while deferred interest payments on inflation indexed bonds is expected to be ₺14.8 billion.
198. With regard to **external grants** inflows, disbursements are projected at ₺5,099.3 billion of which HIPC assistance from multilateral sources is programmed at ₺1,205.4 billion. **Project and programme grants** are projected at ₺2,505.9 billion and ₺1,388.0 billion, respectively.
199. **Receipts from Divestiture** are expected to contribute a projected amount of ₺335.0 billion, while project and programme loans are projected at ₺3,746.0 billion and ₺1,637.5 billion, respectively.

200. **Exceptional financing** from the HIPC debt relief initiative is projected at ₺1,729.1 billion, of which, ₺1,072.1 is estimated from non-multilateral creditors.

**Mr. Speaker,**

201. In 2006, an amount of ₺455.5 billion representing 20 per cent of total expected inflows from the HIPC Debt relief initiative will be applied to the reduction in domestic debt.

## **PAYMENTS**

**Mr. Speaker,**

202. An amount of ₺38,972.8 billion, is programmed for **total payments** in 2006. This is made up of **statutory payments** of ₺13,993.3 billion representing about 35.9 per cent of total payments and **discretionary payments** of ₺24,979.7 billion (64.1 per cent of total payments).

### **Statutory Payments**

**Mr. Speaker,**

203. The **statutory payments** of ₺13,993.3 billion include programmed amounts of ₺3,473.1 billion and 1,064.3 billion for amortisation of external debt and external interest payments respectively. **Interest payments** on domestic debt are estimated at ₺2,426.8 billion.
204. Statutory payments also incorporate transfers to the **District Assemblies Common Fund** and **Ghana Education Trust Fund** for which amounts of ₺1,204.4 billion, and ₺1,386.3 billion, respectively have been earmarked.

205. **Transfers to households** of ₦3,340.6 billion ( 8.9 per cent of statutory payments) are made up of **pensions** of ₦705 billion, **Gratuities** of ₦409.4 billion and **social security contributions** of ₦711.6 billion by government on behalf of its employees. The **National Health Insurance Fund** is projected to benefit from an amount of ₦1,513.7 billion.
206. An amount of ₦1,068.9 billion is programmed to be transferred into the **Road Fund**, with petroleum related funds receiving an amount of ₦28.9 billion.

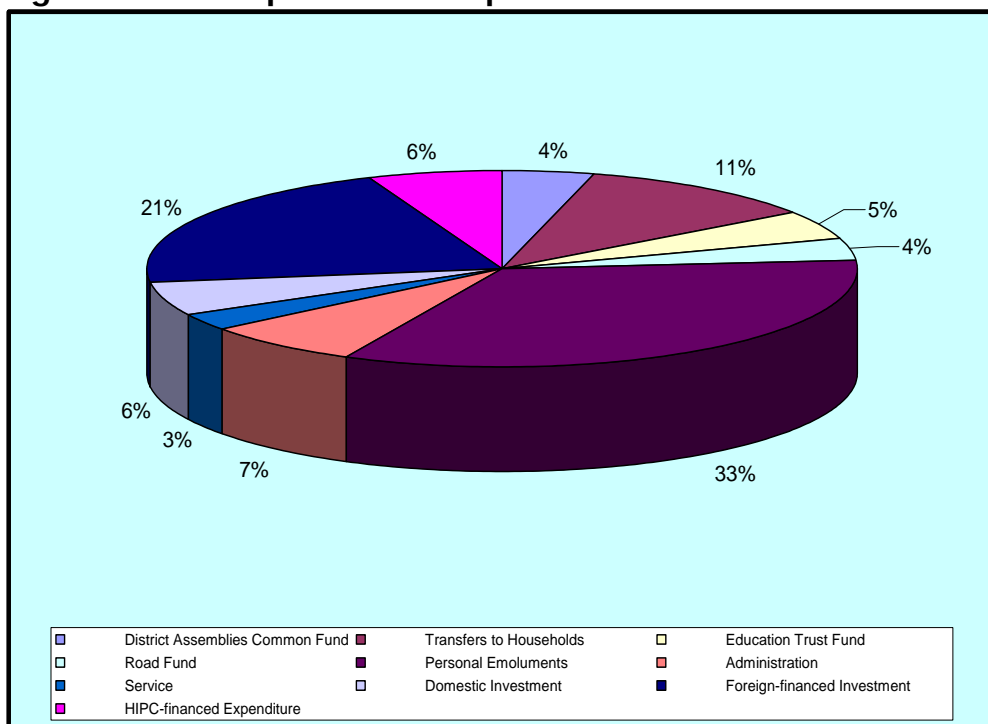
### **Discretionary Payments**

**Mr. Speaker,**

207. **Discretionary payments** are projected at ₦24,979.7 billion, representing 64.1 per cent of total payments. Of this amount, **personal emoluments** are estimated to be ₦9,990.0 billion, the equivalent of 40.0 per cent of discretionary payments and about 15 per cent increase over the expected 2005 outturn of ₦8,683.1 billion.
208. **Administration** and **Services** are projected at ₦2,186.8 billion and ₦808.8 billion, respectively, the two representing 12.0 per cent of total discretionary payments.
209. **Total investments** (excluding those financed from statutory funds) are projected at ₦7,976.1 billion or about 34 per cent of total discretionary payments out of which the domestically-financed component is ₦1,724.3 billion (7.3 per cent of the discretionary expenditure). This includes an amount of ₦39.5 billion constituting 25% of the NRL expected to be transferred to the Venture Capital Fund in 2006. Thus, domestically-financed investment constitutes about 22 per cent of total investment.

210. **Foreign-Financed Investment** expenditure is projected at ₪6,251.8 billion, constituting 26.4 per cent of total discretionary payments.

**Figure 15 Composition of Expenditure Allocations**



**Mr. Speaker,**

211. An amount of ₪347 billion has been programmed to cater for previous commitments for road works and other procurements, the payments for which are expected to be effected in 2006 resulting from the late presentation of certificates for payments in 2005.

212. **Other transfers** are programmed at ₪350 billion, out of which ₪250 billion will be used to **mitigate the social**

**impact of petroleum price liberalisation.** This amount will be used to subsidise the cost of public transport and the continuous implementation of the capitation grant policy, among others.

213. The remaining amount of ₵100 billion has been programmed to cater for reimbursement in respect of subsidies to lifeline consumers.

**Mr. Speaker,**

214. As has been the practice, 80 per cent of debt relief from the HIPC debt relief initiative will be distributed to MDAs, MMDAs and other institutions for implementation of poverty-related activities aimed at poverty reduction and improving the economic and social conditions of Ghanaians. In 2006, the amount is projected at ₵1,822.1 billion, representing 7.7 percent of total discretionary payments. The remaining 20 per cent will be used to service the domestic debt.
215. The 2006 budget envisages a net domestic repayment of ₵1,167.7 billion, equivalent to 1.0 per cent of GDP. The importance of this level of repayment which is also directly linked to the anchor of our fiscal policy has already been elaborated earlier in this section.

### **Overall Budget Balances**

**Mr. Speaker,**

216. The elaboration of the 2006 budget within the context of our fiscal policy objective of reducing the domestic debt to 8.7 per cent of nominal GDP is expected to result in an overall budget deficit of 2.1 per cent of GDP.



217. The domestic primary budget balance is also projected to result in a surplus of 2.0 per cent of GDP, consistent with the overall fiscal objective of reducing the domestic debt through a domestic net repayment equivalent to 1.0 per cent of GDP.

### **Monetary and Exchange Rate Policies**

**Mr. Speaker,**

218. The Bank of Ghana will continue to aim at lowering inflation to single digits by end-2006. To this end, the targeted growth of broad money supply is 17.8 percent, which is in line with the projected nominal GDP growth.

### **External Sector**

**Mr. Speaker,**

219. External sector policy in 2006 and the medium term will continue to pursue the diversification of export earnings and the accumulation of foreign exchange reserves, a policy which helped Ghana to withstand the major oil price shock that took place in 2005 without the increase in inflation and exchange rate depreciation that accompanied a much smaller shock in the year 2000.
220. The value of merchandise exports is projected to grow by about 9.0 percent in 2006 to US\$2,984.0 million. It is expected that gold exports will reach US\$985.8 million (an increase of 17.0 percent over 2005). Earnings from cocoa beans and products are expected to be US\$ 1.0 billion in 2006. Merchandise imports are expected to increase by 14.0 percent over the 2005 level to reach US\$ 4,911.08 million.

221. The current account balance (including official transfers) is projected at a deficit of US\$382.24 million for 2006, lower than the deficit of US\$406.57 million projected for 2005.
222. The Capital and Financial account is projected to record surplus of US\$542.23 million in 2006 compared with US\$568.55 million in 2005.
223. The overall balance of payments in 2006 is thus projected to record a surplus of US\$160.0 million, which will then translate into build up of external reserves. Gross foreign exchange reserves at the end of the year 2006 are projected to be enough to cover at least 3.8 months of imports of goods and services.

## **EXTERNAL DEBT OUTLOOK IN 2006**

### **Multilateral Debt Cancellation Initiative (MDCI)**

224. The modalities of the Multi Debt Cancellation Initiative (MDCI) as initially announced by the Group of 8 Developed Countries (G-8) have not yet been established, but are expected to be fully in place during 2006. The debt cancellation proposed by the G-8 countries is expected to write-off over US\$4.1 billion of Ghana's outstanding debt owed to the World Bank under the International Development Association window, International Monetary Fund and the African Development Fund, over the long term.
225. The government will take advantage of the additional resources that will be released to provide the fiscal space to be used to further enhance the realisation of our development objectives - primarily through augmenting the current level of public investment, and providing for further poverty reduction. We welcome the additional resources expected from MDCI which will go a way toward meeting our resource requirements to meet the MDGs.

226. **Mr. Speaker**, we will continue to exercise great care to ensure that the domestic and external debts do not become unsustainable in the future and that resources are used efficiently and transparently. Accordingly, we are developing a structural public investment framework – informed by the GPRS-II – for specific essential concessional financing. In context, we will continue to prepare the ground for future access to the international capital markets.

### **Disbursement Inflows**

227. An estimated inflow of about US\$933.58million is expected for both project and programme loan and grant facilities in 2006. Out of this amount, programme aid of US\$304.45million for loans and grants, representing 33% of total external aid is expected from Ghana's Multi Donor Budgetary Support (MDBS) Development Partners and the 67% to support project type aid.

### **Debt Service Projections**

228. The total gross government and government guaranteed debt projected debt service payments for 2006 is about US\$456.6million. This represents US\$349.5million for principal and US\$107.1million for interest payments.

### **Domestic Debt Strategy Objectives**

229. **Mr. Speaker**, during the fiscal year 2006, the Government will continue to build on the domestic debt strategies pursued in the previous fiscal year which, centered, inter alia, on:
- lowering borrowing costs;
  - containing the growth of the domestic debt;

- lengthening the maturity profile of domestic debt to reduce the rollover/refinancing risk;
- broadening the range of instruments offered to the domestic market;
- improving the efficiencies in the sale of Government debt securities through the use of public auctions;
- interacting with the market-makers to allow for greater transparency and the further development of the domestic capital market; and
- maintaining close contact with overseas investors, financial houses and rating agencies in order to ensure continued access to the international capital markets.

### **Aid and Debt Policy & Strategy**

230. The policy of contracting new loans with a minimum grant element of 35% will still be pursued. Government will also continue to seek maximum grants and strengthen the capacity for debt management to assist in our quest to maintain long-term debt sustainability.

## **SECTION SIX:      SECTORAL PERFORMANCE AND OUTLOOK FOR 2006**

### **GPRS II**

231. The new development framework, the Growth and Poverty Reduction Strategy, (GPRS II) covers the period 2006-2009 building on the achievements made and lessons learnt from GPRS I. Its goal is to achieve accelerated and sustained shared growth, poverty reduction, promotion of gender equity, protection and empowerment of the vulnerable and excluded within a decentralized democratic environment.
232. The direction of GPRS II is to accelerate economic growth and poverty reduction by assisting the private sector to grow and generate employment and by shaping government policies and programmes to generate maximum opportunities for additional employment.
233. However, there are two broad sets of constraints to achieving accelerated growth and poverty reduction. These are the vulnerability of the economy due to the persistent reliance on the export earnings from a few primary commodities and the social structure which comprises a high proportion of children and youth with the attendant high dependency ratio and low level of literacy and skills, especially among women and the rural population.
234. Accordingly, emphasis is placed on changing the structure of the economy by developing the private sector, diversifying the export base and increasing agricultural productivity and rural incomes. This is to be complemented by a risk management and empowerment approach to social protection as part of overall social policy aimed at empowering the vulnerable and excluded to contribute to, and share in the growth of the economy for sustained poverty reduction. In support of this goal, the GPRS II aims to achieve the following:

- Continued macroeconomic stability
  - Accelerated private sector-led growth
  - Vigorous human resource development
  - Good governance and civic responsibility
235. GPRS II is guided by the overall objective of doubling the size of the Ghana economy within the next decade and bringing the per capita income of the average Ghanaian to middle income level by 2015. This is expected to reflect in a positive social change and improvement in quality of life for all. It is in this regard that the growth targets are made taking cognizance of the corresponding objectives and targets of NEPAD and MDGs. These qualitative improvements are the important objectives of the process of national development for the enhancement of human welfare and are the real substance of development policy.
236. While maintaining macroeconomic stability, accelerated growth will be pursued through the development of a vibrant private sector to lead growth in agriculture and other emerging sectors such as ICT and tourism. Vigorous human resource development, good governance and civic responsibility will be pursued to support growth and as important developmental goals in themselves.
237. Structural transformation under GPRS II is to be propelled by the agricultural sector that will provide the necessary inputs for a vibrant agro-processing industrial sector in the medium term. In the process, the aspects of Ghana's comparative advantage in agriculture will be enhanced and transformed into competitive advantage in the sub-region.

## **MACROECONOMIC POLICIES AND STRATEGIES**

238. The focus of GPRS-I was to establish macroeconomic stability, make some in roads to reducing poverty by increasing spending in the main social sectors of health and education, utilizing public resources more efficiently and strengthening economic governance. Taking account of the lessons, experiences and outcomes during the past years, we have now shifted the focus of the GPRS to building on the foundation, for accelerated growth. This is now embodied in GPRS-II, which covers the period 2006-09.
239. In this regard, we aim to consolidate macroeconomic stability by reducing inflation further, creating an environment conducive to private sector-led growth, especially in agro-related activities, developing our human capital to improve competitiveness and productivity and creating jobs, within an environment of good governance and civic responsibility.

## **PRIVATE SECTOR COMPETITIVENESS**

240. GPRS II has the objective of strengthening private sector capacity to effectively perform as the engine of growth and poverty reduction. In this regard, action will be focused on improving Ghana's access to global and regional markets; enhancing the efficiency and accessibility of national markets; strengthening of firms' competency and capacity to operate effectively and efficiently. It will also include enhancing government capacity for private sector policy formulation, implementation, and monitoring and evaluation; facilitating private sector access to capital; facilitating the removal of institutional and legal bottlenecks; facilitating innovation and entrepreneurship; encouraging and facilitating the provision of public services; and accelerate the development of strategic sectors. These priority interventions are mutually re-enforcing.

## **Agriculture-led Growth**

241. The following broad areas have been identified for priority interventions for accelerated agriculture led growth:
- Reform to land acquisition and property rights
  - Accelerating the provision of irrigation infrastructure
  - Enhancing access to credit and inputs for agriculture
  - Promoting selective crop development
  - Modernising livestock development
  - Improving access to mechanised agriculture
  - Increasing access to extension services
  - Provision of infrastructure for aquaculture
  - Restoration of degraded land and environment
242. In line with the long term vision of developing an agro-based industrial economy, the interventions in agriculture will be complemented with appropriate interventions in the trade and industry sector. The broad policy objectives and strategies outlined to achieve this include:
- Ensuring proper integration of the nation's production sectors into the domestic market;
  - Promoting agro-processing;
  - Promoting agricultural marketing;
  - Enhancing access to export markets;
  - Increasing industrial output and improving the competitiveness of domestic industrial products;
  - Facilitating the development of commercially viable export and domestic market oriented enterprises in the rural areas;



- Promoting industrial sub-contracting and partnership exchange;
- Promoting the development of the craft industry for export; and
- Ensuring the health, safety and economic interest of consumers.

### **Additional Sectors to Support Growth**

243. Other sectors which are targeted for accelerated growth and development in view of their employment creation and income generation potential include the following: mining (especially exploration and exploitation of the lesser known minerals such as salt), tourism, music, film industry and ICT, as well as the development and production of commodities under the President's Special Initiatives for export including garments and textiles.

### **HUMAN RESOURCE DEVELOPMENT**

244. The main goal of Human Resource Development under GPRS II is to ensure the development of a knowledgeable, well-trained and disciplined labour force with the capacity to drive and sustain private sector-led growth.

### **Policy Interventions**

245. The following broad policy areas have been identified to drive the development of the necessary human resources for accelerated economic growth: education and skills development; access to health care, malaria control and HIV/AIDS prevention and treatment; access to safe water and adequate sanitation; housing and slum upgrading; and population management. In addition relevant issues relating

to vulnerability and exclusion will be mainstreamed in the human resource development strategy.

### **Education**

246. Priority policy interventions in the education sector that will deepen and sustain the progress made in education under GPRS I and accelerate growth include the following:
- Increase access to and participation in education and training at all levels;
  - Bridge gender gaps in education;
  - Improve quality of teaching and learning;
  - Improve efficiency in the delivery of education services; and
  - Promote science and technology education at all levels with particular attention to education of girls.

### **Health**

247. In order to accelerate access to quality health services, the health sector will continue to deepen efforts and focus on the three broad policy objectives, as follows:
- Bridge equity gap in access to quality health and nutrition services;
  - Ensure sustainable financing arrangements that protect the poor; and
  - Enhance efficiency in service delivery.
248. On the issue of malaria, attention will be focused on case management, multiple prevention, improved partnership and focused research. On HIV/AIDS, the intention is to keep prevalence below 5%, reduce new HIV/STI transmission, reduce the impact of HIV/AIDS related vulnerability, morbidity

and mortality, and enhance coordination and management of national HIV/AIDS response.

### **Safe Water and Environmental Sanitation**

249. The following will guide the delivery of safe water and sanitation:
- Accelerate provision of safe water in rural and urban areas;
  - Accelerate the provision of adequate sanitation; and
  - Improve environmental sanitation in urban and rural areas.

### **Mainstreaming the Vulnerable and Excluded in Human Resource Development**

250. Issues relating to vulnerability and exclusion have been mainstreamed in the GPRS II. A comprehensive Social Policy Framework to update existing policies where necessary and provide guidelines for improved social development performance to bolster economic growth will be developed and adopted to strengthen the process of empowering the vulnerable and excluded to reduce their risks, protect their rights and enhance their contribution to national development.
251. Critical policy issues to be addressed, besides education and health, include:
- Integrated child development
  - Strengthening of the family
  - Capacity development in social work and volunteerism;
  - Database on vulnerable and excluded groups; and

- Institutional strengthening, linkages and co-ordination.

Mr Speaker

252. The first term of the NPP Government focused on stabilizing the economy and implementing projects and programmes for reducing poverty. During the second term, the Government is placing emphasize on growth inducing policies and programmes as a means to wealth creation, employment generation and further poverty reduction as enshrined in the GPRS II.
253. Sector programmes in the coming years will continue to focus on the three-prong areas identified by government as follows:
- Accelerated private sector-led growth;
  - Vigorous human resource development; and
  - Good governance and civic responsibility.
254. The outlook for 2006 has been informed by lessons and issues raised in the 2004 Annual Progress Report of the GPRS I. In addition, the 2006 Budget will give priority to uncompleted projects and programmes announced in earlier budgets.

Mr. Speaker

255. There are a number of programmes and projects announced in earlier budgets, whose implementation is either outstanding or incomplete. The review of the 2005 budget will highlight the extent to which the goals set in 2005 were achieved.

## ***PRIVATE SECTOR DEVELOPMENT***

### **Introduction**

256. Mr. Speaker, the strategy of Government to accelerate growth led by the private sector will be pursued through relative

increase in resources to be allocated to the ECONOMIC and INFRASTRUCTURE sectors

257. Mr Speaker the increased expenditure in these two sectors will help to stimulate private sector participation thereby leading to increased employment levels.
258. In this regard, Policy will focus on the following key areas:
- Development of the rural economy through the modernization of agriculture led by a vibrant and competitive private sector;
  - Enhanced infrastructure development; and
  - Sustained environmental protection through re-forestation.

### **Economic Services**

Mr Speaker

259. The achievement of the overall goal of GPRS2 requires a sustained growth by the economic services sector.
260. In addition to the focusing on developing the agro-industrial and support services, other sub-sectors with a potential for employment creation and income generation, such as, mining, ICT, tourism and the production of commodities under the Presidents Special Initiative for export will be encouraged.
261. Towards this end the following MDAs will play the leading role in the provision of economic services:
- Ministry of Food and Agriculture;
  - Ministry of Lands, Forestry and Mines;
  - Ministry of Energy;
  - Ministry of Trade and Industry;

- Ministry of Tourism and Modernization of the Capital City;
- Ministry of Environment and Science;
- Ministry of Private Sector Development and PSI; and
- Ministry of Fisheries.

## **MINISTRY OF FOOD AND AGRICULTURE (MOFA)**

262. Mr Speaker, the accelerated growth and employment creation expected in the medium to long term will be led by the agricultural sector. This will be achieved by transforming the rural economy through modernization of agricultural production, processing, marketing and distribution. In this connection, the Ministry will continue to promote the development, distribution and adoption of improved livestock, seed and planting materials for increased production and productivity.
263. In addition, the Ministry will intensify the exploitation of surface and underground water for irrigation. MOFA will enhance its collaboration with the private sector in the fabrication of modern equipment and machinery for production and for reducing post-harvest losses.

### **Performance in 2005**

#### **CROP SUB SECTOR**

264. Mr. Speaker, in the 2005 budget statement, the Ministry planned to ensure the availability of quality planting materials and improved seeds to farmers for increased production and productivity. Progress made in this area is as follows;
- Under roots and tubers, a total of 80 hectares of 5 new cassava varieties were established at 8 primary sites. The sites are Salaga and Damongo (N/R); Mampong (AR) and Wenchi (B/AR); Kwamoso (ER); Bawdjiase and Asuansi (CR); Kpeve (V/R). These will produce enough planting materials to cover a total of 640 hectares of land in 2006 and will yield 12,800 metric tons of cassava;
  - About 4.8 hectares of sweet potato multiplication plots have been established at Tono and Okyereko irrigation

and Crop Research Institute (CRI) – Kwadaso sites. Vines produced from the primary and secondary multiplication will be made available for the production of 45,000 metric tons of sweet potato in 2006;

- To boost production of cereals, a total of 20 farmers and 18 seed inspectors have been trained in hybrid seed maize production;
- About 2.5 hectares of Nerica rice harvested as seed base is to be distributed to farmers for planting;
- A total of 9.2 tons of rice seed have been produced and are being distributed to farmers;
- A total of 2,649 hectares of cashew were cropped using improved seeds;
- AgSSIP – CSIR has supported the Oil Palm Research Institute to construct a seed germination house. This will help produce 2.3 million seed nuts; and
- The Ministry has taken delivery of the first batch of 500,000 MD2 pineapple plantlets and is expecting an additional 1,000,000 plantlets before the year ends.

### **LIVESTOCK SUB-SECTOR**

265. Mr. Speaker, under the Livestock development project involving the provision of financial support to livestock farmers and processors as well as improved breeds of livestock to farmers, the following activities were undertaken in 2005:

- Rehabilitation of Farm structures at the 6 breeding stations and restocking with improved breeds;
- Ashanti Black Pig, Sanga Cattle, Djallonke and Sahellian sheep and goats were supplied to breeding stations;



- 880 animal breeders, 647 Agricultural Extension Agents and 507 Milk Processors were trained in hygienic milk collection and processing in the project Districts of the National Livestock Project; and
- To sustain disease surveillance in the country, the Epidemiology Unit of the Veterinary Services Directorate together with Regional Development Officers (Veterinary) organized farmer educational programmes for 13,205 livestock farmers nationwide.

### *Irrigation Development*

Mr. Speaker

266. In 2005, the Irrigation Development Authority prepared a draft irrigation development policy. Feasibility studies aimed at bringing 20,000 hectares of the Accra Plains under cultivation through irrigation are being prepared.
267. Contracts have been awarded for the rehabilitation of the following irrigation schemes:
- Weija in Greater Accra Region;
  - Aveyime, Afife and Kpando Torkor in Volta Region;
  - Sata and Akumadan in Ashanti Region;
  - Tanoso and Subinja in Brong Ahafo Region; and
  - Bolgatanga in Northern Region.
268. In addition, forty (40) boreholes have been drilled for irrigation, 8 of which have been installed with pumps in six districts

### *AGRICULTURAL MECHANIZATION*

269. Mr. Speaker, to reduce post harvest losses and improve value addition to agricultural produce, 20 cassava graters, 47 equipment engines, 4 rice threshers, 1 solar dryer and 9

metallic silos have been distributed to beneficiaries in the Western, Volta, Central, Upper East and Northern Regions. Another 52 assorted processing and storage equipment were distributed to beneficiaries in the five regions.

270. The Ministry in collaboration with the Institute of Industrial Research (IIR) has installed agricultural waste recycling plant at Sege.

*PLANT PROTECTION AND REGULATORY SERVICES*

271. Mr. Speaker, a total of 13 warehouses were visited as part of routine monitoring to inspect facilities of pesticide importing companies. Fora were held with dealers on safe pesticide management. The Ministry also collaborated with EPA and other stakeholders to develop a draft list of pesticides for the Horticultural Industry.

272. Following a report of locust attack in the year, a fact finding mission to Burkina Faso interacted with Quarantine officials on the state of locust invasion. The interactions revealed that there were no threats of locust attack in the country but surveillance systems remained in place for early warning and control.

*Agricultural Financing*

273. Mr. Speaker, under the Agricultural Financing Scheme credit was extended to 236 production and marketing groups during the major crop season. In addition, further credit was extended to 258 cashew farming and processing groups under the Cashew Development Project in 8 project districts.

*Special Programme for Food Security (SPFS)*

274. Mr. Speaker, the Special Programme for Food Security was designed and implemented to address constraints of small farmers. During the year, the SPFS assisted a fish farming

group of 30 members at Obane to construct 5 fish ponds, credit to expand activities to 10 fish ponds and procured processing facilities to the group. Women's group in Kobone in the Baula West District and Besease in the Ejisu Juaben District were also supported with credit to produce sheep, goats and local fowls.

## **OUTLOOK FOR 2006**

275. Mr. Speaker, as contained in the GPRS II, the strategy for improving upon production and generating gainful employment will be based on the creation by government of an enabling environment for improved private sector participation supported by the following interventions:
- Improved production, harvesting, storage and processing methods;
  - Enhanced marketing of agricultural produce/products;
  - Acceleration of the provision of irrigation infrastructure;
  - Enhancement of access to credit and inputs for agriculture;
  - Promotion of selective crop development;
  - Modernisation of livestock development;
  - Increased access to extension services and mechanised agriculture; and
  - Provision of infrastructure for aquaculture.
276. Close to 50% of the CPI basket is attributable to food, and therefore increased productivity in agriculture and reduced prices will put more money in the pockets of the citizenry. The government will thus, keep a close watch on agriculture performance.

## Crops

277. Mr. Speaker, specific activities to be carried out include the provision of increased quantities of improved seeds and planting materials to ensure increased food production.

### *Cereal Production*

278. Under the National Seed Support Service, the Grains and Legumes Development Board (GLDB) will produce 50 metric tons of foundation seed for maize, at stations including Gomoa Lome in Central Region, Kwamoso in Eastern Region;
279. An additional 10,000 hectares of sorghum will be established at Godenu in Volta Region and Ashanti Mampong in Ashanti Region. The Board will also process, store and manage at least 600mt of seed maize from farmers at Winneba, Kumasi and Ho Depots.
280. The Inland Valley Rice Development will assist farmers in the 16 participating districts in five regions to plant 1,850 hectares, which is expected to produce 8,325 metric tons of paddy rice.
281. Similarly, the Nerica Rice Dissemination Project will assist 8,000 farmers with average holdings of 0.3 hectares in 3 Project Districts to cultivate 6,400 hectares of rice. The Project will also establish Six (6) processing centres to assist rice farmers.
282. The Irrigation Company of Upper Region (ICOUR) will also produce 200 tons of paddy rice seed and cultivate a total of 1,900 hectares of rice, which is expected to yield 8,200 metric tons of paddy rice. ICOUR will also crop 200 hectares of millet/sorghum which is expected to yield 140tons. In addition, it will plant about 20 hectares of high yielding millet

known as Kadaga and the anticipated yield is 40mt. for farmers to produce to feed the brewery industry.

283. Mr. Speaker to help stabilise food prices, improve the well being of farmers, ensure food security and to establish the national food strategic stock, MOFA will purchase marketed surplus of maize and other legumes.
284. Mr. Speaker, in 2006 the Ministry will establish an extra 10,000 hectares of cotton in the north, in addition to the 40,000 hectares being supported by the Agricultural Development Bank.

#### *Legumes*

285. Mr Speaker in the case of legumes, the GLDB will produce 15mt of seed cowpea at Kwamoso (E/R); Ejura (A/R); Damongo and Salaga (N/R); and Tono (UER). The Board will also produce 20mt of soyabean seed at Ejura and Kintampo (B/AR); Bupei, Salaga and Damongo (N/R). ICOUR will produce 150 tons of soyabean seed and also establish 200 hectares of soyabean.
286. The Ministry will also support the Youth in Agriculture Programme to grow an additional 10,000 hectares of soya, to feed the poultry industry. This is to help bring down the cost of production in the poultry industry.

#### *Nuts*

287. The GLDB and ICOUR, will produce 5 mt of groundnut seed at Salaga and ICOUR will also out plant 320 hectares of groundnut at Tono.
288. The Cashew Development Project will continue to assist farmers in the participating Districts to plant out 4,500 hectares. The total area for canopy substitution is 700

hectares. This will assist in increasing the yield of some existing cashew fields. Beyond the Project, the Ministry will work with the youth in selected communities to cultivate an extra 20,000 hectares of cashew. This is to be intercropped with maize.

#### *Roots and Tubers*

289. The GLDB will crop 50 hectares of high yielding cassava varieties, which are capable of producing planting materials for cropping 400 hectares in 2006. This will yield 8,000 mt of cassava. The Board will also produce 1,500 yam seeds at Salaga. The RTIP is also to contract farmers to produce a further 300,000 yam suckers from secondary sites.

#### *Plantain Production*

290. To revamp the plantain industry, GLDB will produce 100,000 improved plantain suckers at Afraku in the Ashanti Region. Furthermore, a pilot programme to expand plantain production through tissue culture propagation will be implemented in partnership with Ghana Atomic Energy Commission (GAEC) and privately owned laboratories. The success of this programme will help improve food security in the country.

#### *Horticultural Industry*

291. Mr. Speaker, the Ministry worked with the private sector in 2005 to carry out activities to revamp the horticultural industry. This includes the development of cold chain facilities at the Tema Seaport and the Kotoka International Airport, as well as building pack houses in some production areas. These facilities will be completed in 2006.
292. In addition, to the interventions that are already on-going, the Ministry will commence implementation of the Export Marketing Quality Awareness Project in 2006. The project,

which is expected to further develop the horticulture industry in Ghana, has the following components: production and productivity enhancement, infrastructure development, and capacity building.

293. To further resuscitate the horticultural industry, the Ministry through GLDB will produce 100,000 citrus and raise mango seedlings in 2006. This is to complement production by private nursery operators.

#### *PINEAPPLE*

294. The Ministry will continue to source and distribute MD<sub>2</sub> pineapple plantlets to small holders through a collaborative rapid sucker multiplication scheme.

#### **Plant Protection**

295. Mr. Speaker, the Plant Protection and Regulatory Services Directorate will train 100 Dealers and Applicators on Safe Pesticide management/Good Agricultural Practices.
296. To ensure the production of quality seed and planting materials, the Directorate will inspect and certify seed and planting materials produced. It will also organize workshops and series of meetings to create awareness on guidelines for International Standards for Phytosanitary Measures 15 (ISPM No. 15) on treatment of Wood Packaging Materials (WPM) to eliminate or kill wood pests.
297. The Directorate will monitor build up of locusts along the national borders by mounting surveillance. In order to check the unexpected outbreak of pests, the Directorate will hold Strategic Pesticide Stocks to enable it contain any pests outbreak.

## **Irrigation**

298. Mr. Speaker, land under irrigation will be increased in 2006 through underground and surface water exploration. MOFA will continue to promote the use of existing irrigation schemes to facilitate year round production of crops. In line with this objective, the nine irrigation sites already awarded on contract for rehabilitation are to be completed in 2006.
299. New irrigation facilities will be provided by the Small-Scale Irrigation Development Project. The LACOSREP in the Upper East Region will rehabilitate 36 Small-Scale dams to help increase food crop production.
300. The use of underground water will also be exploited through the sinking of boreholes and tube wells. Farmers will be supported to take up water harvesting techniques through bunding and low cost water lifting devices.
301. About 1000 mechanized boreholes for irrigation purposes are to be drilled across the country. Each of them is expected to irrigate an average of 5 hectares. Twenty (20) tractor-mounted drills will be used beyond 2006, to expand irrigation in the country. About 5,000 hectares will also be put under surface irrigation. Government has also decided to develop solar controlled irrigation systems across the country. Implementation will start in 2006.

## **Production Technologies**

302. Mr. Speaker, existing crop production technologies of land preparation, nutrient management, land and water management, and harvesting and pest control will be reviewed and repackaged in a manner that will be acceptable to farmers.



303. The use of animal traction will be promoted. In this respect, four (4) Animal Traction Stations are to be rehabilitated and equipped to train farmers in Animal Traction technologies.
304. Mechanization centres will be established across the county to provide mechanization services for farmers. In this connection, the stocks of large tractors, power tillers and small tractors are to be increased by 400, 500 and 125, respectively.

### **Livestock Sub-Sector**

305. Mr. Speaker, the objective of the livestock sub-sector, is to increase the animal protein intake by the average Ghanaian by increasing the current population of poultry, sheep and goats, cattle and pigs through the private sector. This will be achieved through the Livestock Development Project (LDP) that is being implemented by the Animal Production and the Veterinary Services Directorates.

### **Establishment of Fodder Banks/Common Grazing Lands**

306. In order to ensure the availability of fodder for livestock, the LDP will assist in the establishment of 100 fodder banks. Livestock Watering Facilities will be provided to ensure all year round availability of water for livestock. In this respect, LDP will conduct reconnaissance at 44 selected dams and 28 borehole sites.
307. Mr. Speaker, to address the problem of uncontrolled grazing and the destruction of farmlands, MOFA will establish 450 common grazing lands in the country within two years starting from 2006. This is to take care of the estimated 1.4 million cattle in the country. Each grazing land will be

provided with water, handling facilities for periodic culling and sale of cattle and simple housing for herdsmen.

### **Animal Health**

308. To provide an efficient and reliable animal health service, the Veterinary services Directorate will conduct training of trainers for 10 Community Livestock Workers per District in 25 Districts. The Epidemiology Unit of the Veterinary Services Directorate will train farmers in the identification of 5 livestock diseases, which are African Swine Fever (AFS), Contagious Bovine Pleuropneumonia (CBPP) New Castle Disease (NCD), Rinderpest and Peste Petites Ruminant (PPR).
309. In 2006, rural poultry would be increased from 18 million birds to 38 million. This is to be achieved mainly through reducing the number of deaths through Newcastle disease by about half. The Ministry will also monitor closely the development of the 'bird flu' disease in other parts of the world.
310. To efficiently control endemic poultry diseases, sufficient quantities of 1-2 vaccines will be produced locally and sold to farmers at very affordable prices. Any additional vaccines needed will be imported in sufficient quantities for sale to farmers. Livestock farmer educational programmes will be organized regularly in order to sustain livestock disease surveillance in the country. The Ministry will continue to monitor the movement of livestock and also provide animal health care services at the respective Veterinary Clinics spread over the country.

### **Improved Service Delivery**

311. Mr. Speaker, MOFA will in 2006 strengthen human and other resources at the regional and district levels, to improve

service delivery. An on-going re-structuring exercise will release more experienced professionals to the regions and district.

312. To support them to effectively discharge their duties, MoFA will purchase 70 pick-ups and 185 motor bikes, in 2006, to augment the existing fleet.

### **Cross Cutting Issues**

313. Mr. Speaker, the Ministry will also carry out the following activities:
- Organize awareness campaigns on HIV/AIDS nationwide and awareness campaign on malaria and guinea worm in 25 participating districts of the National Livestock Project;
  - Provide pro-poor interventions to vulnerable and excluded farmers in 20 poorest districts (2 from each region);
  - Promote the development of agri-business zones;
  - Strengthen 60 Farmer-Based Organisations to enable them access business development services e.g. (credit, grants);
  - Strengthen Extension-Research-Farmer linkages.
314. In conclusion, Mr. Speaker, not all these government efforts will yield fruitful results unless the private sector, designated as the engine of growth, responds more positively and vigorously. The government will continue the close collaboration between the Ministry, farmer groups and the Development Partners interested in agriculture.
315. An amount of ₦682,138 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total

amount ₵256,910 million is from GOG while ₵418,068 million will come from donor support. IGF is ₵7,167 million.

## **COCOA INDUSTRY**

### **PERFORMANCE IN 2005**

316. Mr. Speaker, to sustain the improvement of the cocoa industry, the Government has pursued a consistent policy of increased farmer income, improved agronomic practices, diseases and pests control and increased value addition. Specific initiatives undertaken towards the implementation of this policy to achieve the desired objectives include the following: -

#### **Increases in Producer Price of Cocoa**

317. Since Government remains committed to maintain the farmers share of the F.O.B price of 70% by the 2004/2005 crop season, it has maintained the ₵9.0 million per tonne produce price.

#### **Diseases and Pest Control Programme**

318. Mr. Speaker, in 2005, the Government continued, for the fifth year running, the Cocoa Diseases and Pests Control Programme, which involves the control of black pod disease and capsid attack. The exercise currently covers over 90 per cent of the total land area under cocoa cultivation and **creates about 56,000 jobs** for unemployed youths in the local communities of the traditional cocoa growing areas in Ghana. An amount of ₵454.0 billion was spent in 2005 to cover 1.6 million hectares.

## **Output**

319. Mr. Speaker, during the 2004/2005 cocoa year a total of 583,109 tonnes of cocoa was declared purchased. This represents the second highest production in the country's history only behind 736,629 tonnes in 2003/04, the highest in the history of the country. The total FOB value achieved in 2004/2005 crop season was US\$830.51 million.

## **Payment of Bonus**

320. A total bonus of ₦161.0 billion was paid to cocoa farmers in appreciation of the dedication and commitment shown by the farmers during the 2003/2004 Crop Season. To date, the payment of bonuses to farmers which has been on-going since 2001 totals ₦429.0 billion.

## **Cocoa Scholarship Fund**

321. Mr. Speaker, the cocoa scholarship fund is one area in which the current administration has demonstrated its commitment to the education sector. This has offered the opportunity for more children and wards of our able cocoa farmers to access quality education under the Scheme. In 2005, Government increased the Cocoa Board Scholarship Fund to ₦15.0 billion from the previous year's figure of ₦12.0 billion to make more scholarship awards available to cocoa farmers' wards.

## **Rehabilitation of Roads in Cocoa Growing Areas**

322. Mr. Speaker, the programme of rehabilitating roads in cocoa growing areas to facilitate haulage of cocoa and other farm produce is still ongoing. In the year 2005, the cocoa industry contributed ₦25.0 billion to improved feeder roads in the cocoa growing areas.

## **Improved Method of Cocoa Production**

323. Mr. Speaker, over the years, the Cocoa Research Institute of Ghana (CRIG) has been carrying out research and field trials to improve yields of cocoa farms. Application of improved research method of cocoa cultivation has been found to increase yields by as much as ten times from 3-4 bags per hectare to 30-40 bags per hectare at peak production.
324. In 2005, Government initiated a project on a pilot basis in selected districts to apply this method of improved farming dubbed "high tech". Under the pilot project, financial and technical assistance were given to farmers to rehabilitate and replant their old and denuded farms with high yielding hybrid varieties, coupled with the application of fertilizers. The diseases and pests control exercise became an integral part of the project. Currently the project has been replicated throughout the whole country.
325. Since the inception of the high-Tech programme a total amount of ₵315 billion has been spent between 2001 and 2005. In addition to the above and as part of the measures to improve the cocoa industry, Government has set up a committee to review the provision of extension services to cocoa farmers to determine the most efficient and cost effective delivery system.

## **Housing**

326. Government policy objective of the Cocoa Farmers Housing Scheme is to provide decent and reasonably priced housing units on mortgage terms for our cocoa farmers. The trial project has started in the Western Region. Government through COCOBOD has released ₵1.0 billion as seed money for the commencement of the project. The Board of Trustees to manage the funds of this Special Housing Scheme in the

Western Region has been officially inaugurated in Sekondi. The scheme has reached the stage of registration of pilot beneficiaries and land acquisition as a prelude to the starting of the structural works before the end of the year.

### **Chairmanship of Council of Ministers of Cocoa Producers' Alliance (COPAL)**

327. Ghana successfully hosted the 68<sup>th</sup> Annual General Assembly and Council of Ministers Meetings of COPAL in Accra. This is an Alliance, which accounts for about 75% of global cocoa production. Ghana was elected to Chair the Council of Ministers in 2004/2005.

### **Outlook for 2006**

328. Mr. Speaker, in 2006 the Government will continue to implement various interventions in the Cocoa Industry with a focus on the following activities:
- Cocoa Processing: Government will continue to support private sector participation in the domestic cocoa processing of cocoa beans. This will help to achieve its objective of raising the volume of cocoa beans processed locally from the current 20.0% to 40.0% of national output in the medium term. This measure is intended to ensure that Ghana reaps maximum benefit from cocoa through value addition; and
  - Increased domestic processing will be profitable if more emphasis is placed on downstream secondary and tertiary processing compared to primary processing. Government, therefore, intends to pursue a policy of encouraging investment in this area.

### **Producer price**

329. In 2006, the international cocoa market is expected to remain depressed under the weight of the global surplus during the 2004/05 Crop Season. Worst still, 70% of the net F.O.B prices is projected at ₺8.7 million per tonne. Despite these developments Government has decided to maintain the producer price at ₺9.0 million per tonne for the 2005/06 crop season for cocoa farmers.

### **Financing arrangement for COCOBOD**

330. Mr. Speaker, Government through COCOBOD has secured an off-shore loan syndication facility of US\$550 million towards the financing of cocoa purchases in the 2005/2006 Crop Year. As in the previous case, the facility was over subscribed by 26% reaching US\$631.0 billion on account of Government's prudent economic management.

### **Diseases and Pests Control**

331. Mr. Speaker, in view of the benefits to the cocoa industry, and the Governments policy of job creation in the rural areas, the Government is still committed to the Diseases and Pest Control Programme in 2005/06 crop year. Measures will be implemented to modernize key aspects of the cocoa industry to enhance operation efficiency.
332. An amount of ₺300.0 billion has been budgeted to support the pest and diseases control programme for the 2005/2006 crop season. The exercise is expected to start from May and end in October 2006, it is also expected to employ over 56,000 youths from the local communities of cocoa growing areas.



### **Cocoa Scholarship Fund**

333. Mr. Speaker, despite a low crop turn out relative to the previous year, Government will still commit ₦15.0 billion to support the Cocoa Scholarship Fund.

### **Cocoa Roads Rehabilitation**

334. Mr. Speaker, Government recognizes the importance of good roads to Cocoa growing areas of Ghana. The amount earmarked for the improvement of feeder roads in these areas this year is ₦15.0 billion.

### **Scale Adjustment**

335. Mr. Speaker, as has been the practice Government will provide the Law enforcement agencies with the necessary support to prosecute Cocoa Marketing Clerks who adjust weighing scales in order to cheat farmers. An amount of ₦1.3 billion has been voted for this exercise for 2005/2006.

### **Interest Charges on Seed Fund**

336. Mr. Speaker, interest charges on Seed Fund has been reduced to 15%, in response to reduced Prime Rate of 15.5%. This is to minimize financial charges and losses in the internal purchasing operations especially to the License Buying Companies (LBCs).

### **Special Housing Scheme**

337. The Special Housing Scheme for Cocoa Farmers will be continued this year. Extensive discussions have been held with partner organization on the modalities and the house types for this scheme which is aimed at reducing poverty housing and increasing self sufficiency among cocoa farmers.

An amount of ₺10.0 billion has been set aside to expand the programme to all cocoa growing regions.

## **MINISTRY OF LANDS, FORESTRY & MINES**

338. Mr. Speaker, the policies, programmes and activities of the Ministry of Lands, Forestry and Mines, seek to ensure sustainable growth, and accelerated poverty reduction within a sustained environmental protection.

### **Performance in 2005**

339. Mr Speaker, most of the activities undertaken in 2005 are mainly preparatory works to ensure effective take off of priority programmes in 2006.

### **Lands Sub-Sector**

340. The Ministry's land sub-sector programmes are being implemented under the Land Administration Programme (LAP) with a National and six Thematic Facilitators to spearhead the establishment of the Customary Lands Secretariats.

341. Under the Boundary Demarcation Project, stakeholder sensitization and consultations were held with Paramountcies that share common boundaries with Wassa Amenfi and Ejisu for take off of the project.

342. Four Deed Registries have been established in Koforidua, Sekondi, Sunyani and Tamale thereby increasing coverage to six regions to facilitate deed registration as a prelude to systematic titling.

343. A composite plan was prepared to delineate the allodial interests and areas of conflict on the various clans' proprietary plans in Ada to facilitate the promotion of the salt industry.

344. The Ministry undertook inventory of State Lands in the Central Region to help inform Government policy on compulsory acquisitions.

345. Research into customary land tenure systems being conducted by the Office of the Administrator of Stool Lands is still on-going. In 2005 a workshop on transparency in utilization of Stool Lands Revenue was organized as a tool to reduce conflicts.
346. The Survey Department with funding support from the Ministry of Tourism and Modernization of the Capital City undertook 256km of aerial colour photographing and orthophoto mapping of the coastline to promote tourism and salt industry development. This exercise will also help establish a baseline for preparing the country's claim for extension of the continental shelf of the 200 Mile Exclusive Economic Zone.

#### **FORESTRY SUB-SECTOR**

347. Mr. Speaker, the on-going Plantation Development Programme attained the following targets:
- The Forest Services Division (FSD) of the Forestry Commission (FC) as at the end of the second quarter cleared 8,231 hectares of degraded forests for planting; and
  - About 6,475 hectars of new plantation has been developed under the Plantation Development Programme.
348. In order to improve the competitive bidding process of the allocation of timber resources, discussions and sensitization workshops were held with major stakeholders including chiefs, and industry captains to inform, educate and to seek the co-operation of these groups.
349. A vigorous monitoring system is being implemented to reduce illegal harvesting of timber trees and trade malpractices. The

Forestry Commission also undertook a review of the bidding process. The Export Duty on lumber, veneer and plywood was abolished in 2005.

350. The Validation of Legal Timber Project to ensure transparency, accountability and compliance with external market requirements has started. Technical Partners (SGS) have also been selected to implement a log tracking system which among other benefits will facilitate the implementation of the Validation of Legal Timber Project.
351. A pilot forest yield assessment programme was undertaken in 12 forest reserve areas to determine a scientific basis for the conversion of all existing timber leases.
352. Mr. Speaker, the Ministry has created awareness on the economic potentials of bamboo and rattan as alternatives to timber. About three hundred (300) people were trained in bamboo furniture, crafts and construction in 2005. Two (2) made-in-Ghana Bamboo products' fair were organized in July and September to expose the resource to mining companies and District Chief Executives respectively.

### **MINES SUB-SECTOR**

353. Mr Speaker, as part of measures to diversify the minerals base of the economy and attract investment into the sub-sector through improved presentation of geological data and information to investors, the following activities were undertaken:
  - Award of an airborne geophysical survey contract to survey and process the resultant data;
  - Preliminary mapping of the Volta and the Upper East Regions to gather geological, geochemical and ground geophysical data also commenced in 2005; and

- Four geological and mineral maps covering the Eastern, Ashanti, Western and the Volta Regions were digitized.
354. A strategic plan for the development of the salt industry in Ada was started. Improved techniques for salt production were also introduced to small scale winners in Nyanyano in the Central Region.
355. Mr Speaker, the Ministry identified three (3) areas namely, Adjumadin and Japa in Western Region and Winneba in Central Region as suitable for small-scale mining operations. It is expected that resettlements in these areas would lead to organized and eco-friendly operations, reduce hazards in operations, and increase gold production by small-scale mining operations.
356. The Minerals Commission has started an alternative livelihood programme to sustain mining communities after cessation of mining activities. Chiefs and landowners in targeted communities for oil palm plantation development in 2006 have released lands.

### **Outlook for 2006**

357. Mr Speaker, the Ministry will accelerate the pace of programmes and projects implementation in 2006. The focus of attention will be sustainable resource use, improvement in the livelihoods of resource owners, revenue generation for national development and job creation.

### **Lands Sub-Sector**

358. Management of the Land Administration Project has been restructured and decentralized to ensure prompt delivery of quality services.
359. The following on-going activities shall be continued:

- As part of the Land Administration Project (LAP), 15 additional Customary Land Secretariats will be established to improve customary land administration, facilitate easy access to land and the creation of land banks for development;
- Demarcation of customary land boundaries in 2 traditional areas, namely Wassa-Amenfi and Ejisu will be undertaken. Deeds Registries will be established in 4 additional Regional capitals to increase coverage from 6 to 10;
- Inventory of State lands will be undertaken in the three Northern Regions by the Ministry. The Eastern, Ashanti and the Brong Ahafo Regions will be farmed out to private sector companies;
- In addition, the Land Valuation Board will undertake the re-valuation of properties in 6 selected District Assemblies to help improve their revenue;
- Systematic Titling involving 630,000 parcels of land will be undertaken in Accra, Kumasi and Asokore Mampong;
- The Lands Commission will finalise the creation of Land Banks in Kumasi and Sekondi to facilitate easy access to land by investors;
- The Office of the Administrator of Stool Lands (OASL) will continue with the demarcation of settler and tenant farmlands in 4 regions to enhance revenue generation;
- The OASL will continue with research into customary land tenure system and the documentation of research findings to reduce conflicts and also assist formation of land banks; and
- The Survey Department will continue the aerial colour photographs and orthophoto mapping of the remaining

256 kilometres coastline. The exercise will help Tourism development, check coastal erosion and facilitate the establishment of the 200 Nautical Mile Exclusive Economic Zone. The latter will help extend Ghana's continental shelf limit for possible oil prospecting and prevention of poaching of maritime preserves by external fishing trawlers.

### **Forestry Sub-Sector**

360. Mr. Speaker, the Forestry Commission (FC) will harmonise and co-ordinate existing plantation development programmes to ensure judicious use of resources and post development management.
361. The Ministry will continue with the implementation of the following activities under the Forestry Commission:
- The modified Taungya System of the Forest Services Division (FSD);
  - The Government Plantation Development Programme;
  - The Bamboo and Rattan Development Programme; and
  - The Private Sector Plantation Development Programme.
362. The Forestry Services Division and the Government Plantation Development Programme will develop 10,000 hectares and 20,000 hectares respectively in 2006.
363. Mr. Speaker, other activities to be undertaken are as follows:
- The Forestry Commission will conduct three (3) competitive biddings, two (2) for Plantation Timber and one (1) for Natural Forests in 2006;
  - The Forestry Commission will apply the results of the pilot conversion exercise to convert the 242 extant



valid timber leases into Timber Utilization Contracts (TUC) in accordance with the Timber Resources Management Act, 1997 (Act 547) and its amendment, Act 617 of 2002 as well as Timber Resource Management Regulations, 1998 (L.I. 1649) and its Amendment (L.I. 1721) of 2003;

- The Validation of the Legal Timber Project, which started in 2005 will be continued. Phase II of the Project which involves the roll out of the installed systems and the new monitoring and verification procedures will be executed;
- The Forestry Commission will implement, monitor and validate the New Land Leasing and Benefit Sharing Agreements which were launched in August 2005. These Agreements will promote private sector involvement and enhance citizens participation in tree plantation development; and
- The Ministry will pursue measures to promote environmental balance in the multiple use of forest resources.

364. The Wildlife Division of the Forestry Commission will enter into Public-Private Partnership in the management of eco-tourism facilities in the Kakum, Mole and Ankassa National Parks to generate revenue for national development.

### **Mines Sub-Sector**

365. Mr. Speaker, the diversification of the mineral base of the economy and efforts to attract significant investment into the mining sub-sector will be intensified through:

- Monitoring of the exploration and the mining activities of the mining companies to reduce environmental

- damage caused by mining operation including those of small scale and “galamsey” operators;
- Airborne geophysical survey, geological mapping to assist the discovery of new mineral deposits;
  - Provision of quality data and information to investors; and
  - Educational conferences and campaigns to educate the public about the benefits of the new Minerals and Mining Law, as well as investment promotion.
366. Furthermore, the field work on the Land Use Plan for the Ada Songhor Lagoon Area will be completed in 2006 to pave the way for increased investment in salt production.
367. In addition, work on the development of industrial minerals, digitization and upgrading of old geological maps, geochemical survey of the country and the gravity survey of Accra-Tema areas will be undertaken.
368. Mr. Speaker, the Mines Department will regulate the storage, handling and disposal of explosives to curb thefts and unauthorised use of such explosives. The Department will also strengthen its laboratory testing services in the areas of assaying and environmental analysis of microbiological and water samples.
369. An amount of ₵632,966 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵89,267 million is from GOG while ₵275,877 million will come from donor support. IGF is ₵217,823 million and HIPC funds amount to ₵50,000 million.

## **MINISTRY OF ENERGY**

370. Mr. Speaker, this sector aims at developing efficient, reliable and affordable energy systems to boost industrial growth and production and to support socio- economic activities especially in the rural areas to reduce poverty.

### **Performance in 2005**

371. The programme in 2005 focused on increased access and reliability of energy supply. Mr. Speaker, the Electricity Company of Ghana continued work on 54 different projects in 2005. Supply of materials for the upgrading of the sub transmission system continued in Accra and Kumasi.

372. Installation works for the remaining towns under the final phase of Self-Help Electrification Project (SHEP) 3. in the three Northern Regions are in progress. Work for 35 out of 193 communities under SHEP 4 Phase 1 was completed by end of second quarter of 2005.

373. The Ministry has completed the installation of Solar PV in 102 remote Junior and Senior Secondary schools in all 10 regions. Television sets have also been provided to enable students in these areas have access to Distant Learning Programme.

374. Preliminary works for the retrieval and relocation of Solar Systems from areas connected to the National Grid has started.

375. Mr. Speaker, the Ministry has received and reviewed several offers regarding the conduct of an Environmental Impact Assessment (EIA) study to pave the way for the selection of a developer for the Bui Hydro Electric Project. A Memorandum of Understanding (MOU) has been signed with a developer for the construction of the dam.

376. Funds have been secured to implement the West African Power Pool (WAPP) Project, which seeks to increase the possibility of regional energy trading in the West African Sub-Region.

### **West African Gas Pipeline Project**

377. Mr Speaker, the West African Gas Pipeline Project (WAGP) passed through the following important milestones in 2005:
- The construction contract was awarded and the laying of pipeline commenced;
  - The instruments of ratification for the WAGP has been duly signed by His Excellency, The President and lodged with ECOWAS;
  - West African Gas Pipeline (WAGP) Regulations LI has been laid in Parliament;
378. Mr Speaker, the Ministry has developed a Policy Framework for a Secondary Gas Distribution Network and the road-map was agreed upon. In addition, a stakeholder Committee was put in place to formulate policy and draw up a regulatory structure.

### **Osagyefo Power Barge Plant**

379. Mr. Speaker, under the Osagyefo Power Barge project, the Ministry has successfully negotiated a tow contract with a consortium of Dredging International and Smith Heavy Lift. The barge has been towed from Sekondi to Effaso. In addition, ancillary works in the closure of the pond, removal of jetty and clamping of the barge have all been completed.
380. A technical audit of the barge has been undertaken while an Inter Ministerial Committee has been set up to consider

possible scenarios for the provision of competitive fuel source to power the barge as soon as possible.

### **Deregulation**

381. Mr. Speaker, Government is committed to pursuing the deregulation process with the key objective of ensuring uninterrupted supplies of petroleum products throughout the country. It also seeks to attain maximum efficiency in investments and operational performance, and to ultimately meet adequate standards on quality and safety at equitable prices in the supply of petroleum products to consumers. In 2005 the following was achieved:
- The National Petroleum Act (ACT 691) has been passed;
  - The Governing Board of NPA has been constituted and inaugurated by His Excellency, The President.
  - NPA has had four tenders for the participation of the private sector in the importation of petroleum products.
  - NPA has recalculated the ex refinery prices for petroleum products for the third quarter and the resultant marginal adjustment passed through the pump accordingly.
382. In the promotion of Rural Kerosene Distribution Improvement Programme, about 994 storage tanks have been fabricated and distributed to selected locations.

## **Discharge/Loading of Crude Oil**

383. Mr Speaker, the Single Buoy Mooring (SBM)/Conventional Buoy Mooring(CBM) Project involves the construction of a floating platform to facilitate the discharge and loading of crude oil and petroleum products to and from the Tema Oil Refinery. When completed by end 2005 the SBM/CBM will enable vessels up to 150,000 DWT capacities to discharge their cargoes within 36 hours and reduced freight charges. In 2005 the following was achieved:

- The floating platform ( SBM/CBM) was fabricated and installed 6.5km off shore Tema:
- The offshore portions of the pipelines were successfully laid and tested: and
- Construction of onshore portion of the pipeline is on going.

## **Buipe-Bolgatanga Pipeline**

384. The Buipe-Bolgatanga Petroleum Products Pipeline Project when completed will link the Buipe and Bolgatanga Petroleum Product Storage Depots. The pipeline which will span a total distance of 275 km will transport Gasoline, Gasoil and kerosene. This mode of transporting petroleum products between the two depots is adjudged to be the most cost-effective option for transportation of petroleum products. Burkina Faso has expressed interest to construct a pipeline linking the Bolgatanga Depot to Bingo near Ouagadougou. The status of the project is as follows:

- Progress of work is at 99.38% as at end September 2005;
- Hydrostatic test has been conducted successfully; and

- Commissioning and handing over is expected in mid 2006 when expansion work at the two Depots is completed.

### **Outlook for 2006**

385. Mr Speaker, in 2006 the Ministry will continue to implement its outstanding projects and programmes.

### **ECG Distribution Upgrade and SHEP**

386. The implementation of the ECG Distribution Upgrade Project will continue in 2006. The final stage of SHEP 3 will be fully completed during the year and SHEP 4 Phase 2 is to be continued. A total of 100 contractors will carry out installation works on SHEP projects and will employ 4000 workmen to be supervised by about 50 consultants.

### **Bui Hydro Electric project**

387. Mr. Speaker, the government recognises the delivery of affordable and efficient energy supply as critical to growth of the economy and has therefore intensified its efforts to increase hydro energy production.
388. The Bui Hydro Electricity Project which is estimated to cost \$500 million is expected to take off in 2006 after the Environmental Assessment Impact (EIA) has been completed. Funding for the project is being sourced from the Chinese government through Exim Bank of China.

### **Installation of Solar PV systems**

389. The implementation of installation of Solar PV systems in remote educational institutions, security and health outposts and the support to the various Presidential Special Initiatives (PSI) projects in the rural areas is to be continued.

390. The Ministry will continue the replacement of old electric poles and install new street-lights in all the ten (10) Regional Capitals.

### **Osagyefo Power Barge**

391. Mr. Speaker, to make the Osagyefo Power Barge operational, the year 2006 will be used to unpack its components and equipment, install remaining on shore equipments at Effaso Plant, complete the transmission lines , interconnections at the substations at Essiama, Prestea and Elubo to enable eventual evacuation of electricity produced by the barge onto the national grid.

### **West African Gas Pipeline Project**

392. The construction phase of the West African Gas Pipeline Project is expected to be completed by December 2006 and will employ about 450 workmen.

### **Oil Exploration**

393. The Voltaian Basin is the main on- shore sedimentary basin of Ghana, covering about 40% of the landmass. In terms of hydrocarbon exploration, the basin is the least explored. A two- phase study will be undertaken in 2006 on integrated reconnaissance geosciences of the basin.



## **Rural Kerosene Distribution Improvement Programme:**

394. Mr. Speaker, the Second Phase of the Rural Kerosene Distribution Improvement Programme will continue in 2006, employing about 1,500 Ghanaians.

## **Liquefied Petroleum Gas (LPG)**

395. The Ministry will undertake a pilot Rural LPG Promotion Distribution Project using 3kg cylinders with cook stoves to enable rural dwellers have access and use of LPG at affordable prices while arresting deforestation. The project will initially be targeted at the rural communities in the Northern, Upper West and Eastern Regions and in semi-urban communities. In all 15,000 households will be catered for by the project.
396. In 2006, the Energy Efficiency and Conservation Unit will continue to undertake lighting/ energy retrofitting in tertiary institutions and the military barracks to help reduce energy consumption. In addition, public education on energy conservation and that of appliance standards will be intensified.

## **VALCO**

397. Mr. Speaker, the government is committed to the fortunes of the new Volta Aluminium Company through strategic private partnerships. Towards this end, the government and its partners will inject US\$3.7 billion over four years into the operations of the company to improve the capacity of the smelter and refinery. This investment is expected to change Ghana's economic fortunes by increasing GDP by about 2-3% per annum, creating employment for 6000 people, and also

generate about a US\$1.0 billion revenue every year to the country's foreign currency reserves.

398. In an effort to reduce its dependence on the Akosombo Hydro, the VALCO company will invest an amount of about US\$1.0 billion to set up a 1000 megawatts thermal plant at Tema. This plant will make use of gas from the West African Gas Pipeline.

### **ENERGY COMMISSION**

399. Mr. Speaker, the Energy Commission will develop and establish a transparent monitoring and inspection framework to control and measure the performance of the Electricity Transmission Utilities (ETU).
400. The Energy Commission will continue to pursue the promotion of grid rural electrification projects under Renewable Energy.

### **Expansions in TOR**

401. Mr. Speaker, the government has in the recent past worked to achieve improvement in the efficiency of operations at Tema Oil Refinery (TOR). There is however additional potential for TOR to:
- Eliminate the deficit in supply of petroleum products in the local market;
  - Produce adequate feedstock for the Residue Fluid Catalytic Cracking Unit;
  - Create export potential for petroleum products;
  - Provide capacity for refining crude oil for other countries; and
  - Provide bitumen for road works in the country.

402. In light of the above, the government has decided to support the expansion programme of TOR to increase her crude processing capacity from 45,000BPSD to 145,000 BPSD.
403. A feasibility study for the expansion has already been completed and the project will be implemented in 2006. The project is estimated at \$250 million.
404. An amount of ₺515,904 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₺30,745 million is from GOG while ₺240,159 million will come from donor support. HIPC funds account for the remaining ₺245,000 million.

## **MINISTRY OF TRADE & INDUSTRY**

405. Mr. Speaker, as part of its mandate, the Ministry will continue to initiate programs and policies that will lay a solid foundation for industrial growth and effective trade to promote growth and job creation.

### **Performance in 2005**

406. Mr. Speaker, in 2005 the Ministry undertook the following activities:

#### **Business Development**

407. A strategy document was completed for the Micro, Small and Medium Scale Enterprise Sector (MSMEs) with the objective to enhance the competitiveness and employment levels of Ghanaian MSMEs.
408. Under the District Industries Project (DIP), formerly the Rural Enterprise Development Programme (REDP), 30 out of 47 projects were selected for implementation.
409. The renovation of the building and the procurement of equipment have been completed for the establishment of a centre for Hallmarking and Assaying of precious metals.
410. Mr Speaker, the National Board For Small Scale Industries ( NBSSI) established ten additional Business Advisory Centre's (BACs) in the following towns; Juaso, Manso Nkwanta, Asankragwa, Juabeso Bia, Zabzugu, Sandema, Tumu, Begoro, Nkwanta and Kyekyewere. In addition, the following activities were accomplished by NBSSI:
- Three billion cedis (¢3.0 billion) disbursed to 360 entrepreneurs to expand their businesses;

- Organised 266 tailor-made training programmes for 6,530 entrepreneurs and 4 programmes for final year students of tertiary institutions; and
  - Mobilised 250 income generating women groups made up of 12,500 women to access funds for economic activities.
411. Mr. Speaker, as a further step to implement the Trade Policy, the Trade Sector Support Programme (TSSP) has been completed. The Programme is designed to systematically implement the Ghana Trade policy and deliver rapid and strategic expansion of Ghana's productive base. The TSSP takes a new approach to international trade capacity building.
412. Mr Speaker, the Ghana Standards Board undertook the following:
- Tested 1,471 Food and Drug samples;
  - Tested 399 products for Certification;
  - 93 forensic samples analyzed; and
  - 298 locally manufactured products and 689 Health and Export Sanitary certificates were issued.

#### **Trade Sub-Sector**

413. Mr. Speaker, the Ghana Export Promotion Council (GEPC) undertook the following in 2005:
- Facilitated the establishment of over 300 acres of a high-demand and new pineapple variety MD2 for export;
  - Assisted three furniture associations to obtain orders estimated at CFA 60.0 million;
  - Supported 9 farmer-based associations in Western, Ashanti, Brong-Ahafo and Volta regions

- in the vegetable sub-sector to produce for export to the European market;
- Enhanced the Capacity of 1,000 exporters and export facilitators through the Export School programmes;
  - Provided Export Development and Investment Fund (EDIF) financial support to the Non-Traditional export sector, to the tune of ₺440.18 billion, made up of loans amounting to ₺359.92 billion and grant to the tune of ₺80.26 billion during the period 2002 to August 2005. Sectors and sub-sectors covered are agricultural production, agro-processing, salt mining and processing, wood processing, garments and textiles, aluminium and metal fabrication, pharmaceuticals, handicrafts, credit guarantees, trade and investment promotions, research, capacity building, infrastructure and support services.

### **GRATIS Foundation**

414. The GRATIS Foundation has trained 120 persons in textiles manufacturing. The Foundation also offered client services to 10 women groups in each of the 10 regions with agro processing.
415. Under a government sponsored programme, 1,100 persons were also trained in various trades in metal machining, welding and fabrication, auto mechanics and upholstery.
416. In its product development efforts, the GRATIS Foundation designed and developed prototype fruit pulping machines including grater for pineapple juice extraction.

## **Outlook for 2006**

417. Mr Speaker, the Ministry will continue to pursue programmes that will facilitate the development of commercially viable domestic and export market oriented enterprises, especially in the rural areas. In this connection, the Ministry will play a critical role in increasing competitiveness of local producers in the domestic and international markets.

### **Trade Sector Support Project**

418. Mr. Speaker during the year, the Ministry will focus on the implementation of the comprehensive Trade policy through the Trade Sector Supporting Programme (TSSP) under this programme attention will be focussed on the following areas:

- Multilateral Trade;
- Import-Export Regime;
- Trade Facilitation;
- Production Capacity;
- Trade Support Services;
- Standards;
- Domestic Trade and Distribution;
- Competition and Government Procurement;
- Consumer Protection;
- Intellectual Property; and
- Management and Coordination.

419. The objective is to bring about a rapid transformation of the economy and help Ghana move away from heavy dependence on exports of a few primary commodities, to the production of

value-added goods in which Ghana has competitive advantage.

420. In the year 2006, 30 additional firms that met the criteria for implementation will be brought on board the District Industries Project (formerly REDP). The project implementation will focus on acquisition and installation of plant and machinery. Local and foreign strategic investors are being identified to participate in the programme.
421. Mr. Speaker the Ministry will in addition undertake the following activities:
- A new Small Sector Business Development Authority with four key functional agencies will be established to take over the functions of NBSSI in improving support to SMEs;
  - Other Private Small Sector Business Development Service (BDS) agencies will be supported to deliver world- class SME support service;
  - 10 Investor referral point will be established in regional capitals together with a dedicated investor handholding services to assist local investors;
  - A Future Skills Advisory Group will be established with responsibility to plan for the manpower needs of industry;
  - The EDIF Law will be reviewed to include the provision of loans to non-exporting companies and support to distressed and potentially viable companies;
  - A New National Industry Policy and Industrial Sector Support Programme will be developed to enhance the growth of selected strategic sectors;



- Mechanism for valuation of imported goods will be reviewed with CEPS to ensure the elimination of under-invoicing and under-valuation; and
- A computerised transit cargo tracking system will be established to reduce leakage on the domestic market and reduce transit times.

### **National Board on Small Scale Industry (NBSSI)**

422. Mr. Speaker, in addition to the 79 Business Advisory Centres (BAC's) spread over the regions, 13 additional BACs will be established to promote rural entrepreneurship, create employment opportunities, reduce rural urban migration and increase income levels of the rural population. They are Oduasi, Enchi, Haif Assini, Asamankese, Odumasi, Addome, Sogakope, Twifo Praso, Asikuma, Damango, Buipe, Bawku, and Jirapa.
423. Mr. Speaker, packaging and quality of products have been identified as a major set backs for SME's. In this regard, 1800 SME's will be trained and supported to improve packaging and quality of products while 360 tailor-made business improvement programmes will be organised for 9000 potential and practicing entrepreneurs.

### **GRATIS Foundation**

424. Mr. Speaker, the Gratis Foundation will continue to support women groups in food processing as well as training in textiles for 20 women groups to benefit 240 middle age women.
425. In the area of appropriate technology, GRATIS will develop and provide 5 ton palm fruit digester and an oil expeller to support the growing palm oil industry.

### **Ghana Trade Fair Company (GTFC)**

426. Mr. Speaker, the Ghana Trade Fair Company will host the 10<sup>th</sup> Ghana International Trade Fair which is expected to bring together Business Executives and Investors with the potential of generating much needed investments in the critical areas of the economy. The GTFC will also continue its medium to long term development plan to revamp its facilities as a first class Entertainment Fair Centre in collaboration with a Strategic Investor.

### **Ghana Export Promotion Council (GEPC)**

427. Mr. Speaker, the GEPC will develop new market linkages in the ECOWAS sub- region for dry chillies/pepper and citrus, where Ghana has a comparative advantage. On handicrafts, the GEPC has facilitated the sourcing of three new bulk buyers. This will provide the needed boost in non- traditional export revenue to a projected amount of US\$963million. Support will be given towards the establishment of outlets for Ghanaians in the ECOWAS, SADS and EU markets.

### **Ghana Free Zones Board**

428. In 2006, the Ghana Free Zones Board has projected to register additional 25 new companies, increasing the total number of registered companies to 170. This is expected to generate revenue of US\$961.1 million.
429. An amount of ₵217,613 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵82,338 million is from GOG while ₵102,808 million will come from donor support. The remaining amount of ₵32,467 million is from IGF sources.

## **MINISTRY OF TOURISM AND MODERNIZATION OF THE CAPITAL CITY**

430. Tourism is programmed to play a vital role in government's efforts at reducing poverty, creating employment and generating growth. Towards this end, the Ministry will continue with efforts to promote and facilitate tourism in the country.

### **Achievements in 2005**

431. Mr. Speaker, in line with the Ministry's efforts to make the industry one of the leading contributors in terms of generating foreign exchange, wealth and job opportunities in the country, the under listed activities were carried out during the 2005 fiscal year.

432. Ten out of the twenty-one receptive facilities started in 2004 were completed in August 2005.

433. The Ministry surveyed the coastline from Elubo to Keta to make lands available to investors. The Marine Drive in Accra and Muni Lagoon at Winneba have already attracted investors.

434. 5 national training standards in hospitality training have been developed. The Ministry through HOTCATT, trained 500 youth seeking employment in the hospitality industries in areas such as front office, food and beverage service. To improve service delivery, the Ministry has supported the training of 500 employees of hotels and restaurants. In addition, the Ministry inspected and licensed 250 accommodation and 200 catering establishments.

435. Mr. Speaker, the Ministry is marketing Ghana through the Joseph Project, which is aimed at making Ghana the gateway

to the 'Homeland' for Africans in the Diaspora. Through the project, it will attract millions of Africans in the Diaspora to visit Ghana and the rest of Africa at least once in their lifetime.

436. Two contracts have been awarded for the regeneration of the old James Town fishing Harbour and Bukom Square to promote tourism and investment.
437. Mr. Speaker, the Ministry, in collaboration with the Ministry of Foreign Affairs, established Protocol services between Benin and Egypt for the private sector to promote multi destination tours from USA to Egypt and Ghana and from USA/Europe to Ghana and Benin.
438. Hang-paragliding festival was introduced in Ghana to boost both domestic and international tourism. The first festival, which was held at Atibie, Kwahu from March 25-27, 2005 attracted many visitors.
439. Mr. Speaker, attractions sites are being planned to avoid haphazard development. In this connection, four plans of such sites at Akim Oda – Big Tree, Atibie Observatory Post, Nkroful and Ntonso have been prepared and discussed with communities around the sites.
440. The Ministry is in addition facilitating the construction of four (4) major hotels in Accra in an effort to increase our hotel stock to reduce hotel tariffs. The sites for these hotels are former Ambassador Hotel, the Marine drive near the Independence Square, the Arts Centre land and the Race Course.

## Outlook for 2006

441. Mr. Speaker, in 2006, the Ministry in line with the GPRS II will undertake the following activities to realise the full potential of the sector by making Ghana a competitive and quality tourism destination whilst preserving the country's cultural, historical, and environmental heritage.
- a) Accelerate integrated community-based tourism development and promotion through the following activities:
    - Identify additional tourist attractions
    - Develop land use plans in the community to attract private investments
    - Sensitize the community on how to be tourist friendly
    - Ensure the environments in tourist sites are clean and safe.
    - Improve on existing community based eco tourism sites through training and marketing of sites.
    - Facilitate improvement of infrastructure such as road networks, portable water, telephone and electricity of tourist sites.
  - b) Complete the construction of the remaining 11 receptive facilities. These facilities will be located in the Volta, Upper West, Northern, Ashanti and Eastern Regions
  - c) Train 1,500 young people throughout the country at HOTCATT to service the tourist industry. This will

include waiters, cooks, tour guides, front desk officers, housekeepers, and officers.

- d) Complete the Bukom Square and old harbour project. This will re-engineer part of the capital and create employment through tourism. The Bukom Square project includes the following:
- A Boxing Hall of Fame;
  - Seafood restaurant;
  - Cultural performance centre;
  - Travel joint; and
  - Crafts sales point.

442. Further more the old fishing harbour will be modernized to make the marketing and handling of fish more efficient. Specifically, plans have been put in place to:

- a) Review the mega/strategic plans of the national capital aimed at modernizing the capital city in accordance with a revised plan for Greater Accra. The review of the plan is expected to be completed in 2006;
- b) Facilitate the resettlement programme for Sodom and Gomorrah;
- c) Improve information access for quality service delivery and investment through technological application; and
- d) Vigorously promote domestic tourism by improving the organization of national and regional festivals and events. The following activities will be under taken to facilitate the above:

- Market festivals through improved planning and documentation of festival at national and regional levels; and
  - Build capacity of the private sector through skills upgrade of private sector and train 1000 chop bar operators in food hygiene and handling and review the multiple tax system in the sector MOFEP.
443. Furthermore, the Ministry will capitalize on the three icons that identify Ghana by the establishment of gold, cocoa and kente trails. This is expected to add value to the tourist potential of these icons and to enhance the experience of tourists. The activities of the National Slave Route Project Committee will be accelerated to support cultural and historical tourism.
444. All the aforementioned interventions are expected to contribute to increase tourist arrivals from 760,000 in 2005 to 880,000 in 2006 and increase receipts from US\$1.0 billion in 2005 to US\$1.2 billion in 2006. The over all Hotel Room capacity will improve from current 28,445 to 33,566 in 2006, which in addition to other tourist sites will generate 40,000 direct and indirect jobs in 2006.
445. The Ministry will review its policies and legislation to create the enabling environment for capacity improvement in public and private sectors and to direct the expected private sector led growth in tourism.
446. For the implementation of the above activities an amount of ₵39,563 million has been allocated of which GOG's is ₵27,545 million, HIPC is ₵10,000 million and IGF is ₵2,019 million.

## **MINISTRY OF ENVIRONMENT AND SCIENCE**

447. Mr. Speaker, the Ministry of Environment and Science will continue to promote the development of appropriate technologies and provide technical support for the various sectors of the economy as well as provide safe and clean environment for our people in accordance with the GPRS-II.

### **Performance in 2005**

#### **Environment**

448. The Strategic Environmental Assessment (SEA) of the Ghana Poverty Reduction Strategy (GPRS I) indicated that the contribution of environmental degradation to poverty, the contribution of natural resources to the economy and the risk posed by unsustainable mining was not being given sufficient attention. To address this problem, the SEA findings have been integrated into the GPRS II.
449. Mr. Speaker, the Wildfire Management Project in the Transitional Zone was initiated by the Resource Management Support Centre of the Forestry Commission; while the Environmental Protection Agency (EPA) which is charged with monitoring activities, put in place in mechanisms to reduce the number of future forest fires in fire prone areas.
450. The Environmental Protection Agency undertook field assessment on the pilot project sites in Brong Ahafo, Ashanti and Eastern Regions. Significant progress has been made in the establishment of greenbelts along the forest resources while the incidence of fires has been reduced considerably in the pilot project areas within the two years of implementation.



## **Rural Enterprise Project**

451. Mr. Speaker, the Rural Enterprise Project Phase II whose prime objective is to reduce poverty at the rural level by increasing productivity, employment and income of about 5,000 individuals entered its second year in 2005. The outcomes of the project activities included the following:
- Organisation of 273 training programmes for 11,120 clients; and
  - Undertaking 137 skills training programmes covering 10,304 clients.

## **Council for Scientific and Industrial Research**

452. To achieve food security, the Crop Research Institute of CSIR released for cultivation four improved varieties of sweet potatoes. These improved varieties are not prone to pest attacks. Other crops and cereal varieties that were developed and released by CSIR – Savannah Agricultural Research Institute (SARI) to farmers, include groundnuts, cowpea and soybean, soya beans, sorghum and millet.
453. Mr. Speaker, to promote the PSI on cassava the CSIR has developed planting materials for farmers. The new variety is rich in starch. It is also a good raw material for the production of gari and for flour-based products such as bread, cakes, rock buns and biscuits. With this development, it has become possible to transform cassava production in Ghana from subsistence farming to commercially viable agro business.
454. Mr. Speaker, the Environmental Resource Management Programme of the Ministry undertook a lot of activities to improve the local and national capacity for poverty reduction through improved environmental management that integrate

economic and social concerns in ensuring sustainable livelihood.

455. Off-farm livelihood training activities were undertaken in selected districts to reduce poverty and relief pressure on land use in rural communities. After the training, beneficiary districts were presented with gari processing machines, nim-seed oil producing machines and palm kernel processing machines.

### **Town and Country Planning**

456. Mr. Speaker, the restructuring of the Town and Country Planning Department (TCPD) through institutional and legal reforms was undertaken to enable the department perform its core functions.
457. The Department has so far been able to use Poverty Profiling and Mapping as a strategy to identify the spatial location as well as characteristics of various poverty pockets. This has helped in the targeting of poverty reduction programmes and projects and ensured balance of development to protect the interest of all sectors of the communities through effective land use control.

### **Environmental Protection Agency**

458. Mr. Speaker, to prevent and manage Invasive Alien Species, particularly waterweed infestation, the Environmental Protection Agency in collaboration with CSIR and the Volta River Authority have been monitoring the spread of Water Hyacinth in the Volta Lake and the Abby Lagoon. Work to reduce waterweed infestation in the Volta and Tano Rivers continued in 2005.

459. Ten EPA Offices have been established in the regions including Tema and Tarkwa. The EPA also intensified activities in air monitoring with the aim of checking the levels of carbon dioxide and other gaseous emissions in the air.
460. Mr. Speaker, the ecology of the Fosu Lagoon at Cape Coast is being restored. It was infested with water lettuce which harbours the mansonias mosquitoes responsible for elephantiasis. The source of pollution has been eliminated through the collaborative efforts of the EPA and the Cape Coast Municipal Assembly. This has affected the economic life of the people in the lagoon environs positively.

### **Ghana Atomic Energy Commission**

461. Mr. Speaker, the Ghana Atomic Energy Commission continued to promote, develop and strengthen nuclear science and technology including biotechnology for the socio-economic development of the country.
462. The construction of a Tissue Culture Laboratory for large-scale multiplication of planting materials such as yam, pineapple, plantain, banana and others was completed. This will enable farmers have easy access to cheap planting materials to increase food production, achieve food security and reduce poverty.
463. The Biological and Nuclear Agricultural Research Institute of GAEC in collaboration with Bio plantlets Limited has produced 14,000 plantlets of MD2 pineapple to be released to farmers for the export market.
464. Through the assistance of IAEA, the Commission facilitated the establishment and commissioning of the Kumasi Radiotherapy Centre to add to the already established Centre at Korle-Bu Teaching Hospital, Accra.

465. Mr. Speaker, in an effort to build human capacity in the area of nuclear and allied sciences, the Ghana Atomic Energy Commission in collaboration with the University of Ghana and with the assistance of the international Atomic Energy Agency (IAEA) is establishing the School of Nuclear and Allied Sciences for post-graduate education and training.

### **Outlook for 2006**

466. Mr. Speaker, in view of the government's focus on growth and job creation, there will be pressure on the environmental and natural resources requiring more resources for environmental management.

467. Under the Ministry's Rural Enterprises Project II which represents part of the government's programme to reduce poverty in the rural areas, the Ministry will achieve a broad-based increase in productivity, employment and income of the rural poor, through small scale non-agricultural activities. They are:

- Selection of four participating districts to benefit from the establishment of Rural Technology Facilities;
- Training of 1,200 artisans, agro-processors and traders in occupational safety, health and environmental management to improve the quality of workplace environment;
- Assistance to 40 graduate apprentices to write the NVTI Proficiency Trade Test and secure certification;
- Counsel 172 unemployed youth are to undergo apprenticeship training under master craft-persons; and

- Production of 163 agro-processing equipment will be produced by the Rural Technology Service Centres for rural micro entrepreneurs.
468. Mr. Speaker, the Ministry will continue with its effort to mainstream environmental issues into all aspects of GPRS and into sectoral and district planning guidelines issued by NDPC. The results of the Strategic Environmental Assessment (SEA) will provide the information to develop a framework for mainstreaming environmental concerns across all sectors. This will be achieved through the following activities:
- SEA tools will be used to mainstream environmental issues into sector and district policies, plans and programmes; and
  - Water Sector SEA will be conducted in collaboration with Ministry of Works and Housing, Water Resources Commission and Environmental Health Division of the Ministry of Local Government and Rural Development at national, regional and district levels.

### **TOWN AND COUNTRY PLANNING DEPARTMENT**

469. For the 2006 financial year, the Town and Country Planning will continue to pursue the under-mentioned activities:
- Prepare and guide implementation of Planning Schemes;
  - Establish Mobile Planning Teams;
  - Continue with the Legal and Institutional Reform;
  - Create Public Education and Awareness; and
  - Build Capacity for Human Settlement development.
470. Mr. Speaker, the programme of commercialization of the activities of the MDAs, particularly the CSIR Institutes, EPA

and GAEC, will be intensified to improve upon their income generating capacities and ensure maximum cost recovery.

### **Environmental Protection Agency**

471. Mr. Speaker, the Environmental Protection Agency will implement the following activities, which will have impact on human health and judicious use of natural resources for sustainable development:

- Natural Resources Management;
- Environmental Quality Monitoring;
- Manufacturing Industries Monitoring;
- Extractive Industries Monitoring;
- Environmental Education;
- Environmental Information;
- Compliance Monitoring; and
- Staff Capacity Development.

### **Ghana Atomic Energy Commission**

472. In an effort to build human capacity in the area of nuclear and allied sciences, the Ghana Atomic Energy Commission (GAEC), with the assistance of IAEA and the Government, will renovate existing structures for the School of Nuclear and Allied Sciences. In addition, GAEC will continue to strengthen the institutional capacity to support Research and Development, education and training.

473. GAEC will enhance cassava production by developing cassava varieties with high quality starch, resistant to African Cassava Mosaic Virus (ACMV) and excellent cooking quality.

474. GAEC will help in planning for sustainable energy development by assisting in evolving a long-term energy plan to determine Ghana's future energy mix including nuclear power.
475. GAEC, using isotope techniques, will assess ground water resources in the Densu Basin to provide reliable scientific and technical basis for ground water resources exploration, development and management.
476. GAEC will continue to make its facilities, especially those at Kwabenya, accessible to private investors and the local artisans.
477. Mr. Speaker, cancer is on the increase in this country. GAEC, in collaboration with the Ministry of Health, will upgrade the two existing radiotherapy centres at Korle-Bu and Komfo Anokye Teaching Hospitals and to establish a third one at Tamale Government Hospital to cope with the problem.
478. An amount of ₵215,704 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵180,421 million is from GOG while ₵19,306 million will come from donor support. IGF will account for the remaining amount of ₵15,978 million.

## **MINISTRY OF PRIVATE SECTOR DEVELOPMENT AND PRESIDENT'S SPECIAL INITIATIVES**

479. Mr. Speaker, under the framework of the Ghana Poverty Reduction Strategy, the Ministry for Private Sector Development & President's Special Initiative is expected to coordinate and harmonize all inter-sectoral efforts aimed at the development of the private sector as the engine of growth and poverty reduction. The Ministry also has the responsibility to facilitate the development of strategic growth poles.
480. In conformity with these objectives, the Ministry implemented various activities under a number of frameworks in 2005.

### **Policy and Regulatory Impact Assessment (PRIA)**

481. Mr. Speaker, as part of the Policy and Regulatory framework, the Policy & Regulatory Impact Assessment (PRIA) tool has been developed. The tool provides a framework for a high quality, participatory policy development process. It guides users to undertake a thorough analysis of the full range of options available to Government to address a policy problem, and calculate the costs and benefits to ensure that new regulatory measures are fully justified.

### **Programme Intervention Evaluation Template (PIET)**

482. The Ministry has also developed a Program Intervention Evaluation Template (PIET) to assist Government to assess possible programs to ensure that only those that are affordable and are most likely to succeed are implemented. These tools are expected to boost efficiency in formulating and implementing regulations, rules and policies to make the business and investment environment less costly and less risky.



## **National Medium Term Private Sector Development Strategy**

483. Government is implementing a programme of market reforms through the National Medium-Term Private Sector Development Strategy (2005-2009) and Action Plan, which was launched by His Excellency President Kufuor in July 2004. The goal is to achieve sustainable, equitable and widespread private sector-led growth throughout Ghana, by enhancing the competitiveness of the private sector. It is also to reduce the risks and costs of doing business in Ghana.
484. Establishing Institutional Structure: The Oversight Committee, which was set up in November 2004, to oversee and monitor the implementation of the strategy has been meeting on a monthly basis to oversee progress made in the implementation of the Strategy.
485. Memorandum of Understanding: The recognition for close collaboration among itself, the private sector and civil society, as well as Development Partners, in a new and more inclusive partnership arrangements to ensure the success of the Strategy and Action Plan, informed government's decision to sign a Memorandum of Understanding on June 9 2005, with twelve of its key Development Partners. The MoU adopts a common approach and collaborative framework for coordinating, managing, monitoring and evaluating support programmes for the development of the private sector.
486. The initial financial commitment in this agreement was US \$30.0 million from DFID, DANIDA, World Bank and the European Commission. Eight other Development Partners are providing technical support.
487. Monitoring & Evaluation Framework: One key thrust of the Ministry's work is to ensure effective monitoring and

evaluation of private sector development policies, programmes and projects of the Ministry, MDAs, Development Partners and other major players and to track their impact on the country's private sector.

488. Monitoring & Evaluation framework has been designed with performance indicators and baseline data. Implementing MDAs are being encouraged to own the monitoring and evaluation system put in place within the PSD Strategy.
489. Institutional Review: Institutional reviews were carried out on 42 MDAs whose activities have a direct bearing on the environment in which the private sector operates. The aim is to improve the MDAs readiness to deliver on the priority areas.
490. These key areas include regulating business activities, improving access to justice, stepping up infrastructure development, getting better access to finance, as well as improving customer charters and public service delivery standards to be in line with international best practice.
491. Recommendations following the institutional reviews are being implemented. The Ministry of Public Sector Reform, with the support of the Ministry for Private Sector Development and PSI, is running series of workshops targeted at frontline organizations, which have a direct interface with the public, and has formed Client Service Units in these organizations.
492. Public-Private Dialogue: (i) To ensure effective engagement of the private sector in Government's policy processes, the Ministry has established dialogue platforms with key private sector groups. It holds bi-monthly meetings with the Private Enterprise Foundation (PEF)

493. (ii) To strengthen the quality and quantity of the dialogue with the private sector, the Ministry supported the implementation of the Business Sector Advocacy Challenge (BUSAC) fund. Pilot implementation of BUSAC started in Greater Accra, Ashanti and Brong Ahafo regions and has been launched in all the 10 regions.
494. (iii) Public-Private Partnership (PPP). Based on the PPP guidelines the Ministry worked with MDAs and other players to review proposed private sector participation in the provision of Water, Health, Rail and Business Process Outsourcing in ICT.
495. The Ministry organized workshops with all District Assemblies in Greater Accra, Ashanti, Western and Central Regions to discuss the Policy Guidelines. It has also held workshops with the Private Sector, NGOs, and Development Partners for the Southern and Northern Sectors.
496. The Ministry has also undertaken a diagnostic study of on-going Public-Private Partnership (PPP) projects at selected District Assemblies. Recommendations have been made for the improvement of these projects and the implementation of more effective PPP projects.

### **Business Development Services Unit**

497. Mr. Speaker, in conformity with H.E. The President's directive in his 'State of the Nation's' Address delivered to Parliament in February 2005, the Ministry has fashioned out a plan to incorporate the informal economy into the formal economy to create an environment in which businesses currently in the informal sector are more able to enter the formal sector and use their assets to grow and develop.

498. The Ministry has therefore set up a Business Development Services Unit, which has developed an Action Plan for the informal sector and is facilitating the development of business support-services targeted, especially, at the informal sector. These include training, mentoring and various capacity building programmes. The unit is also facilitating access to financial services for micro, small and medium scale enterprises (MSMEs). It is also co-coordinating the numerous Business Development programs being offered by Government, Development Partners and NGOs.

### **Access To Credit**

499. The Ministry has facilitated a number of credit facilities for SMEs to help address one of their major constraints. The funds are managed judiciously by independent financial institutions and agencies. Facilities secured to date include: the African Development Foundation Fund of US\$2.0 million, co-financed by the Government of Ghana and the US Government. Negotiations have been concluded to increase the facility. Under the matching grant agreement signed this year between the US Government and the Ghana Government, each country is to increase its stake from US\$1.0 million to US\$5.0 million within the period 2006-2007 and from US\$5.0 million to US\$10.0 million in 2008 - 2010.
500. African Development Foundation Fund: Between September 2003 and mid 2005, the African Development Foundation provided loans worth US\$2.5 million for nine (9) SMEs. These are mostly in agro-processing and fish farming. These companies have provided 1,695 direct jobs to people. Three of the companies provide market to 1,600 farmers and out-growers. In the next five years, these companies project to give additional direct jobs to 481 people.

501. Italian Credit Facility: So far, an amount of €2.0 million have been disbursed to five companies and an additional €3.7 million has been committed to 12 companies and will be disbursed before the end of 2005.
502. Exim Guarantee: The Ministry continues to facilitate the availability of purpose-fashioned guarantees through the EXIM guarantee. The Ministry also arranged a US\$2.0 million facility from the Government of Ghana to assist pineapple farmers in the conversion to the MD2 variety.

### **The President's Special Initiatives**

503. The President's Special Initiative was established to expand and add value to non traditional exports in a bid to diversify the economy, create employment and improve local livelihoods. So far, the PSIs covers Cassava Starch, Oil Palm, Salt, Textiles and Garments.
504. A Policy Framework for the PSIs has been developed that clearly articulates Government's facilitating and handholding role and the private sector's role in implementation. Key activities undertaken in each of the four (4) strategic areas are:
505. Cassava Starch: Over the three years of operations, the Cassava Starch Initiative has been successful in creating a pilot commercial agricultural production and processing facility that has produced international quality food starch. The rated capacity of the processing factory is 360 tonnes of cassava per day. The pilot facility has positioned Ghana as a source of quality starch for the food and beverage industry worldwide. The PSI Cassava Starch has achieved the following:
  - Facilitated orders from companies such as Nestle International through Momfort International of Cote

d'Ivoire as well as Dera of Czech Republic, Unilever and ELSA Foods in Ghana. The cumulative orders amount to over 10,000 metric tonnes of cassava starch, representing 50% of installed capacity. This requires an estimated 60,000 metric tonnes of raw cassava requiring the planting of 7,500 acres of land;

- Collaborating with the Ministry of Food and Agriculture to support farmers – both small and medium – with credit and extension services;
- Working with the Roots and Tubers Improvement Project, CSIR and KNUST, to introduce high starch-yielding cassava varieties; and
- The Ministry is facilitating the signing of MoU by a consortium of 3 companies made up of Thai-German Processing Co. Ltd, Supercare Ltd (Ghanaian) and Safco Engineering (Ghanaian) to set up 3 Cassava Starch Processing companies at Atebubu, Amantin and Ejura to process 20,000mt/year. The Consortium hopes to establish 20 such plants, all of 20,000mt capacities, to process cassava into food-grade starch and into ethanol for the petroleum industry.

506. Garments and Textiles: In the Garments and Textiles Initiative, the effort has been to develop the production capacity and human resource skills of the country to meet the huge market opportunity offered by the Africa Growth Opportunity Act (AGOA), while addressing the problem of peri-urban poverty. The strategy has been to entice established foreign large-scale market suppliers to relocate production facilities in Ghana. The key achievements of the PSI on Garments and Textiles are as follows:

- Ten (10) Ghanaian Companies have been supported to have access to production facilities that enable them to meet international garment quality standards;

- Established a Pilot commercial production and merchandizing company - Gold Coast Collections - to facilitate the sourcing of American orders, industry innovation and local subcontracting;
  - Exported US\$4.0 million worth of manufactured garments;
  - Set up a Clothing Technology Training Centre (CATCH) in Accra where between 300-400 machine operators are trained each month. So far, 8,000 of such Trainees have been turned out since 2003. A similar Clothing Technology Training Centre (CTTC) in Kumasi is 90 percent complete. A third such facility will be established in Takoradi;
  - Provided Technical Assistance in IT, Marketing, Social Responsibility compliance and Recruitment of experts for Garment Producers; and
  - Developed Production Platforms and Infrastructure at the Free Zone Garment Village, while similar production platforms at GTMC in Tema and Adjabeng in Accra are being developed.
507. In real terms, these programmes and projects have translated into jobs for 3,000 people in nine Garments and Textile Factories. A further 5,300 jobs will be available when 15 new companies become ready for export production by December 2005.
508. Oil Palm Initiative: The Oil Palm Initiative is comparatively far advanced. Its thrust is to take advantage of a huge existing market opportunity in ECOWAS. The target is to raise the national output of oil palm for industrial purposes from 100,000 tones per year to 300,000 tones in the next 7 years and proceed to 2 million tones in 15 years. To date the PSI on Oil Palm has achieved the following:

- Nurseries producing 2 million seedlings per year have been developed in 12 locations in the country and these are providing employment for an average of 70 persons per nursery. Nine (9) new nurseries have been added to increase seedling production capacity to 4 million by end of 2005;
- The seed nut capacity of the Oil Palm Research Institute (OPRI) has been boosted from 250,000 (pre-PSI) to over 4 million in 2005. A target of 6 million by 2006 has been set. Contract extension services delivery has been established - 12 out-grower support units have been formed to provide technical and corporate decision-making support to farmer groups;
- The use of land as equity based on the traditional "abusa" system has been initiated. 300,000 hectares has been pledged so far around the 31 nurseries with the largest land investment of 23,000 hectares by Kumawuman. Large areas of land continue to be pledged;
- Prospectus for private placement to attract private sector strategic investment has been prepared and will be launched before the end of the year. Three (3) Ghanaian strategic investors living abroad have already invested ₵10.0 billion in 6 of the 15 Companies formed so far; and
- Mining companies, including Goldfields Ltd., have also incorporated oil palm development as the lead in their alternative livelihoods program.

509. Salt Initiative: The Initiative seeks to boost the competitive edge of the industry by introducing industry specialization and economies of scale as well as the growth of large-scale market leaders. The target is to raise the national raw salt output from the existing 150,000 tonnes to 2.5 million tonnes



by 2010. The raw salt will form the basis of a viable Chlor-Alkali industry in the long term. The following has been achieved to date:

- Industry Structure and Capacity Review Studies have been undertaken;
- Technical Assistance and Training has been delivered by consultants to enhance the production productivity and quality of Artisanal and Medium-scale operators;
- Credit extension to the industry through EDIF has been established;
- Export contracts for high-grade salt to Cote d'Ivoire has been secured for industry leaders, including Panbros Ltd;
- Fifteen companies have been assisted to redesign salt works, and new brine management techniques have been introduced; and
- Business plan for expansion of salt works for 14 small-scale producers at Apam was completed. Soil test and survey works are under way at Afiadenyigba.

### **Innovation & Entrepreneurship**

510. Mr. Speaker, to imbibe in the young, the entrepreneurial spirit, the Ministry has been implementing the following programmes to encourage innovation and entrepreneurship:
511. Growing the Young Entrepreneur Programme (GYE): Ten award winners of the Ministry's entrepreneurship programme dubbed, "Growing the Young Entrepreneur", have received initial entrepreneurship training and counselling. Prize money of \$8,000.00 each is yet to be given to them to enable them implement the businesses ideas that made them winners of the competition. Thereafter, the Ministry in collaboration with

Technoserve will provide them with hands-on training, advisory and implementation services.

512. Captains of Industry Programme: To develop the mindset of the youth especially those in tertiary and secondary institutions towards entrepreneurial development, the Ministry developed a programme dubbed the "Captains of Industry". The program provides a forum for Ghanaian men and women who have excelled in their various fields of endeavour to "tell their own story" as to how they made it in business. It is expected that such platforms would inspire the youth to start their own businesses and work to attain the feats achieved by these role models.
513. Students in Free Enterprise Programme (SIFE): The Ministry is also supporting the programmes of Students in Free Enterprise (SIFE). SIFE is a global non-profit organization active in 24 countries including Ghana and is funded by financial contributions from corporations, entrepreneurs, foundations, Government Agencies and individuals. Working with businesses and higher education, SIFE establishes student teams on University campuses, to develop community outreach projects. The Ministry gives financial support to SIFE as part of its strategy of building a core of young entrepreneurs. Government has agreed to support SIFE to host the "World Cup" of SIFE in Ghana in 2007.

### **Public Relations and Communication**

514. The Ministry for Private Sector Development and PSI has designed a website to serve as a one stop shop for information on all the activities of the Ministry. It will also provide a database of SMEs in the country and facilities available for the private sector. The site is expected to be operational before the end of 2005.

## **Outlook for 2006**

515. Mr. Speaker, to ensure the attainment of the government's vision of creating a vibrant Private Sector and an enabling environment to reduce the cost of doing business in Ghana and further ensure that the PSIs are on course, the Ministry will pursue the following programmes in 2006:

### **Private Sector Development Strategy**

516. Strategic Monitoring and Evaluation of the implementation of the National Medium - Term Private Sector Development Strategy to facilitate private sector-led growth through the following:

- Operationalise the M&E Logical framework of the PSD Strategy ;
- Implement capacity building programmes for PSD Strategy implementing MDAs' PPME Units for effective monitoring;
- Establish working relationships with institutions which deal with the private sector;
- Undertake baseline and follow-up studies for the PSD Strategy; and
- Implement capacity building programmes for decision makers and policy formulators on the role of the private sector.

## President's Special Initiatives (PSIs)

517. Diversification of Ghana's export base and exploitation of external market opportunities, generate skills, employment and incomes through the PSI by:

### Oil Palm

- Facilitate the Cultivation of 20,000 hectares of oil palm through the establishment of out-growers for nursery operators;
- Expansion of oil palm projects in the Volta Region; and
- The continuous monitoring of existing projects and support for out-grower units. This will generate 140,000 jobs.

### Cassava starch

- Facilitate the Development and introduction of high starch-content and early maturing planting material for the cassava starch industry;
- Expansion of the cassava starch initiative into Brong Ahafo and the Volta Regions; and
- The expansion of cassava production is to meet the raw material needs of Ayensu Starch Company and a Consortium of 3 companies made up of Thai-German Processing Co. Ltd, Supercare Ltd (Ghanaian) and Safco Engineering (Ghanaian).

### Salt

- Facilitate the establishment of two salt terminals in major salt producing areas to increase the export of salt;

- Facilitate an enhanced access to suitable land for large-scale salt operators;
- Organize industry cluster focal point and upgrade technology; and
- Enhance international marketing expertise of salt.

#### Garments & Textiles

- To increase Ghana's share in the export of garments, two Clothing Technology Training Centres (CTTC) in Kumasi and Takoradi will be operationalised to give the needed skills for fourteen (14) new companies that will become ready for export production by December 2006. It is expected that 7,700 new jobs will be created.

#### **Institutional Strengthening**

518. To enhance the efficiency and accessibility of national markets, MPSD&PSI will:

- Begin implementation of the Programme Intervention Evaluation Template (PIET) to ensure that proposed programmes for the private sector achieved the desired goals; and
- Continue to facilitate the removal of institutional and legal bottlenecks that impede the development of the private sector.

519. To strengthen firm's competency and capacity to operate effectively and efficiently MPSD&PSI will:

#### Business Development Services

- Facilitate the development of business support services targeted especially at the informal sector, including training, mentoring and various capacity building

programmes, to enable them progress into the formal sector. This will enhance their capacity to access financial services for micro, small and medium scale enterprises (MSMEs);

- Develop an action plan for Ghana’s large informal sector in collaboration with the International Labour Organisation (ILO), the Ministry of Manpower Youth and Employment and other key stakeholders; and
- Continue to promote innovation and entrepreneurship in tertiary institutions through the production of the “Captains of Industry” series in conjunction with Ghana Broadcasting Corporation to promote partnership programmes with business and economic students clubs such as Students in Free Enterprise (SIFE).

#### Access to Credit

- Under the African Development Facility (ADF), five (5) new projects will be funded which will create 335 direct jobs, and over four thousand (4,000) indirect jobs; and
  - The Ghana Private Sector Development Fund (Italian Facility) will disburse funds to five (5) new projects, which will create additional job opportunities.
520. To enhance Government’s capacity for private sector policy formulation, implementation, monitoring and evaluation, MPSD&PSI will:
- Strengthen quality and quantity of government dialogue with the private sector through the preparation of annual reports to inform the public about MPSD activities;
  - Organise bi-monthly meeting with governing council of Private Enterprise Foundation; and

- Fully operationalise the Ministry's website to serve as a databank of information on all private sector activities. It will include SMEs databases, financing facilities available for the private sector, and private-public partnerships available for investment.
521. An amount of ₺167,086 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₺9,984 million is from GOG while ₺147,102 million will come from donor support. HIPC funds also amount to ₺10,000 million.

## **MINISTRY OF FISHERIES**

522. Mr. Speaker, the Ministry of Fisheries is to promote sustainable and thriving Fisheries enterprises through research, technology development and extension services to fishermen, processors and fish mongers. The Ministry will revamp the industry to increase its export potential, growth rate and create employment to reduce poverty in the fishing communities in order to fulfill their crucial role of ensuring Fish Food Security.

### **Performance in 2005**

523. Mr. Speaker, in line with the Ministry's objectives, the following activities were carried out:

- Formation of 131 Community-Based Fisheries Management Committees (CBMFC) in 17 coastal districts. Those committees are at various stages of operationalisation;
- The Vessel Monitoring System (VMS), which will monitor the operations of fishing vessels in Ghanaian waters, has been procured by the Government, installed and functioning. So far, 70 vessels have been fitted with vessel tracking devices;
- 100 outboard motors have been distributed to beneficiaries along the coast. The second batch of 100 outboard motors will be distributed in four coastal regions by the end of the year;
- Identified aquaculture development as the surest way to address the problem of shortfalls in the capture fish production. Investors and entrepreneurs were sensitised to venture into Aquaculture as a business, by offering them technical services as well as expert advice;



- In collaboration with some mining companies in the country disused mine pits were converted into fish ponds to create employment, reduce poverty and contribute to food security;
- Two workshops were organized to formulate a strategic framework for Aquaculture development in the country;
- Commenced training of fish farmers at a resource centre in Kumasi. 12 participants benefited; and
- Started a pilot phase of an Alternative Livelihoods Programme in fishing communities to provide skills and vocations. It is to provide employment and other sources of income during lean seasons for fishers and their families in both the marine and Volta lake fisheries. This activity was carried out under the Sustainable Fisheries Livelihoods Programme (SLIP).

### **Outlook for 2006**

524. Mr., Speaker, a comprehensive fisheries development policy aimed at a more sustainable use of the fisheries resources will be developed in 2006 to ensure that the country's fisheries resources are properly managed. The following activities will therefore be undertaken:

- Feasibility studies for the improvement of selected fish landing sites will start; contracts will be awarded for construction works to commence in 2006. The coastal areas to be covered are Axim, Munford, Elmina and James Town. Two inland sites at Dzemeni and Abotoase will also be covered by the studies;
- The Ministry in collaboration with the Ministry of Energy will reorganize the premix fuel committee to ensure that fishermen have unadulterated fuel at the approved price and at the right time by June 2006;

- Monitoring, Control and Surveillance (MCS) activities will be intensified to ensure responsible fishing in the marine and inland waters;
- Fisheries Policy and Management plans will be developed;
- The bye-laws on fisheries in the remaining district will be passed, gazetted and implemented with the support of the respective District Assemblies;
- Cold storage and fish processing facilities will be developed at strategic points along the coast with the support of the private sector; and
- A special credit scheme for fishermen such as work-and-pay scheme will be developed and used as a source of credit for supplying fishing inputs (outboard motors, fishing nets etc.) to fishers.

525. Mr. Speaker, additionally, the following measures will be implemented:

- Aquaculture promotion will continue in an attempt to meet the short fall in the capture fish production. The Ministry will support the five best business plans presented by entrepreneurs;
- The Ministry will continue to provide technical services to fish farmers to improve fish supplies, particularly from aquaculture. This will be done mainly through development of fingerling production, feed supply, pond construction, fish husbandry and post harvest fisheries activities such as storage and processing;
- The training of fish farmers, which was started in 2005, will be continued.

- Two (2) additional hatcheries will be established to produce more fingerlings for fish farming in Ghana; and
  - The Ministry will continue to implement alternative Livelihood Schemes in fishing Communities to impart vocations and skills to ensure that during the lean seasons there will be economic activities to sustain and improve their livelihoods.
526. An amount of ₵41,840 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵15,840 million is from GOG, donor contributions amounted to ₵12,000 million while ₵14,000 million will come IGF.

## **INFRASTRUCTURE**

527. Mr. Speaker, infrastructural development will be lead by the following MDAs:

- Ministry of Works & Housing;
- Ministry of Road Transport;
- Ministry of Communication; and
- Ministry of Harbours and Railways.

## **MINISTRY OF WORKS AND HOUSING**

528. Mr. Speaker, the Ministry of Works and Housing (MWH) has the responsibility to ensure the provision of safe water, and development of infrastructure in the area of Housing, Drainage Works, Coastal Protection Works, Operational Hydrology, and water related sanitation facilities throughout the country.

### **Performance in 2005**

#### **Rural Water**

529. Mr. Speaker, in accordance with the GPRS objectives and Millennium Development Goals (MDGs) targets of accelerating the delivery of sustainable safe water and improved sanitation facilities to rural communities and small towns, the Community Water and Sanitation Agency (CWSA) completed the following activities in the year 2005:
- Construction of 1,647 new boreholes;
  - Rehabilitation of 49 boreholes;
  - Construction of 35 new hand dug wells;
  - Construction of 28 pipe systems for small Towns and Communities;
  - Construction of 4,655 new household places of convenience; and
  - Construction of 539 new institutional places of convenience.
530. The Ministry received additional funds from the HIPC Initiative for the construction of 156 boreholes fitted with hand-pumps in guinea worm endemic communities in 2005. In addition, the Ministry provided water and sanitation facilities in the Dangme East, Dangme West and North Tongu districts.

## **Urban Water Programme**

531. Mr. Speaker, works continued on the rehabilitation of the Koforidua, Asamankese, Nsawam, Nkawkaw, Akim Swedru and Anum Boso water supply systems this year under the Six Towns Water Supply Project.
532. The Urban Water Project tender documents have been prepared for 13 urban water systems in seven regions-Greater Accra, Ashanti, Central, Northern, Upper East, Volta, and Western.
533. The Kwanyaku Drinking Water treatment Plant is being rehabilitated. On the Cape Coast Water supply Project, both Cabinet and Parliament have approved the loan agreement for the implementation of the project in 2006.
534. Mr. Speaker, on the Accra Sewerage System Improvement, the Ministry received the final reports on the engineering design. As a result, the acquisition of land for the Sewerage Treatment Plants Sites and an execution of a Contract for the formulation of House Sewer Connections and Economic analysis of the project commenced.

## **Korle Lagoon Ecological Restoration Project (KLERP)**

535. Mr. Speaker, with the Korle Lagoon Ecological Restoration Project (KLERP), approximately 95% of construction work on the 20-bay interceptor weir, pumping station, and pre-treatment plant have been completed. Infrastructural improvement works at selected markets for relocation of identifiable traders from Sodom and Gomorrah were about 85% complete. About 50% of work on the maintenance dredging of the lower and upper lagoons has also been completed. Two (2) parts of the 1.4 meter diameter pipes have been laid on land, and in the lagoon.

## **Keta Sea Defence Project (KSDP)**

536. Mr. Speaker, Government has completed the main Sea Defence Works, including the flood control structures of the project. Work was also completed on 100 houses and handed over for habitation by 800 displaced persons. Works on the additional 342 houses are at various stages of completion. The water supply project is 75% complete. Extension of electricity and work on the sewerage system had progressed to 90% and 45% completion stages, respectively.

## **Hydrological Services**

537. Mr. Speaker, the Government constructed twenty two (22) culverts in the city of Accra and is carrying out channel improvement works in the various communities in Accra that are prone to flooding. The programme has successfully contained flooding in Accra to some extent this year, thus saving lives and properties from floods experienced in Accra on a yearly basis.
538. Mr. Speaker, in 2005, work on the remaining 7km of the total 13.5kilometres of reinforced concrete drains under the Tamale Storm Water Drainage Project (TSWDP) was completed.

## **Housing**

539. Mr. Speaker, the Ministry has initiated review of the National Housing Policy, to make it more realistic and responsive to the needs of the low-income group. There was a stakeholders' conference to deliberate on it in July 2005. Further consultations for the drafting of the policy and strategic framework are on-going.
540. Mr. Speaker, in line with Government policy to provide affordable housing, land for the construction of 1,138 flats has been acquired at Borteyman and Nungua and civil works has commenced.

## **Review of the Rent Act of 1963 (ACT 220)**

541. Mr. Speaker, the Rent Act of 1963 (Act 220) is being reviewed for onward submission to Parliament.
542. The site and cadastral plans for the proposed land banks for housing delivery have been submitted to the Ministry.

## **Outlook for 2006**

543. Mr. Speaker, the Ministry will continue implementation of its programmes and projects in accordance with the GPRS objectives to promote urban infrastructural development and the provision of basic services including increased access to safe and affordable shelter.

## **Rural Water**

544. Mr Speaker, with respect to the provision of safe water in the rural communities, the Community Water and Sanitation Agency (CWSA) will undertake the following activities:
- Construction of 1,152 new boreholes;



- Rehabilitation of 118 boreholes;
- Construction of 49 new hand dug wells;
- Construction of 8 small communities pipe systems;
- Construction of 89 new small town pipe systems;
- Rehabilitation of 6 small town pipe systems;
- Construction of 11 Rain Catchment Systems;
- Construction of 6,179 new household places of convenience; and
- Construction of 740 new institutional places of convenience.

### **Urban Water**

545. The Six Towns Water Supply Project will be completed in 2006. Under the Tamale Water Supply Expansion Project, the Ministry will undertake the following works:
- Intake installations at Nawuni, the supply and installation of two new vertical shaft pumps at the intake tower;
  - Transmission mains from Nawuni to Dalun;
  - New treatment facility at Dalun for additional 5.0 million gallons per day (MGD);
  - Transmission mains from Dalun to Kukuo Yelpasi;
  - Water Storage Compound at Kukuo Yelpasi consisting of four 1.1 MG reservoirs and a booster station; and
  - Distribution Network Reinforcement and extension.
546. The Obuasi Water Supply Project will also proceed under the urban water project for the execution of distribution extensions to Obuasi and its environs.

547. Works will continue under the Rural Water Supply Rehabilitation Project involving the rehabilitation of the "Old Kpong" water works at Kpong and the replacement of existing pipelines in the following areas:
- Kpong-Atimpoku-Frankadua areas;
  - Kpong-Afienya-Dawhenya-Prampram-Ningo areas; and
  - Kpong-Yilo Krobo-Manyia Krobo areas.
548. The Kwanyaku Water Supply Expansion Project will continue in 2006 and the scope of works includes:
- Dredging of impoundment;
  - Rehabilitation of existing plant to its designed capacity;
  - Construction of a twenty thousand cubic metres per day plant;
  - Construction and improvement of Transmission and Distribution pipelines with emphasis on poverty stricken communities;
  - Construction of service reservoirs.
549. Under the Baifikrom Water Supply Expansion Project, the following works will be undertaken in 2006:
- Construction of a 3mgd treatment plant and raw water intake;
  - Water distribution reservoirs; and
  - Supply and laying of about 84.4 km of 200/250/100mm HDPE pipelines.

## **Cape Coast Water Supply Rehabilitation and Expansion Project**

550. Mr. Speaker, following the approval of the Loan Agreement for the Cape Coast Water Supply Rehabilitation and Expansion Project in 2005, implementation will commence in 2006.
551. The Ministry will undertake rehabilitation and expansion works on water supply in the following seven towns in the Eastern Region namely, Akim Oda, Akim Asene, Akim Manso, Akim Aboabo, Akim Ofoase, Achiase, and Larteh – Akorley.
552. Mr Speaker in 2006 the following urban projects, which are on-going, will be continued:
- Korle Lagoon Ecological Restoration Project;
  - Tamale Storm Water Drainage Project;
  - Keta Sea Defence Project; and
  - Ada Sea Defence Project.
553. Mr. Speaker, the East-West Transfer Interconnection involves the laying of 14km of pipelines and supply of potable water from the Weija Treatment Plant and the Accra Terminal Reservoir and this will be undertaken in 2006.
554. Mr. Speaker, to ensure regular supply of potable water in Accra, the Kpong Water Supply Expansion work will be undertaken with the following scope of work;
- Construction of a new two hundred and eighty five thousand cubic metres per day intake;
  - Expansion of the capacity of the treatment plant to two hundred and fifty thousand cubic metres per day; and
  - Construction of new Transmission mains through Dodowa, Adenta to Accra Booster Station.

## **Housing**

555. Mr Speaker, the Ministry will establish the National Housing Authority, which will be responsible for the implementation of the National Housing Policy in 2006.

## **Affordable Housing**

556. The review of the Rent Act (Act 220, 1963) will be completed in 2006, to make it more responsive to the changing trends in housing delivery.
557. Mr. Speaker, it is estimated that in housing delivery a deficit of between 350,000 and 400,000 houses existed since 1980 to date. The Ministry is determined to produce about 125,000 housing units annually, over the medium term, to make up for the backlog.
558. Mr. Speaker, to ensure sustainable delivery of low income affordable housing countrywide, the Ministry will continue to source additional acres of land in Accra and other Regional Capitals to establish land banks, purposely for housing and associated infrastructural development.
559. Mr. Speaker, in furtherance of the NPP Manifesto of Housing the People and the realization of His Excellency the President's vision for the housing sub-sector of the economy, Government will continue the construction of the mass low cost housing project at Borteyman and Nungua.
560. The first phase of the project at completion will provide 113 blocks of flats out of 1,138 units of varied flat types. Government has programmed to develop this project into a modern township with all the engineering and social infrastructural amenities like roads, electricity, water,

telephone, drainage, schools, clinics, children's playgrounds, open spaces, parking and recreational places of worship, police stations and commercial centres to service the neighbourhood.

### **Sale of Low Cost Houses**

561. Government will this year vigorously pursue the programme for the sale of Low Cost Houses throughout the country and use revenues obtained to increase the stock of affordable houses for its employees.

### **Rehabilitation of the Peduase Lodge**

562. Mr. Speaker, Government has noted that most of the magnificent facilities provided at the Peduase Lodge have seriously run down since its construction by the first President of the Republic of Ghana due to neglect by previous regimes. This government is taking a bold initiative to reinstate the Peduase Lodge to its past glory. A major rehabilitation programme will therefore commence in 2006. This magnificent mansion requires a major rehabilitation programme to which the Government is committed to continue in 2006.
563. An amount of ₵1,326,840 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵109,244 million is from GOG while ₵1,038,603 million will come from donor support. IGF is ₵1,993 million and HIPC funds amount to ₵177,000 million.

## **MINISTRY OF ROAD TRANSPORT**

564. Mr. Speaker, the Ministry of Road Transport will continue to focus on the broad policies and objectives of the GPRS to ensure the provision of safe, reliable and affordable road transport infrastructure and services to enhance the growth of the economy.

### **Performance In 2005**

#### **The Road Sub Sector**

565. In 2005, the focus of the road transport sub-sector was essentially geared towards the provision of access roads through better distribution of the road network with special emphasis on deprived rural and urban areas.
566. Mr. Speaker, the performance of the Road Transport sector for 2005 is underlined by the objective of the Ghana Poverty Reduction Strategy Phase I (GPRS I) where the thrust of Government was on transport infrastructure development. The achievements made under the 2005 Road Sector Programmes as follows:

#### **FEEDER ROADS**

567. By the end of September 2005, a total 1,032 km of feeder roads were regravelled and spot improved, while 900 km of road have been rehabilitated. A total of 56 km of roads have also been upgraded to bituminous surface. Twenty eight (28) steel bridges and 10 box culverts contracts have been awarded and works are currently on-going. Notable among works carried out by Department of Feeder Roads are as follows:

### Western Region

- Enchi – Ebikwakrom road (4.5 km);
- Wassa Akropong – Saaman road (6.3 km); and
- Adesu – Afransie Jukwa road (6km).

### Volta Region

- Sorkodie-Abutiakloe road completed; and
- Tanyigbe – Atidze and Ayenya – Aviepe roads (3.7km). The project is 27% completed.

### Eastern Region

- Sense-Akim Manso road. The project has been completed; and
- Kibi - Apapam road. The project is completed.

### Ashanti Region

- Kwadaso – Twedie – Winiso – Moseaso roads (6.5 km). The project is 88% completed;
- Jamasi – Boanim road (7.5 km) contract has been awarded – The project is 62 per cent completed;
- Wioso – Moseaso road (10.27 km) has been completed;
- Bonwire - Asonomaso road (8.5km). The project is 67% completed; and
- Nyankesenase - Essase (10.2km). The project is 50% completed.

### Greater Accra Region

- Old Ningo – Le Kongunor – Anyaman Ph. 1(6km) – The project is 57 per cent completed;
- Bortianor in- Kokrobitey Ph. 3 (4.5 km). Work in progress and is 56 per cent completed; and
- Ada Foah – Totope road (8.4 km) – The project is 84 per cent completed.

### Brong Ahafo Region

- Odumase – Nkwabeng – Abuotem road (1.65 km) – The project is 100 per cent completed;
- Bomaa – Tapa (4.0 km) – The project is 39 per cent completed; and
- Duayaw Nkwanta – Dwomo – Techimantia road (16.48 km) – The project is 68 per cent completed.

### Upper West Region

- Jirapa-Babile (7km) road. The project is 43% completed;
- Kambari - Kpguri road. The project is 36% completed; and
- Jirapa - Babile road. The project is 43% completed.

### Northern Region

- Yendi - Zabzugu (10km) road. The project is 33% completed; and
- Bole – Bale is on-going.



## Upper East Region

- Bolgatanga - Shrigu (4km) road. The project is 60% completed; and
- Bawku-Murungu (10km) road. The project is 35% completed.

## Central Region

- Essuehyia – Akra (Completed)
- Twifo Praso – Ntiamao (Completed)
- Odoben – Brakwa (Surfacing completed)
- Anyinabrim – Baaku (Surfacing is 30% completed)

## **URBAN ROADS**

568. Mr. Speaker, in 2005 the following achievements have so far been recorded under the urban road maintenance programme, focusing on the depressed areas of the cities.

- 50km of urban roads were resealed;
- 65km of road were upgraded;
- Regravelling covered 120km; and
- Grading and pothole patching were carried on 1,100km of road networks.

569. Mr. Speaker, major maintenance projects are ongoing in the following Metropolitan/Municipal and District capitals: Accra, Ga District, Kumasi, Sekondi-Takoradi, Cape Coast, Tema, Tamale, Koforidua, Bolgatanga, and Bawku. These projects, which involve construction of drains, gravelling, widening and resurfacing, are in various stages of completion.

## TRUNK ROADS

570. Mr. Speaker, following the prioritization of infrastructure development there has been acceleration in the development and maintenance activities on our trunk road network to facilitate internal distribution of goods and services and also enhance trade with our neighbouring landlocked countries.
571. Mr. Speaker, Government recognizes the need to dualise the three (3) roads originating from Accra to Kumasi, Cape Coast and Aflao respectively to reduce the high spate of accidents and reduction in travel time on these roads, which serve as transit corridors to our northern, eastern and western neighbours. In this direction the following dualisation projects are in progress:
572. Kwame Nkrumah Circle – Achimota, Ofankor-Nsawam, Besease–Kumasi on the Accra–Kumasi road corridor. Dualisation of the Mallam – Kasoa on Accra – Cape Coast corridor is also ongoing.
573. Progress made as at September 2005 on these three roads are as follows:

### ACCRA-YAMORANSA

574. The 134km Accra- Yamoransa Highway is divided into three (3) sections:
- Mallam-Kasoa – 19km (67% completed);
  - Kasoa-Winneba – 41km (Completed); and
  - Winneba - Yamoransa – 74km (To be completed in 2007).

## ACCRA-KUMASI

575. The 233km Accra-Kumasi highway is divided into 7 sections:

- Achimota – Ofankor 6.3km;
- Ofankor-Nsawam – 17.6km (57% completed);
- Nsawam-Apedwa – 41.6km (pre-qualification of contractors in progress);
- Apedwa-Bunso – 22.0km (Completed);
- Bunso-Anyinam – 11.5.0km (Completed);
- Anyinam-Konongo – 89.1km (48% completed);
- Konongo-Ejisu-Kumasi – 44.6km (23% completed).

## ACCRA-Aflao

- Accra – Aflao - 81.3km (90% completed);

## Tetteh Quarshie Interchange Construction

- Substantially completed

## Other Important Trunk Road Projects

576. Mr. Speaker, progress of work on other trunk roads are as follows:

- Jasikan – Breweniase - 24-57km (Completed);
- Manso - Asankragwa – 34km (98.7% completed);
- Axim Junction - Tarkwa - 62.4km (63% completed);
- Abuakwa - Bibiani - 74.0km (89% completed);
- Tinga– Bole Lot 2 - 53km (70% completed);
- Tamale – Yendi Road (Substantially completed);
- Pantang - Mamfe - 29.4km (64% completed);

- Kpando – Worawora - Dambai Phase 2 - 50km (Completed);
  - Wenchi - Sampa Road Phase 1 – 30.0km (98% complete);
  - Twifo Praso - Dunkwa Road Phase 2 – 10.0km (88% completed);
  - Sefwi Wiawso - Benchema Junction Road - 50km (Mobilisation is ongoing); and
  - Ningo Bridge Construction (Substantially completed).
577. Mr. Speaker, the GHA maintenance programme involving 7 major routes in 7 regions are in various stages of completion running from 50% - 97%.

### **Outlook for 2006**

578. Mr. Speaker, in 2006, the Ministry will focus on policy reform as well as the completion of a number of projects already started.

- **Institutional Reform Study**

Mr. Speaker, the Ministry will continue to lead in the Institutional Reform Study, the main objective of which is to improve on existing management systems and structures to integrate the operation of the different transport modes. The study, which started in January 2005 will be completed by March 2006.

- **National Transport Policy**

The Ministry will continue to collaborate with Ministry of Harbours and Railways to develop a National Transport Policy to give strategic investment direction to Government.

- **Local Construction Industry**

Mr. Speaker, the current capacity of the local construction industry for road development is inadequate for accelerated growth. Upon critical needs assessment, local contractors will be supported to develop the capacity to improve on their output.

- **Urban Transport Project**

Preparatory works for the Urban Transport Project (Bus Rapid Transit) will be completed to enable the project to commence during the year.

### **Road Infrastructure Development**

579. Mr. Speaker, the focus on road infrastructure will be on road maintenance, completion of on-going development projects as well as initiation of new development projects with the support of our development partners.

#### **Feeder Roads Programme**

i) ***Routine and Periodic Maintenance***

Various road maintenance works totalling 30,700 kilometres of feeder roads network, will be undertaken as follows:

- Routine Maintenance - 27,700km
- Rehabilitation - 1,110km
- Spot Improvement and Sectional Re-gravelling - 1,689km
- Surfacing - 227km
- Reconstruction in Afram Plains - 20km

ii) ***Steel Bridge Construction***

36 important steel bridges will be constructed on some feeder roads in the year 2006. Some of the roads are:

- Nkwanta - Dadieso - Volta Region
- Akasti – Live - Moryi - Volta Region
- Pra River - Western Region
- Jukwaa – Achiase - Akokrom - Eastern Region
- Pomaakrom-Atom - Brong Ahafo Region
- Kunyebin - Kundugu - Upper West Region
- Song-Dabogni - Northern Region
- Amponsakrom – Congo - Nwease - Brong Ahafo Region
- Afransie-Abrokyirekrom - Western Region
- Chiglinua - Doigli - Northern Region

iii) ***Box Culverts***

580. Major Box Culverts will also be constructed on the following feeder roads;

- Wisiwisi – Besease - Eastern Region
- Brukunor – Odichirase - Eastern Region
- Adjenkotoku – Twinto - Greater Accra Region
- Jeduako – Drabonso - Ashanti Region
- Bolgatanga – Zuarungu - Upper East Region
- Tanga Market – Boyaa - Upper East Region
- Jeduaketewa – Ankaase - Western Region
- Akotosu – Akrokyere - Ashanti Region

581. Some of the major feeder roads to be constructed are as follows:

- Dormaa Town Roads - Brong Ahafo Region
- Asuotiano – Dormaa Akwamu - Brong Ahafo Region
- Akim Swedru – Apoli - Eastern Region
- Juansa – Krofa – Juaso - Ashanti Region
- Wenchi Town Roads - Brong Ahafo

- Behwe Junction- Worapongoso - Ashanti Region

### **Urban Roads Programme**

582. Mr. Speaker, in line with the Government policy of upgrading major regional towns to municipal status between 2001 and 2005, nine (9) new municipalities have been created namely: Cape Coast, Koforidua, Bolgatanga, Bawku, Ho, Sunyani, Wa, Techiman and Obuasi.
583. The coverage area of the Department of Urban Roads has increased from six in 2000 to 15 Assembly Areas in 2005. The road network responsibility has therefore increased from 3,500km to 6,800km, as at the beginning of 2005, of which 65% is unpaved.
584. Mr. Speaker, the planned programme for 2006 will focus on the completion of major rehabilitation and reconstruction projects started between 2002 and 2003 including some projects in the new municipalities. The following programmes will be undertaken in 2006.
- i) ***Routine Maintenance***
585. Under the maintenance segment of the Urban Roads Programme, routine maintenance will cover mainly grading, pothole patching, de-silting and traffic signal maintenance. A total of 5,400km of paved and unpaved roads will be maintained.
- ii) ***Periodic Maintenance***
586. Mr. Speaker, periodic maintenance activities in 2006 will focus on the backlog of commitment. Activities will focus on re-



gravelling, resealing and asphalted concrete overlaying activities.

iii) ***Minor Rehabilitation***

587. Minor rehabilitation and upgrading of some gravel and failed paved roads will be undertaken.

v) ***Major Rehabilitation and Reconstruction***

a) ***Nsawam Road***

588. Mr. Speaker, original contract for the work on the Kwame Nkrumah Circle–Achimota Road Project will be completed in early 2006. Additional works involving an Interchange at Achimota School and a dual carriage access road to the new Transport Terminal at Abofu will be completed by early 2007.

b) ***The Accra CBD Roads project***

589. Works on Accra's Central Business District (CBD) road project will commence in 2006.

c) ***Asafo Market Interchange***

590. Work on the Asafo Market Interchange project will be completed by June 2006.

d) ***Missing Links in Kumasi***

591. As part of the strategy to decongest the city of Kumasi, a number of missing links to the major arterials are expected to be opened up. Works to be undertaken include location, compensation payment, construction of associated culverts and gravelling of these missing links.

e) ***Tamale Town Rd. 1***

592. Mr. Speaker, the Tamale Town Roads project involving the Dagomba, Daboya and Industrial Area Roads are all expected to be completed by February 2006.

f) ***Awoshie - Pokuase***

593. The right-of-way (ROW) for the Awoshie-Pokuase road has been acquired and the Executive Instrument (EI) will be published. Compensation payments will be made for the affected properties. The road is being designed as a dual carriageway.

g) ***Outer Ring Road for Kumasi***

594. Land surveying, environmental and property impact assessments have been undertaken. Compensation payment on affected properties has been programmed for 2006.

h) ***Oforikrom - Asokwa***

595. The compensation of affected persons for the road construction works has also been programmed for 2006.

i) ***Teshie Link Road***

596. The assessment of compensation has been completed. It is expected that the Executive Instrument (EI) for the reservation will be published. This will pave the way for the payment of compensation to enable sections of the road, which are already under construction to be completed in early 2006.

vii) **Traffic Management and Road Safety**

a) ***Traffic Management***

597. Mr. Speaker, Traffic Management and Road Safety activities will be continued and sustained in the urban networks in collaboration with other stakeholders like National Road Safety Commission (NRSC) and the Motor Transport and Traffic Unit (MTTU) of the Ghana Police Service. Particular activities to be undertaken are "Safe Walk" to school and Improvement of Hazardous spots as well as construction of walkways on the network.

b) ***Road Safety***

598. Mr. Speaker, the road safety department will implement schemes designed to improve safety and eliminate or reduce hazardous locations on the urban road network. Hazardous locations have been identified in each city and remedial measures have been proposed for their elimination.

c) ***Safe Walk to School Programme***

599. The department will continue with this programme, which started in 2003. The programme aims at calming traffic and improving walking conditions in clusters of schools in each city using a criteria developed and adopted by the Department.

d) ***Construction of Walkways***

600. This activity will provide walkways along paved streets and roads in the commercial areas of the cities. The absence of walkways forces pedestrians onto the streets where they conflict with motorized vehicles and expose themselves to danger.

e) ***Kwame Nkrumah Circle Interchange***

601. Mr. Speaker, the Kwame Nkrumah Circle Interchange was designed in 1996. In 2006 DUR will commission a consultant to study the area taking into account the existence of transport terminals, other land uses and traffic demand to design an appropriate interchange and traffic management measures for the circle area.

**Trunk Road Programme**

602. Under the 2006, trunk road programme the following projects will come on stream.

i) ***Reconstruction and Rehabilitation***

603. During the 2006 fiscal year, GHA will rehabilitate a total of 385km of its road network comprising 255km under donor support and 130km under Government of Ghana budgetary support. The following new projects will start in 2006.

- Akatsi - Noepe
- Akatsi - Aflao
- Nsawam - Apedwa
- Anyinam - Konongo Phase II
- Techiman - Kintampo
- Madina - Pantang
- Gambia No. 2 - Kyeremasu
- Ayamfuri - Bogoso
- Ayamfuri-Diaso

- Sogakope-Akatsi
  - Achimota-Ofankor
604. Preparation works on ten (10) additional major projects to be undertaken by the GHA will start in 2006.

iii) ***Maintenance Programme***

605. During the year 2006, 12,590km of trunk roads will undergo periodic and routine maintenance. In addition, minor rehabilitation works of 375km will be undertaken on the trunk road network.

iv) ***Bridge Development Programme***

12 bridges will be completed in 2006. These are

- Birim;
- Ochi;
- Asuboni;
- Sissilli;
- Kalangmna;
- Mishio;
- Kpasinkpe;
- Atronie;
- Mole;
- Chiradeso; and
- Nimpei.

## **OTHER ACTIVITIES BY THE MINISTRY OF ROAD TRANSPORT SERVICES AND SAFETY AGENCIES**

606. Mr. Speaker, other activities to be implemented by the Ministry and its agencies are as follows:

### **Road Transport Services and Safety**

607. Mr. Speaker, road traffic accidents currently cost the nation about 2% of her GDP. The National Road Safety Commission (NRSC) and the Driver Vehicle Licensing Authority (DVLA) and other stakeholders have therefore been collaborating on road safety activities to reduce road traffic accidents and associated injuries and fatalities in the country.

608. From a high of 73 deaths per 10,000 vehicles in the pre 2000 period, there has been consistent reduction in the nation's road traffic fatality rates. The provisional road traffic fatality rate for the year ending 2004 is 21 deaths per 10,000 vehicles.

### **National Road Safety Commission (NRSC)**

609. Mr. Speaker, under the Road Safety Programme for 2005, the following progress has been made:

#### ***Road User Education***

610. The following programmes are being sustained throughout 2005:

- Weekly educational programmes in the electronic media targeted at the various road user groups;
- Outreach programmes with Christian Council, Islamic Council and Pentecostal Council;

- Workshops on the role of law enforcement and its impact on road safety;
  - Printing and distribution of road safety education and publicity materials; and
  - Road Safety education and training for parents, teachers and children along major trunk roads.
611. Other activities currently on-going include the following:
- Updating of National Accident Statistics in conjunction with Building and Road Research Institute;
  - Studies for the use of seat belts and crash helmets; and
  - Organisation of workshops to explain the contents of the new Road Traffic Act to Road Users through the electronic and print media.

#### **DRIVER VEHICLE AND LICENSING AUTHORITY (DVLA)**

612. As at the end of September 2005, DVLA has reviewed its training programmes for the Driving Schools instructors to enhance the quality of their training. In addition, DVLA has streamlined its testing procedures for learner drivers.

#### **METRO MASS TRANSPORT (MMT)**

613. Mr. Speaker, the Metro Mass Transit Ltd. (MMT) was incorporated in March, 2003. The Government of Ghana's 45% shares in the company is represented by the assets of Omnibus Service Authority (OSA). Cabinet has given its approval for Government to absorb the liabilities of OSA. The total liabilities is about ₵38.0 billion. This includes salary arrears, severance award and operational debt.
614. Presently, MMT has branches in seven Metropolitan and Municipal areas and one (1) District capital namely; Accra,

Kumasi, Takoradi, Tamale, Sunyani, Cape Coast, Koforidua and Swedru.

615. The company expects to take delivery of 250 Yaxing buses and 150 TATA buses before the end of the year 2005. First payment for the 250 buses has been made with HIPC funds. 21 of the 100 DAF/NEOPLAN buses being assembled at the Neoplan Manufacturing Plant in Kumasi have been completed and handed over to MMT for operations as at September 2005.

### **National Road Safety Commission**

616. Mr. Speaker, the National Road Safety Commission will recruit the second batch of Regional Road Safety Coordinators for the five(5) new regional offices as well as embark on more and intensive road user education aimed at reducing accidents fatalities on our roads.
617. In the area of Road Safety, the Ministry will continue to strengthen the Agencies to improve upon the provision of their services. The policy will pursue the programme to reduce the accident fatality rate in the country by 5% by the year 2005.
618. The National Road Safety Commission will be provided with additional logistics support to improve on education and of road safety issues. More offices are also expected to be opened in the regions.

### **Outlook for 2006**

#### **Driver Vehicle and Licensing Authority**

619. DVLA will undertake the following major activities in the 2006 fiscal year;



- Open new offices at Weija, Amasaman and Adenta as part of its policy aimed at expanding its operations to decongest the Accra Headquarters and also to reach out to vehicle owners;
- Install new vehicle testing equipment and axle load weighing stations in Accra and Kumasi to enable it start registering trailers as provided in the Traffic Act 683 of 2004;
- Start re-registration of motor cycles to reduce proliferation of fake licenses in the system; and
- Equip the Authority with additional facilities to provide effective inspection of vehicles. Some activities of the Authority will be computerised during the year 2006 to ensure efficient and speedy delivery of services.

### **Metro Mass Transport**

620. Mr. Speaker, the Ministry will continue to adopt effective and efficient strategies to improve and expand the services of the Metro Mass Transit Company Ltd. nationwide. Consequently, the policy objective of promoting the setting up of mass transit services in all the regions will be pursued vigorously.
621. The coming year will see an extension of mass transit services in the remaining regions as the company takes delivery of more buses. Negotiations are on-going for the supply of additional 150 DAF/NEOPLAN buses in 2006.
622. An amount of ₺3,665,844 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₺620,948 million is from GOG while ₺1,912,657 million will come from donor support. IGF is ₺3,339 million, Road Fund is ₺1,068,900 million and HIPC is ₺60,000 million.

## **MINISTRY OF COMMUNICATIONS**

623. Mr. Speaker, the vision of the Ministry is to facilitate the development of a reliable, cost effective ICT infrastructure and services using the latest technologies.

### **Performance for 2005**

624. Mr. Speaker, Ghana Telecom (GT) has provided, 320,000 Fixed Lines, 300,000 Mobile, 10,652 Payphones and 900 Broadband Internet Connectivity. Twenty-six (26) Community Information Centres, (CIC) in the 10 regions have been completed and are to receive connectivity solutions while eleven (11) new CICs have been awarded for construction. In addition, construction and rehabilitation works to upgrade 50 Postal Agencies to Post Office status to enhance the delivery of ICT services have been completed.

625. The Ghana Investment Fund for Telecommunications (GIFTEL), which has the primary responsibility of facilitating the extension of telecom facilities to underserved and unserved areas has been set up and is operational. An initial contribution of ₵14.0 billion has been received from some operators.

626. The Postal and Courier Services Regulatory Commission has been set up. Draft Regulations for the industry have been developed.

627. The Ministry of Communications is vigorously pursuing the transformation of the VOLTACOM utility into a separate first class National Communications Backbone Company to oversee the extension and management of the fibre optic from the southern sector to the northern sector to blanket the entire country and also serve the sub-region.

628. Capacity Development Programmes continue to be pursued. The Ghana-India Kofi Annan Centre of Excellence in ICT has trained 970 students as at June 2005.
629. To develop skills in Internet application in our Polytechnics as part of collaboration with Cisco, 22 Instructors from 8 Polytechnics, 1 University, 1 NGO and 1 private sector firm have been trained under the Cisco Networking Academy Program.
630. On Messaging and Collaboration to promote e-governance, the Ministry has completed proof of concept with IBM Lotus Notes on messaging and collaboration. At the moment, 9 MDAs are using the facility for e-mail and internet services. The project is to be expanded to cover 4 more MDAs.

### **Outlook for 2006**

631. Mr. Speaker, in 2006, the Ministry of Communications will commence the implementation of e-Ghana project aimed at supporting concrete initiatives to implement the ICT-led socio-economic development strategy. This project will also result in an IT-Enabling service sector, transparency, accountability and co-ordination within government agencies.
632. Mr. Speaker, to ensure the achievement of the above objectives, the Ministry will pursue the following:
- Passage of the Composite e-legislation bill;
  - Passage of the Telecommunications bill; and
  - Amendment of the National Communications Authority (NCA) Act.
633. The Ministry will also undertake the following activities:
- Develop the capacity of the Directorate of GICTeD;

- Continue to support the transformation of VOLTACOM into a National Communications Backbone Company; and
- Pursue the privatization of Ghana Telecom and Westel.

### **E-Government**

634. Mr. Speaker, with respect to e-Government applications, the Ministry will concern itself with the following:

- The application component of at least 4 government institutions to enhance service delivery to the citizenry; and
- Develop an integrated and shared National Portal in conjunction with Ministry of Information to help MDAs reduce cost and improve security of databases.

635. With the formation of GICTeD various MDAs and Regional Co-ordinating Councils (RCCs) will be assisted to set up their respective IT units with a view to improving upon intra-government communications.

636. Mr. Speaker, to make Ghana the prime destination for Business Process Outsourcing within Africa, the Ministry will focus on implementing the following:

- Undertake extensive baseline survey to develop a world-class shopping document to be widely marketed to attract BPOs to locate in Ghana;
- Develop the capacity of local firms to take advantage of the comprehensive programme to accelerate the ICT business sector;
- Nurture more start-up companies at the Incubator;

- Train medical transcription and data entry staff to be ready for the BPO market at the Incubator in the Multimedia Centre;
  - Set up 5 ITES training centres in collaboration with private sector and promote linkages between teachers/ students and IT/ITES; and
  - Develop certification and standardization laboratory for the software/hardware industries.
637. The Ministry will strengthen the Ghana Meteorological Agency and assist it to establish a Regional Office of the World Metrological Organization in Ghana.
638. The Ministry and the NCA will pursue a nationwide education on the Principles and Action Plan of the Second phase of the WSIS to enable the Ministry monitor targets for the attainment of the desired goals.
639. An amount of ₵67,762 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵33,312 million is from GOG, HIPC contributions of ₵15,000 million while IGF is ₵19,450 million.

## **MINISTRY OF HARBOURS AND RAILWAYS**

640. Mr. Speaker, the Ministry of Harbours and Railways, will continue to focus on the accelerated development of the maritime and rail sectors with a view to facilitating the movement of goods and people and to open up the country to enhance socio-economic development.

### **Performance in 2005**

641. Mr. Speaker, the Ministry's activities in 2005, included the following capacity building and support services delivery.

- The draft Landlord Port Authority Bill was submitted to the Office of the Attorney General;
- The GPHA continued dredging works, quay extension works, container terminal development and acquisition of container handling equipment in order to enhance the role of our Ports as the Gateway to the Sub-region;; and
- Additionally, the Quay 2 extension project at the Tema Port was completed and commissioned in October 2005 by H.E. President J. A. Kufuor. This added another container terminal to the Tema Harbour and improved container handling in the harbour.

642. Mr. Speaker, in order to support and attract the transit trade in Takoradi Port, GPHA completed the construction of transit sheds, which were completed and handed over at the end of August 2005.

643. The Boankra Inland Port development project reached about 50% completion. Work on the Administration Complex is expected to be completed by end of 2005.

644. In the area of Rail Transport, the concessioning process to open up the Western, Eastern, and Central Lines continued.

The process for the selection of a concessionaire for the Railways was completed by the end of March 2005. Negotiations are on-going.

645. The rehabilitation of the Accra-Tema rail line continued as scheduled. The project is about 75% complete.
646. In order to promote collaboration in the development of the Railway system in the Sub-region, a Memorandum of Understanding and Protocol Agreement have been signed between Burkina Faso and Ghana with the view to extending railway services to the northern part of the country and beyond to facilitate economic and social activities.

### **Outlook for 2006**

647. Mr. Speaker, in 2006, the Ministry will pursue the accelerated development of the nation's ports of Tema and Takoradi, inland water transport systems, the establishment of the Inland Port at Boankra and the revitalization of the railway system. The following activities will be undertaken:
  - Resource the Ghana Maritime Authority with full complement of staff and logistics;
  - Continue with the restructuring and privatization process of the Ghana Ports and Harbours Authority to completely transform the GPHA into a Landlord Port Authority;
  - Continue the provision of transit sheds, and container terminals at both Tema and Takoradi Harbours to facilitate trade in the Ghana corridor;
  - Continue the development of the Boankra Inland Port, comprising the construction of roads and drains, installation of telecommunications facilities, electricity, water and sewerage. Other facilities to be developed

are container depots, vehicle parking areas, warehouses and light industrial estates; and

- Commence feasibility studies for the construction of truck ports or carports in Kumasi, Techiman, and Tamale for transit cargo.

648. Mr. Speaker, with respect to the rail sector the following activities will be undertaken:

- Complete the concessioning process to open up the Western, Eastern and Central Lines;
- Complete the Accra – Tema rail rehabilitation works and introduce train services by the end of 2006; and
- Undertake and complete feasibility studies on the Tema- Akosombo Rail line.

649. An amount of ₵43,168 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵19,379 million is from GOG, HIPC contribution is ₵15,000 while ₵8,787 million will come from donor support.



## HUMAN RESOURCE DEVELOPMENT

650. The main goal of government in the priority area of Human Resource Development is to ensure the development of a knowledgeable, well trained and disciplined labour force. Such a labour force will possess the capacity to drive and sustain private sector-led growth; and have the right to basic social services such as health care, safe drinking water, sanitation and decent housing that will further improve the well-being of all Ghanaians and ensure the protection of the rights of the vulnerable.
651. Ministries, Departments and Agencies whose activities contribute to the achievement of this objective are:
- Ministry of Education and Sports;
  - Ministry of Health;
  - Ministry of Manpower Development, Youth and Employment; and
  - Ministry of Women and Children Affairs;

## **MINISTRY OF EDUCATION AND SPORTS**

652. Mr. Speaker, the GPRS II identifies the Education Sector as key in the production of the requisite human capital necessary for attaining a middle income country status with a per capita income of US\$ 1000 by 2015.
653. In 2006, and beyond, the thrust of activity will be on the implementation of the Education Strategic Plan and Reform Policy aimed at addressing the weaknesses of the current educational system.
654. Priority policy interventions in the Sector will deepen and sustain the progress made in education under GPRS I, and will include the following:
- Increase access to and participation in education and training at all levels;
  - Bridge gender gaps in access to education in all districts;
  - Improve quality of teaching and learning at all levels;
  - Improve efficiency in the delivery of education services;
  - Promote science and technology education at all levels with particular increase in the participation of girls;
  - Enhance infrastructural development at all levels.

### **Performance in 2005**

655. In 2005, the focus of the Ministry of Education and Sports was on activities leading to increasing access to education, improving the quality of education delivery, ensuring the attainment of gender parity in schools and the intensification of Ghana's preparation toward participation in major

international sporting events. Some of these events are the CAN 2006 in Egypt, 2006 World Cup Tournament in Germany and CAN 2008 in Ghana.

656. The Education Strategic Plan (ESP) was vigorously implemented to facilitate among other things, the attainment of the targets of Universal Primary Completion earlier than the target year of 2015, and Gender Parity in schools by the end of the year.
657. As a result, the following achievements were recorded by the Ministry in 2005:
- National Primary Gross Enrolment Ratio (GER) increased from 86.1 per cent in 2003/2004 to 87.5 per cent in 2004/2005;
  - National Pupil/Teacher Ratio for primary schools, increased from 34.0:1 in 2003/2004 to 34.9:1 in 2004/2005; and
  - GER for pre-school increased from 58.8 per cent in 2003/2004 to 60.14 per cent in 2004/2005 as a result of sensitisation programmes undertaken by the Ministry on the need to send children of ages 4 and 5 to kindergarten.

### **Basic Education**

658. Activities for the mainstreaming of pre-schools into the basic education system were undertaken and non-state actors were encouraged to contribute towards the construction of classroom blocks to accommodate the expected increase in enrolment.

## **Capitation Grant**

659. A total amount of ₦28.5 billion under the Capitation Grant Scheme was released to all public primary schools in 53 deprived districts. The Capitation Grant provides for expanded services as identified in School Performance Improvement Plans. Payment of the Capitation Grant had a positive impact on enrolment as the GER of the deprived districts increased from 76.06 per cent in 2003/2004 to 80.12 per cent in 2004/2005.
660. Government, from September 2005, extended the Capitation Grant Scheme to cover all public basic schools in the country and has subsequently paid ₦95.0 billion as Capitation Grant. Officers in all the 138 district education offices were trained to access and utilise the grant.
661. As a way of expanding access to basic education, work continued on the construction of 224 (6-Unit) Classroom Blocks with ancillary facilities in all districts. A total amount of ₦30 billion has been spent on the project this year and 33 blocks were completed this year. In addition, classroom furniture has been procured at the cost of ₦15.2 billion for these classrooms.

## **School Feeding Programme**

662. To enhance the nutritional status of school children and promote access, retention and quality of education, the Ministry in collaboration with the New Partnership for Africa Development (NEPAD) Secretariat and other partners have started preparatory works towards a Pilot School Feeding Programme under a NEPAD initiative. Towards this end, five schools in each region have been selected to start the pilot programme.

## **Upgrading of Teachers**

663. To improve the quality of education, the Ministry embarked on a programme of upgrading 24,000 untrained teachers in the sector. The implementation of the programme started smoothly in the course of the year. About 6,255 untrained teachers have so far enrolled and are expected to be taken through the first 13 modules prepared for the training.

## **Redeployment of Teachers**

664. Conscious effort was made to address the persistent geographical disparities in the pupil teacher ratios in primary schools with special attention to the three Northern Regions. The results were mixed. It is worth noting that apart from the Upper East Region where the ratio reduced from 58.9:1 in 2003/2004 to 57.4:1 in 2004/2005, the two other regions rather recorded increases in the ratios. For the Northern Region, the Pupil/ Teacher Ratio increased from 38.6: 1 in 2003/2004 to 40.1: 1 in 2004/2005 whilst that for Upper West Region went up from 46.2:1 in 2003/2004 to 49.0:1 in 2004/2005.
665. To augment the supply of teachers to the remote areas and deprived districts, District Assemblies sponsored 8,640 trainee teachers in 2004/2005 who are expected to be posted back after training to the various districts that sponsored them. The sector also embarked on a scheme of providing incentive packages including cooking utensils and other household items to teachers in these areas.
666. In addition to the above scheme, the National Service Secretariat posted a total of 18,000 service personnel as teachers including 1,200 Volunteers from the National Volunteer Service Programme to schools in the rural areas. In

all, ₺111.0 billion was spent on all categories of service personnel in 2005.

### **Distance Education**

667. To ensure that the professional capacity of teachers is improved and also provide a complementary system of tertiary education, the Ministry embarked on a training programme for trained teachers through a system of Distance Learning. The University of Education, Winneba and University of Cape Coast admitted a total of 5,360 teachers in 2005 for Diploma in Basic Education and Business Studies programmes.

### **Textbooks**

668. The Ministry has fully implemented its policy of providing textbooks to basic schools. By the end of the year, the Ministry would have achieved 1:1 Pupil/Textbook ratio in all subjects at the primary and JSS Levels in public schools exceeding its target of 1:1 Pupil/Textbook ratio in 3 core textbooks. For the realisation of this objective, contracts valued at ₺395.0 billion were awarded for the printing of textbooks. The Ministry has taken delivery of the first batch of the textbooks and has distributed them.

### **Secondary Education**

669. The upgrading of facilities in the 31 senior secondary schools is ongoing and the project is on average at 71.0% stage of completion. Preparatory work for the commencement of the second phase comprising the upgrading of 25 secondary schools under an African Development Bank (ADB) facility is on-going.

## **Computerized School Selection and Placement System (CSSPS)**

670. In order to ensure fairness in the selection of students into Senior Secondary schools, the implementation of the Computerized School Selection and Placement System (CSSPS) started this year and was based on the results of the 2005 Basic Education Certificate Examination (BECE), which involved 178,000 candidates. The system is currently being fine-tuned to deliver an improved service in the coming years.

## **Vocational Education**

671. The Technical and Vocational Education and Training (TVET) Policy Framework meant to facilitate expansion in Technical and Vocational Education and Training is being finalised for submission to Parliament. In addition, upgrading of facilities on the VOTEC Resource Centres Project and expansion works in 13 Technical Institutes continued at the cost of ₵40.0 billion.

## **Tertiary Education**

672. In 2005, infrastructural development was stepped up in tertiary educational institutions with funding mostly from the GETFund. In addition, constructional works on the Presidential Special Support to the 3 premier Universities continued. At the University of Ghana, Legon; 12 bungalows, a students' hostel and a lecture theatre have been completed whiles 2 bungalows each at the Kwame Nkrumah University of Science and Technology and Cape Coast University have also been completed with works on the lecture theatres and Students' hostels on the 2 campuses at advanced stages of completion. In all, a total of 6 staff bungalows and one lecture theatre were completed under the programme whilst several other projects were at various stages of completion

## **Non-formal Education**

673. During the year, the Non-Formal Education Division of the Ministry continued with its mandate of raising the literacy level of the population. By the middle of the year, 250,000 learners had been enrolled for the National Functional Literacy Programme.

## **Ghana Library Board**

674. In 2005, government made available funds for the procurement of six pick-up vehicles for the Ghana Library Board. In addition, an amount of ₵3.0 billion was spent by the Board to replenish its stock of books and periodicals. Work also continued on the upgrading of physical facilities of regional libraries including those of Ho and Sunyani.

## **Sports Development**

675. Sports development and management continued to be a major pre-occupation of the government. Various initiatives have therefore been taken to develop and promote sports in the country.
676. In connection with Ghana's preparation towards the hosting of CAN 2008, a Local Organising Committee (LOC) was established to plan and seek the implementation of the programmes for hosting of the tournament. In addition, seven sub-committees of the LOC were inaugurated. Contracts for the construction of two new stadia at Tamale and Sekondi for the hosting of CAN 2008 tournament have now been awarded. Contracts for the rehabilitation of Accra and Kumasi stadia will be awarded by the end of November 2005.



677. In Ghana's quest to qualify for the 2006 World Cup Tournament in Germany, government provided the needed support and incentives for the national football team, the Black Stars and its management. In addition, government acknowledges the enormous support given to the Black Stars by Goldfield Ghana Limited, Darman-Tarkwa and Guinness Ghana Limited. This undoubtedly, contributed immensely towards Ghana's qualification to the 2006 World Cup in Germany.
678. To strengthen management of the National Teams, Government established a National Teams Secretariat at the Ministry manned by officers with the necessary technical background in the various sporting disciplines. The objective of this development was to ensure the building of well-motivated National Teams, adequate preparation and participation in sporting events and the right budgetary requirements and its proper disbursements for activities of the Teams.

### **Outlook for 2006**

679. Mr. Speaker, the Ministry will continue to fulfil its mandate of promoting human resource development. To achieve this, the Education Strategic Plan as well as the various initiatives under the Education Sector Reforms will continue to be the driving force behind the sector's development in 2006. Efforts will be geared towards the achievement of targets outlined in the GPRS II and accelerate progress towards the Millennium Development Goals.
680. To achieve the above objective the following activities will be undertaken by the Ministry in 2006:

## **Basic Education**

681. The Ministry will collaborate closely with District Assemblies and non-governmental organisations for the provision of the relevant infrastructure in order to mainstream pre-schools into basic education system.
682. In order to increase access to basic education and expedite progress with the attainment of Universal Primary Completion by 2015 and Gender Parity in the course of the year, a multi-faceted enrolment drive will be pursued. It has therefore been estimated that GER of 87.5 per cent in 2004/2005 will increase to 90.9 per cent in 2005/2006. In addition, Gender Parity Index of 0.93 in 2004/2005 is expected to reach 1.0 in 2006.
683. Towards the attainment of gender parity in our schools, the Ministry will grant scholarship packages to needy students and this will be skewed towards the girl child.
684. To ensure increased access and removal of all barriers to enrolment, the Ministry will continue to pay Capitation Grant to all basic schools and give support to parents towards the conduct of 2006 Basic Education Certificate Examination (BECE).
685. The Sector's policy of increasing enrolment at all levels of basic education requires improvement and expansion of physical facilities. A sum of ₺57.3 billion has been allocated for construction and rehabilitation of classrooms and workshops for junior secondary schools.
686. To ensure equity in the supply of teachers, the Ministry will make conscious effort to reduce the existing regional disparities in pupil/teacher ratio especially in the three regions

in the North. The following targets have thus been set for the three regions:

Region	2004/2005 PTR	2005/2006 PTR
Northern	40.1:1	35.0:1
Upper East	57.4:1	45.0:1
Upper West	49.0:1	40.0:1

687. A combination of measures will be implemented to attract teachers to remote areas. Incentive packages that include bicycles and radios, access to training and accelerated promotion will continue to be provided.
688. In addition, the District Sponsorship Scheme for Teachers will be vigorously pursued. It is envisaged that about 98 per cent of the 9,000 teacher trainees enrolled in various teacher training colleges for the 2005/2006 academic year will be sponsored by the District Assemblies. Furthermore, entry into teacher training colleges will be based on quota system.
689. In addition, the National Service Secretariat is expected to post 19,000 out of 27,000 service personnel as teachers to schools in the rural areas. Additional personnel from the National Volunteer Programme will also be posted to schools to supplement the supply of teachers to the remotest areas.
690. To improve educational quality in schools, the Ministry will facilitate the teacher-upgrading programme that was started last year. In all, it is expected that a total of 24,000 untrained teachers will be trained over a period.

## **Teacher Education**

691. To enhance the teaching and learning of Mathematics, Science and Technology in basic schools and also to ensure that adequate numbers of Mathematics and Science teachers are produced, the Ministry has selected fifteen (15) teacher training colleges to specialise in the teaching of mathematics and science whilst the other training colleges will continue to offer general programmes. Library facilities in all the 38 training colleges will also be upgraded to promote and enhance academic work in the colleges. Additionally government will provide buses for all the 38 teacher training colleges.

## **Distance Education**

692. In order to reduce to the barest minimum, the perennial problem of large numbers of trained teachers who apply for study leave with pay, government will bear the full tuition cost for teachers who utilise the Distance Learning Programme run by the Universities to upgrade their professional and academic competencies.

## **Textbooks**

693. The Ministry will monitor the smooth implementation of the textbook policy that ensures access to all textbooks on the ratio of 1:1 for all pupils at the basic school level is sustained.

## **Secondary Education**

694. Work on the first phase of the upgrading of the 31 Senior Secondary Schools will be completed in 2006. The construction works on the second phase of the programme for upgrading of 25 Senior Secondary Schools will commence in 2006.

## **Special Education**

695. To give meaning to the Education For All Programme, more attention will be paid to Special Education. The Ministry will re-design and rehabilitate the existing facilities to ensure that physical access is assured for all pupils.

## **Vocational Education**

696. Technical and Vocational education has been given special focus under the new education structure. The Ministry will improve the facilities in Technical and Vocational Institutes. An estimated amount of ₺100 billion has been earmarked to improve facilities in three (3) Technical and Vocational Institutes and also provide equipment to the institutes.
697. As part of the preparation towards implementation of the new structure of education, a Reform Secretariat will be set up at the Ministry in 2006. Tracer studies and research will also be carried out on Apprenticeship Training, Post-Basic Education and Open University. The findings will be used to inform the implementation of the reform programme.
698. To improve education sector development and especially education sector delivery, the Ministry will continue with the implementation of the Education Sector Project (EdSeP). A number of personnel will continue to undergo various planned training programmes aimed at improving their efficiency. A budgetary allocation of ₺22.7 billion has been made for various capacity building programmes. Activities under the Pilot Programmatic Scheme tailored to enhance service delivery in support of the implementation of the ESP will also be intensified at an estimated cost of ₺59.2 billion.

## **Computerised School Selection and Placement System**

699. The Ministry will assess the first year of implementation of the Computerised School Selection and Placement System (CSSPS) and based on the lessons and experiences, take the necessary measures to address the problems that occurred. It is the vision of the Ministry to continue to improve upon this system so as to bring transparency, equity and confidence in the placement of qualified students into senior secondary schools. Towards this end, public education on the CSSPS will be conducted in schools, churches, durbars and various fora.

## **Decentralisation**

700. The Ministry in collaboration with the District Assemblies will continue the policy of decentralisation to improve the efficiency of education management and service delivery and to ensure that planning, prioritisation and implementation processes are directly influenced by and are responsive to local needs and priorities.

## **Library Board**

701. The Ghana Library Board has the mandate to assist in improving the literacy rate in the country. The Board will therefore procure and distribute periodicals, journals and bulletins for distribution to Regional and District Libraries. Work on rehabilitation of the physical facilities in selected regional and district libraries will continue and a total amount of [¢5.5 billion] has been earmarked for this in 2006.

## **Non-Formal Education**

702. The National Functional Literacy Programme (NFLP) will continue to provide support in the effort at raising the literacy

level of the population. As a result of the substantial gains made by the NLFP, the government will make every effort to attract additional funds to sustain the programme. It is estimated that a total of 300,000 learners will be enrolled in 2006. In all, an amount of ₡71.9 billion will be devoted to the various activities of the programme.

### **Tertiary Education**

703. The Teaching and Learning Innovation Fund (TALIF) will be utilised at the tertiary level to promote change and innovation as well as improve upon the quality of teaching and learning.
704. To boost infrastructural development and the purchase of equipment for the universities and polytechnics to cater for the expansion in enrolment under the new education reforms to be implemented in 2007/2008, an amount of [₡400 billion] has been allocated for the activity.

### **Open University**

705. Government has approved the establishment of the Open University in the country. Arrangements are already underway for the establishment of the University in the Greater Accra Region to provide avenues for a large number of qualified applicants who do not gain admission into universities and other tertiary institutions due to inadequate facilities to attain higher academic and/or professional qualifications.

### **Intra-Campus Transport**

706. To address the problem of movement of students on campuses particularly from halls of residences to lecture theatre and laboratories government would provide buses to run within university campuses to facilitate movement of

students. The following universities will benefit from the first phase of the programme: these are University of Ghana, Kwame Nkrumah University of Science and Technology, University of Cape Coast, University of Development Studies and University of Education, Winneba.

### **Support to Private Universities**

707. In the quest to promote private participation in the provision of tertiary education, government would provide buses to 9 private universities.

### **Sports**

708. Government will continue to support sports development and management in the country. Following the qualification of the National Football Team, the Black Stars for the 2006 World Cup Tournament in Germany, all the needed support and attention will be given to the team's final preparations toward the tournament. Adequate funding will be provided for the necessary equipment and facilities for the team. Training tours will be undertaken and the necessary incentives as well as motivation will be extended to the players and management. All these will be done to ensure that the Black Stars put up an impressive performance at the tournament.
709. Ghana is preparing fervently to host the African Cup of Nations (CAN) Tournament in 2008. Work on construction of Sekondi and Tamale Stadia as well as the rehabilitation of the Ohene Djan Stadium, Accra and Baba Yara Stadium, Kumasi will commence in 2006.
710. In addition, government will support the development of lesser-known sports and the participation of the national teams in various sporting events including athletics, football and table tennis. As part of the general programme of



building the national teams, support will be given to the Schools Sports Festivals and Security Services Sports Association (SESSA) Games.

711. This year the Education Sector will also expect about ₵1,390 billion from the Ghana Education Trust Fund and about ₵168.0 billion of the District Assemblies Common Fund for educational projects by the District Assemblies.
712. For the 2006 fiscal year, the Ministry has been allocated ₵8,278,571 million of which ₵5,370,469 million is GOG contribution, ₵408,601 million is donor, IGF is ₵813,201 million, GETFund is ₵1,386,300 million and HIPC is ₵300,000 million.

## **MINISTRY OF HEALTH**

713. The objectives of the Ministry of Health under GPRS II continue to be the bridging of equity gaps in access to quality healthcare and nutrition services, ensuring sustainable financing arrangements that protect the poor and enhancing efficiency in service delivery.

### **Performance in 2005**

714. The focus of health sector programmes in 2005 was on service provision with emphasis on tuberculosis (TB), HIV/AIDS, Malaria, Guinea worm eradication, Expanded Programme on Immunisation (EPI), Buruli Ulcer and Reproductive and Child Health.

715. The major thrust of healthcare delivery in 2005 was on the following:

- Improving Collaboration and Partnership;
- Rationalizing Capital Investment;
- Financing health services with focus on implementation of the National Health Insurance Scheme (NHIS);
- Emergency Preparedness and Response; and
- Human Resource Development.

716. A review of the health sector for 2005 shows mixed results. The mid year information available indicates that significant progress is being made in some areas while more effort is required in other areas.

### **Malaria**

717. The new Malaria Drug Policy was launched in 2005. The Treatment Guidelines for the new anti-malaria drug Artesunate-Amodiaquine was also adapted and printed. To

intensify the Malaria Control Program, 700,000 Insecticide Treated Nets (ITNs) and 400,000 tablets for re-treatment were ordered. As at June, 2005, 15.1% pregnant women and 18.1% children under 5 years were sleeping in ITNs as against corresponding rates of 2.7% and 3.5% for the previous year of same period. Intermittent Preventive Treatment (IPT) coverage in pregnancy also improved from 20% midyear 2004 to 51% midyear 2005.

### **Child Health**

718. To improve Child Health, the Integrated Management of Childhood Illnesses (IMCI) was extended from 36 percent of the districts by mid-year 2004 to 56 percent of the districts by mid-year 2005. One hundred per cent Vitamin A supplementation coverage was achieved in children between 6-59 months old.

### **Expanded Programme on Immunization**

719. Mid-year report on coverage of the Expanded Programme on Immunization (EPI) showed that coverage was below target for both the third dose of Pentavalent vaccine and measles at 36% and 35%, respectively.

### **Reproductive Health**

720. The status of mid-year key reproductive health indicators showed the following:
- Family Planning acceptors rate was 13.4 per cent as against 15 per cent achieved by mid 2004;
  - Antenatal care coverage was 45.4 percent as against 66 per cent by mid 2004;
  - Supervised delivery was 24.8 per cent against 38.9 per cent attained in mid 2004;

- Postnatal care coverage was 27.7 percent against 39.2 per cent as at mid 2004.

### **Guinea Worm Eradication Programme**

721. The Guinea Worm eradication programme was re-designed to make Ghana Free of Guinea worm in the next 4 years. The mid 2005 situation report showed a 53% reduction in Guinea worm cases, from 5,665 cases by midyear of 2004 to 2,659 cases midyear 2005. So far, about 68 per cent of the Guinea worm cases detected were contained. This was 9 percentage points higher than the same time last year and 2 percentage points higher than the whole of 2004.

### **Tuberculosis Programme**

722. The TB programme was reviewed and the TB cure rate has improved from 59 percent in 2004 to 62.1 per cent by mid 2005. 300 Community Health nurses were trained and adequate drugs for its treatment were procured to support the diagnosis and management of TB. TB/HIV collaborative activities were also established.

### **HIV/Aids**

723. The Ministry intensified Voluntary Counselling and Testing (VCT), Prevention of Mother to Child Transmission (PMTCT), provision of Anti retroviral therapy and promotion of condom use in 2005. The number of sites providing Anti-retroviral therapy was increased from 4 in 2004 to 5 in 2005. For Voluntary Counselling and Testing and Prevention of Mother to Child Transmission, 110 VCT/PMTCT sites were established as against 29 in the same period in 2004. Additionally, 23 regional trainers were trained in the management of sexually transmitted infections (STI).

## **Buruli Ulcer**

724. The management of Buruli Ulcer focused on the following areas: early case detection; case management; laboratory diagnosis; infrastructure development; equipment supply; staff and community sensitization; recording and reporting system, prevention of disabilities and rehabilitation support; and monitoring of some of the endemic districts and health facilities.

## **Ghana Ambulance Service**

725. The implementation of the Ghana Ambulance Service is in progress. The Ghana Ambulance Service law is in the drafting stage. The programme has been piloted in three regions, 186 emergency medical technicians are being trained and 50 ambulances being purchased. An emergency telephone line number 193 for ambulance services has been activated in 2 regions.

## **Additional Duty Hour Allowance (ADHA)**

726. To address the problem of low remuneration among the dwindling corps of health professionals, the Government in December 1998 introduced a new scheme, the Additional Duty Hours Allowance (ADHA). Unfortunately, the administration of the ADHA has been largely chaotic and also introduced a huge anomaly into the system. The annual cost of the ADHA system to the budget has spiralled from ₵17.0 billion in 1999 when it was first introduced to ₵810.0 billion in the current year. Mr. Speaker, the financial cost of operating the ADHA is simply unsustainable.
727. In December 2004, the Ghana Health Service developed a comprehensive rewards system based on established criteria of pay policy management. Government in collaboration with

the GHS will come out with a rational and sustainable rewards system to replace the ADHA in 2006.

### **Outlook for 2006**

728. In 2006, the Ministry will continue to intensify its efforts at improving access to and efficiency of health service delivery to all Ghanaians. In this connection, the following priorities will be pursued:

#### **Service Delivery**

729. Activities to be undertaken to improve service delivery will include the following:
- Collaborate with other areas such as education and sports, water and sanitation, works and housing, road and transport, environment, food and agriculture, and district assemblies to promote health and protect against injury and diseases in settings where people live, work and school;
  - Promote and protect health through the provision of appropriate health information to communities and individuals, and the enforcement of health legislation;
  - Increase resource allocation to scale up delivery of priority public health programmes and disease interventions (health promotion, Tuberculosis, HIV/AIDS, Malaria, Guineaworm eradication, Buruli Ulcer, EPI, Reproductive and Child health, nutrition, Integrated Disease Surveillance and Response (IDSR) and non communicable diseases;
  - Replicate high impact and rapid delivery programmes in deprived regions by strengthening the delivery of comprehensive and integrated health services;

- Scale up community based health planning and services in the deprived districts and communities;
- Prepare health institutions to serve insured clients by improving management capacity and systems and enhancing quality of care; and
- Improve clinical management of priority health interventions including scaling up anti-retroviral therapy.

730. Targets for the year are as follows:

- HIV/AIDS prevalence rate is less than 3.1%
- TB cure rate is greater than 65%
- Under 5 Malaria case fatality rate is less 2%
- Pentad 3 immunisation is 75%
- Measles immunisation is 75%
- Family Planning Acceptance is 30%
- Anti Natal Coverage is 90%
- Post Natal coverage is 55%
- Supervised Delivery is 55%
- Maternal Deaths Audited is greater than 50%
- Guinea Worm infection is 2000 or less

### **Emergency Preparedness and Response**

- Extend the ambulance service to all regions;
- Operationalize the national strategy for epidemic preparedness and response in collaboration with other stakeholders such as NADMO; and
- Institutionalize accident and emergency response systems in health facilities.

## **Human Resource Development**

731. In light of the existing shortages of personnel, the Ministry will undertake the following:

- Increase training of all categories of health professionals with particular emphasis on training of midwives, community health nurses, medical assistants and other middle level health cadres;
- Allocate new graduates from medical schools, nursing schools and postgraduate college equitably;
- Sustain strategies and incentive packages for retaining and redistributing staff. This will include reformation of the ADHA scheme in 2006 when the full financial implications are determined; and
- Strengthen the human resource information system to improve monitoring and evaluation of health delivery.

## **Capital Investments**

732. Capital investment will give priority to the following:

- Completion of ongoing projects and the development of new projects in deprived areas;
- Expansion, rehabilitation and/or upgrading of existing infrastructure to respond to emerging service priorities and the national health insurance programme;
- Provision of staff accommodation in health facilities located in deprived areas as part of an incentive package;
- Development and implementation of a programme to replace ageing vehicles; and
- Development and implementation of an equipment maintenance and replacement policy and programme.



733. In 2006, the Ministry will consolidate the decentralization of financial management within the sector to sub-district level. It will also pilot options for the decentralisation of item 1(personnel emolument).
734. To further strengthen the financial management system, the Ministry will streamline the accounting system at the central, regional and district medical stores to account for purchase, storage, distribution and use of stores items.
735. An amount of ₺4,786,548 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₺1,920,133 million is from GOG while ₺838,782 million will come from donor support. IGF is ₺313,972 million, NHIS is ₺1,513,660 million and HIPC funds amount to ₺200,000 million.

### **National Health Insurance Scheme**

736. The National Health Insurance Scheme was set up to provide affordable access to health care for all citizens especially the poor and vulnerable. Activities in 2005 have focused on what is termed as the set-up stage where structures for the implementation of the health insurance schemes are being done. These include management set up, awareness creation, infrastructure development, implementation policy streamlining, and the actual implementation of the scheme. The following activities can be highlighted:
- The appointment of a 15 - member NHIS Council with an Executive Secretary;
  - The establishment of an NHIS Secretariat;
  - The setting up of 123 District Mutual Health Insurance Schemes including appointment of essential staff; (Managers, Accountants, Claims Managers,

Management Information System (MIS) Officers, Public Relation Officers and Data Entry Operators);

- Operationalisation of 43 District Mutual Health Insurance Scheme (DMHIS) as at August 2005 and 40 were expected to start by November. The rest will be fully operational by the end of December 2005;
- Release of set-up funds to all 123 DMHIS. Necessary arrangements are being made to support new districts that have initiated their schemes to set up;
- Payment of salary arrears covering August 2004 to October 2005 to all District/Sub-Metro /Municipal Health Insurance Schemes;
- Budget ceilings have been given, and guidelines provided to facilitate a standard format. In response, 76 out of the 123 district schemes have submitted their budgets to the NHIC Secretariat for processing and release of funds; and
- Training for Health Service Providers for the implementation of Health Insurance Scheme is currently in progress.

737. Mr. Speaker, by close of October 2005, 123 schemes had been set up throughout the country. Two more districts had initiated the setting up of their schemes and plans are underway to support them financially by the Health Insurance Council.

738. Fifty-eight of the schemes are currently providing benefit packages to their members. All the 13 schemes in the Western Region together with all the 25 schemes in the three Northern Regions will start giving benefits to their members by close of November 2005. On the whole, it is the expectation that by the end of December 2005, all the 121 schemes which have been set up will be managing claims.

739. Mr. Speaker, total membership registered by all the schemes as at October 2005, stood at 2,507,223, representing 12.5% of the population of Ghana. This figure exceeds the 10% target set by the National Health Insurance Council for the year 2005. Out of this figure, 558,405 representing 22% are in the informal sector and have paid premiums to a total of ₵37.0 billion.
740. A programme to scale up implementation in the urban areas has also started. Funds have been released to all the schemes in the Greater Accra Region for a mass registration exercise, which has just started.

### **Outlook for 2006**

741. Mr. Speaker,
- programmes will be introduced to ensure accelerated registration to cover over 50% of the population by the end of 2006;
  - The Subsidy system will be reviewed and expanded to ensure that the extremely poor of the society are adequately covered;
  - Financial support will be given to the schemes to ensure their efficient operations;
  - Financial support will also be extended to eligible healthcare providers such as the GHS, the Christian Health Association of Ghana and accredited private practitioners to cope with the anticipated increase in the hospital attendance ratio.
742. Mr. Speaker, the formula for the distribution of the National Health Insurance Fund (NHIF) for 2006 will be presented to Parliament in January 2006 in accordance with the NHI Act.

## **MINISTRY OF MANPOWER DEVELOPMENT, YOUTH AND EMPLOYMENT**

743. The Ministry of Manpower, Youth and Employment is responsible for human capacity development and the facilitation of a healthy environment for employment and social welfare issues.

### **Performance in 2005**

744. The Ministry of Manpower Development, Youth and Employment was able to strengthen the institutional capacity of the Ministry and its agencies for the implementation of its programmes and the realization of its objectives.
745. Structures have been put in place to develop a comprehensive human resource database and proposals have been developed to kick-start a National Manpower Survey.
746. In collaboration with other Ministries and sectors, the Ministry has developed a comprehensive document based on issues of mass employment. The Ministry's Skills Training and Employment Placement Programme (STEP) has also been captured under the Mass Employment Strategy. Steps are being taken to continue implementation of the programme on a broad nationwide decentralized basis. However, few selected service providers have been engaged to keep the tempo of the STEP programme on course.
747. To strengthen the institutional capacity of the Ministry and its agencies, a Draft Sector Strategic Plan has been developed. 30 inspectors of Co-operatives have received further training in group dynamics, preparation of business plan and report writing.

748. In skills development, 300 Farmer-Based Organization Managers and Secretaries were trained in leadership, business and financial management. A total of 1,050 students are under training in various vocational skills.
749. To enable stakeholders to contribute to the development of the National Youth Policy, a summit was held at Bolgatanga in the Upper East regional capital. Useful inputs were made into the Policy and it is in the final draft stage.
750. The Ministry is also working on the policy to regularize the role and activities of NGOs to avoid duplication of functions of NGOs and state organizations and to ensure complementarity.
751. Other activities undertaken in 2005 include:
- The establishment and operationalisation of the National Labour Commission;
  - The identification of a Consultant to develop guiding principles for setting up a Career Counselling and Job Placement Centres at all tertiary institutions; and
  - The administration of Questionnaire on the productivity study by the Management Development and Productivity Institute (MDPI). The data is currently being analyzed and a report will be issued shortly.
752. In line with government policy to improve the living standards, and mainstream the needs of the vulnerable and the excluded into the general public policy, the Ministry undertook the following:
- Assisted 1,402 psychiatric patients to access health care;
  - Registered 400 People with Disabilities (PWDs) and trained 246 of them in their communities;

- Donated 50 wheelchairs for PWDs; and
- Sensitised 200 parents on HIV/AIDS and OVC.

### **Outlook for 2006**

753. Mr. Speaker, in 2006, the Ministry will carry out its traditional mandatory functions in the areas of employment, social welfare, vocational skill training and retraining, operational health and safety, co-operatives organisations and youth programmes. The following activities will be undertaken:
754. The Ministry will continue to implement the Youth Mass Employment programme by creating a target of 200,000 employment opportunities in the area of Youth-in-Agric, Waste & Sanitation Management Corps, Rural Education, Auxiliary Health Assistants, Community Protection Unit, Trades and Vocations and Marketing cooperatives, ICT, Paid Internships and Industrial Attachment and long vacation jobs.
755. The Ministry will develop a National Employment Policy in 2006, which will provide policy direction on employment issues in the country.
756. To provide accurate data on employment for effective planning, the Ministry in collaboration with Ghana Statistical Service will undertake the compilation and establishment of a credible database on employment in the country. Additionally, a survey will be conducted to ascertain the full labour force for the nation in order to have accurate information for planning purposes.
757. The Ministry will also in 2006, provide 3,000 children with child welfare services, integrate 200 disadvantaged adults into the mainstream of society, equip 10,000 disadvantaged Youth with employable skills and offer care and support to 200 HIV/AIDS affected persons.

758. The institutional capacity of the Ministry and all its agencies will be strengthened to support the implementation of the Ministry's programmes. In this connection, the Ministry will undertake rehabilitation of structures of sectors and acquire office equipment. By the end of 2006, MDPI is expected to provide 240 regular training courses and 240 In-plant courses to strengthen the capacity of 450 members of staff to enhance performance and increase productivity.
759. To create common understanding on salary issues and to reduce labour agitations that can adversely affect accelerated economic development, the Ministry will operationalise the National Tripartite Committee and Salaries Administration.
760. The Management Development and Productivity Institute will undertake an activity in 2006 designed to create productivity awareness in all the regions and develop productivity measurement of 10 organisations.
761. In 2006, the Ministry will also:
- Intensify sensitisation on the Labour Act 651 to deepen its understanding by the general public and stakeholders;
  - Build the capacity of 828 Co-operative Groups;
  - Train 350 co-operative FBO Managers in various skills;
  - Graduate 1200 OICG trainees from 3 centres;
  - Carry out industrial Hygiene surveys through Department of Factory Inspectorate in 30 workplaces; and
  - Inspect 7,000 industrial premises.
762. An amount of ₪100,882 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total

amount, ₺73,246 million is from GOG while ₺14,708 million will come from donor support. The remaining amount of ₺12,928 million is from IGF.



## **MINISTRY OF WOMEN AND CHILDREN'S AFFAIRS (MOWAC)**

763. The principal mandate of MOWAC is to formulate sector policies to promote the development of Women and Children, and to co-ordinate policies for the integration of Women and Children issues into the forefront of the National Development Process.

### **Performance in 2005**

764. Since its establishment in 2001, MOWAC has spearheaded a vigorous national drive to overcome the challenges of Gender Inequality and to improve the socio-economic status of the rural poor, majority of who are Women and Children.
765. In order to mainstream Gender and Children issues into the thematic policy focus of GPRS II, the Ministry organised Sector Policy Co-ordination Workshops for MDAs on Gender Policy mainstreaming and implementation.
766. In 2005, the Ministry successfully conducted an assessment study on the Weanimix project in 4 communities in the Greater Accra Region. The result indicated an improved nutrition level of children in the 4 pilot communities.
767. In the year under review, the Ministry continued its dissemination and sensitisation of the Domestic Violence Bill for the House of Chiefs, Queen Mothers and religious bodies in 7 regions. The programme is currently ongoing in the remaining regions.
768. As part of the Programme to reduce poverty among the vulnerable and the excluded, especially among women, the Ministry disbursed ₵2.0 billion of the Japanese Grant and ₵4.0 billion under the Women Development Fund (WDF) to Women Groups all over the country and created employment

opportunities and enhanced the socio-economic status of women.

769. Regional and District data collation on orphanages in the country was completed and is currently being analysed to prepare an orphanage inventory for the country.

770. Other major activities carried out by MOWAC in 2005 were the following:

- The development of a National Plan of Action for Children;
- Sensitisation programme on the Human Trafficking Bill and its successful passage into Law;
- Study on Child Labour on cocoa farms;
- HIV/AIDS awareness programme for children in all the 10 Regions; and
- HIV/AIDS sensitization programme for 100,000 'Kayayees' on HIV/AIDS and the registration of 1,200 to participate in the NHIS.

### **Outlook for 2006**

771. In 2006, the Ministry will implement its 3-Year Strategic Plan, which focuses on the socio-economic empowerment of women and the integration of women and children into the development and growth agenda. In pursuit of this, the Ministry will undertake the following:

- Establish a reliable Gender disaggregated data base for Evidence-Based Policy formulation and review;
- Implement, monitor and coordinate women and children development programmes nation wide;

- Enhance collaboration with sector MDAs, Civil society and NGO's towards implementation of Gender Equality and Equity programmes;
  - Organize Gender Mainstreaming training for MDAs and District Assemblies so as to integrate women and children issues in development planning; and
  - Promote activities to reduce human trafficking and child labour.
772. The institutional capacity of the Ministry and all its departments will be strengthened to support the Ministry's programmes. In this regard, the Ministry will recruit and train 34 District Gender Development Officers (GDOs) and 33 Regional and Headquarters staff on gender policy integration and gender budgeting so as to facilitate plan implementation.
773. The Ministry will identify and facilitate the empowerment of vulnerable and marginalized groups through the acquisition of employable skills and support them to adopt alternative livelihood schemes. In this regard, the Ministry will train 300 women groups operating in the non traditional sector and link them to Export Marketing Institutions.
774. In order to enhance women empowerment, women's economic activities in 6 selected areas namely: Craft Work, Gari, Shea Butter, Groundnut and Palm oil processing and canning of fruits and vegetables will be improved through the use of appropriate technology.
775. The Ministry will liaise with Micro Finance and Small Loans Schemes to extend credit and micro finance services to reach 2 million women. It will also train beneficiaries of micro credit to improve their financial management, expand their businesses, and to ensure loan repayment.

776. To enhance the productivity of women's enterprises through increased access to ICT, the Ministry will conduct a technology audit for 50 women owned and managed manufacturing enterprises to enhance product quality and income generation.
777. Other activities to be undertaken by the Ministry in 2006 include:
- Mobilizing Women Groups nation-wide for sensitization on the benefits of the NHIS;
  - Promoting Early Childhood Development (ECD) related activities nationwide;
  - Increasing access of children to recreation facilities;
  - Promoting gender equity in enrolment and retention in schools; and
  - Promoting increased private sector participation in providing recreational facilities for children, running ECD facilities and skills training for children in need.
778. An amount of ₵27,971 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵17,359 million is from GOG, HIPC contribution of ₵5,000 million while ₵5,252 million will come from donor support. IGF is ₵360 million.

#### **GHANA AIDS COMMISSION (GAC)**

779. Current statistics show a reduction in the prevalence rate of HIV/AIDS infection in the country from 3.6% in 2003 to 3.1% in 2004. The reduction has been due to the continuous and intensified national campaign to reduce the spread of the pandemic.

## Performance in 2005

780. During the year under review, the GAC and its stakeholders have undertaken strategic intervention activities including the creation of high level of awareness, addressing the stigma and discrimination, worked with high risk groups, promoted abstinence among the youth, promoted safe sex among adults and upscaled the administration of anti retroviral drugs.
781. Effective coordination of the national response has steadily improved during 2005. Several Sector Ministries have identified focal persons to coordinate sectoral responses and have mainstreamed HIV/AIDS in their routine work.
782. The Ghana AIDS Commission in collaboration with GTZ developed a Website to help provide useful information on HIV/AIDS to the general public. The domain name for the website is [www.ghanaims.gov.gh](http://www.ghanaims.gov.gh).
783. Collaboration with electronic media continued in 2005 through sponsoring of talk shows on HIV/AIDS on several radio stations countrywide. This has resulted in a higher visibility and clarification of issues relating to HIV/AIDS
784. A study on the impact of HIV/AIDS on the economy, selected key sectors, and institutional audit of key MDAs and the Private Sector was initiated. Recommendations were made in relation to the strategic development goals and targets and advocacy tools are being developed to stimulate dialogue and actions through high level consultative process.
785. Research studies have been supported to encourage evidence based programming for infectious diseases including HIV, Hepatitis and Tuberculosis.

786. Orphans and Vulnerable Children continue to be an important aspect of the national response. In 2005, a pilot study on orphans care, based on the experience of the Queen Mothers' Association of Manya Krobo was finalized and disseminated.
787. The strengthening of decentralized structures has been an on-going activity during 2005. Capacity Building Programmes for M&E Focal Persons in all districts have been held and M&E reports were submitted on a quarterly basis. The reporting rate has been high at 70%. A National M&E report has been finalized.
788. The Priorities for Local AIDS Control Efforts (PLACE) method, a new monitoring tool has been successfully piloted through collaboration between the Ghana AIDS Commission and University of North Carolina. Representatives from regions and civil society representatives were trained in PLACE methods and were rolled out in 12 districts in 2005.

### **Outlook for 2006**

789. The Ghana AIDS Commission will in 2006, pursue the implementation of the second phase of the National HIV/AIDS Response programme. This involves the implementation of the Multi-sectoral HIV/AIDS Programme (MSHAP 2006-2010) in line with a revised National Strategic HIV/AIDS Framework (2006-2010) and a corresponding 5-year Programme of Work that covers well-formulated thematic intervention areas.
790. The main objective of MSHAP will be to reduce the spread of HIV/AIDS epidemic and the impact on those already affected and to strengthen civil society organizations to undertake activities to complement the on-going programme. MSHAP will fund activities in the following 7 intervention areas: Policy Advocacy and Enabling Environment; Coordination and Management of the Decentralised Response; Mitigating the

Social, Cultural, Legal and Economic Impacts; Prevention and Behavioural Change Communication; Treatment, Care and Support; Research, Surveillance, Monitoring and Evaluation; and Mobilization of Resources and Funding Arrangements.

791. MSHAP will give priority to:

- vulnerable groups like the youth, commercial sex workers, orphans and vulnerable children;
- high risk areas like mining towns, boarder towns;
- People Living with HIV/AIDS (PLWHAS);
- Provision of nutritional supplements;
- Assistance to herbal practitioners; and
- Promotion of behaviour change.

## ***GOOD GOVERNANCE***

792. Mr. Speaker, the broad objective of good governance and civic responsibility is to empower state and non-state entities to participate in the development process and to collaborate in promoting peace and stability in the body politic. The priority areas for government under the GPRS I included Public Sector Reform (PSR), decentralisation, security and the rule of law.
793. Government has chosen Good Governance as one of the Strategic areas in the Second Growth and Poverty Reduction Strategy (GPRS II).
794. The key focus of Good Governance for the year 2006 as outlined in the GPRS II will guarantee fundamental human rights, peace and security for all Ghanaians, strengthening the decentralization and Public Sector Reform with the view to sustaining the Rule of Law. All the activities and interventions would be geared towards;
- Achieving an efficient and well motivated public sector;
  - Strengthening the process of democratisation;
  - improving the existing institutional legislative and policy environment;
  - Promoting evidence based decision making;
  - Achieving gender sensitivity;
  - Forster greater civic responsibility; and
  - Integrating traditional authorities into formal institutional structures.
795. Mr. Speaker, the Key MDAs whose activities will promote the achievements of Good Governance are the following:



- Ministry of Finance and Economic Planning;
- National Development Planning Commission;
- Ministry of Local Government and Rural Development;
- Ministry of Foreign Affairs;
- Ministry of Interior;
- Ministry of Defence;
- Ministry of Justice;
- Ministry of Information;
- Ministry of Regional Co-operation and NEPAD;
- Ministry of Parliamentary Affairs;
- Senior Minister's Office;
- Ministry of Public Sector Reform;
- Electoral Commission;
- Ghana Audit Service;
- Office of the Head of the Civil Service;
- Judicial Service;
- Office of Parliament;
- National Commission for Civic Education;
- Office of Government Machinery;
- Commission on Human Rights and Administrative Justice;
- National Commission on Culture;
- National Media Commission; and
- District Assembly Common Fund.

## **MINISTRY OF FINANCE AND ECONOMIC PLANNING**

796. Mr. Speaker, the work programme in 2005 for the Ministry of Finance and Economic Planning (MOFEP) has been sharpened to carry out its functions, which primarily are:

- Coordinate government's policies and economic plans for the country through a national development plan – the Ghana Poverty Reduction Strategy (GPRS);
- Develop and implement a medium-term macroeconomic, financial and fiscal policy framework to support the development plan;
- With authorization from Parliament, mobilize resources from domestic and external sources and advise Government on the total resources to be allocated to the public sector;
- In consultation with Ministries, Departments and Agencies (MDAs) coordinate and integrate government policies and costed programmes into annual budgets, setting up a budget system for this purpose;
- Upon Parliamentary approval of the annual expenditure estimates, the Ministry authorizes disbursements of the Consolidated Fund including other public funds as may be established by Parliament;
- Manage and safeguard public assets (in particular state-owned enterprises) and liabilities (including public debt);
- Oversee and report on the effective use of public funds in line with the Financial Administration Act (FAA) and the Public Procurement Act (PPA);
- Require or maintain timely and accurate financial accounts on government transactions consistent with the FAA and Internal Audit Act (IAA); and

- Analyse and report on economic and financial developments (including via a comprehensive communications plan).

### **Recent Developments**

797. Over the past four years, culminating in 2005, the Ministry of Finance and Economic Planning has made great strides in meeting these objectives, as evidenced by a substantial improvement in Ghana's macroeconomic performance, for which the fiscal stance was key. As a result, fiscal imbalances and tax mobilization improved, inflation fell substantially, the cedi stabilized, international reserves grew, Ghana was able to obtain irrevocable external debt relief and as a result, growth accelerated to record levels.

### **Budget Formulation and Implementation**

- One of the core functions of MOFEP is the preparation, implementation and management of the Budget. A major achievement in 2005 is the fulfilment of our constitutional mandate of presenting the Annual Budget Statement and Economic Policy for the following year to Parliament before 30<sup>th</sup> November 2005.

### **Public Financial Management**

798. In its effort to improve Public Expenditure Management, the Ministry extended procurement planning to all MDAs. Tender Review Committees in MDAs and MMDAs were established. The Central Tender Review Board has been established.
799. The setting up of Oracle Financials as a centralized solution for public expenditure management is 100% complete in both test and production instance and has been deployed for the following MDA headquarters.

- Ministry of Finance and Economic Planning;
- Controller & Accountant General;
- Ministry of Health – HQ;
- Ghana Health service – HQ;
- Ministry of Education & Sport – HQ;
- Ghana Education Service – HQ; and
- Ministry of Road Transport – HQ.

### **Non - Tax Revenue**

800. The Ministry continued to implement measures to improve non-tax revenue mobilisation.

801. The following activities among others were implemented:

- MDAs were sensitized on the reporting requirement of the FAA and FAR as a result of which most of them are now reporting their NTR/IGF in accordance with the new format contained in the FAR;
- Restructuring of the revenue collection procedures started in 20 MDAs. 5 MDAs have reported completion of the process as at September 2005;
- A pilot system for the tracking and validating of retained IGFs for selected MDAs was started; and
- A total amount of ₵5.0 billion was released to 18 MDAs to implement revenue enhancement measures, including provision of vehicles to enhance revenue monitoring, training of revenue collectors, provision of equipment, publicity and public education etc.

## **External Resource Mobilisation**

802. Thirty new commitments totalling US\$733.92 million in loans and grants were negotiated and signed with our development partners. The Ministry undertook a review of the Compendium of Donor Policies and Procedures, which will be published by December 2005.
803. The Ministry coordinated the Multi-Donor Budget Support (MDBS) mechanism, which for the third year has yielded one hundred percent receipt of expected partners support to our Budget.
804. The 12th Consultative Group Meeting with the country's Development Partners to support the medium term implementation of the GPRS II, was successfully held here in Accra with our Partners showing strong endorsement of Government's policies for Economic Governance and Poverty Reduction.

## **Financial Sector Development**

805. The Government continued to implement the blueprint for financial sector deregulation in 2005 as follows:
806. The Central Securities Depository (CSD) is now operational for Government securities. The CSD Bill is to be sent for parliamentary approval to make it possible for equities to be admitted into the Depository.
807. The Long Term Savings (LTS) Bill was passed by parliament. The respective Boards of the Venture Capital Trust Fund and the Long Term Savings Scheme have been appointed as well as the Chief Executive Officer (CEO) for the Venture Capital. The operations of the Fund will be formally launched by early December 2005.

808. The Insurance Bill is to be laid in Parliament before the end of 2005. As previously indicated, with the passage of the law, the insurance industry is expected to become more effective, competitive and pro-active to support innovation and risk management in pursuit of capital market development in the country with the passage of the laws.
809. In conforming to the objective to continue to enhance transparency and competitiveness in securities trading, a new rules book eliminating trading limitations on the Ghana Stock Exchange is to be published by end December. Furthermore, Securities Exchange Commission (SEC) has signed a memorandum of understanding with auditors of publicly traded companies to assure quality of work, independence and confidence in published accounts to further boost investor confidence in the Ghana Stock Exchange (GSE). Additionally, to re-structure the Ghana Stock Exchange operations as a business entity, a change in legal status towards demutualization has been approved.

### **Outlook for 2006**

810. In pursuance of its mandate in ensuring macro economic stability and prudent fiscal policy management, the Ministry in 2006 will implement its Public Financial Management Short and Medium Term Strategic Plan, which is consistent with the Economic Governance Strategies as outlined in the GPRS II. The focal areas include;
- Fiscal Policy Management;
  - External Resource Mobilisation;
  - Budget Formulation/Preparation;
  - Public Expenditure Management;
  - Non-Tax Revenue Mobilisation;

- Financial Sector Regulatory Framework;
- Public Information; and
- Economic Planning and Modelling.

### **Fiscal Policy Management**

811. To improve the policy analysis and capacity of the Ministry the activities to be undertaken include:

- Skills training, and the establishment of Tax Policy and Wage Policy Units; and
- Tracking and analysing the impact of HIPC resources on poverty reduction.

### **External Resource Mobilisation and Management**

812. The Ministry will develop a comprehensive aid policy, which among other things will

- Provide the broad framework for development assistance in Ghana;
- Streamline and facilitate the mobilization of external resources;
- Take concrete steps to harmonize aid flows; and
- Enhance capacity in analytical techniques for External Aid and Debt.

813. Specific activities to improve effective domestic debt management will include

- Improvement in Public Sector Borrowing Requirements (PSBR) determination and daily/weekly forecasting; and
- Enhance monitoring and recovery of loans owed to Government.

## **Strengthen Budget Formulation/Preparation**

814. To strengthen the preparation and implementation of the Budget in order to ensure the efficient allocation and utilisation of resources, the ministry will:

- Build the capacity of Parliamentarians in national development strategies and budgeting;
- Ensure that budget preparation by MDAs are rigorous and expenditures are clearly and directly related to growth targets;
- Ensure timely and accurate production of Poverty Related Expenditure Reports;
- Publish HIPC Expenditure Reports from National Expenditure Tracking System (NETS); and
- Establish a more structured mechanism for public/private sector dialogue for inputs into budget preparation and policy formulation.

## **Public Expenditure Management**

815. MOFEP is resolved to reduce waste and ensure value for money on all government expenditures. In this regard, the following activities will be undertaken:

- Strengthen the capacity of the Public Expenditure Monitoring Unit to track and monitor the timely implementation of all government and donor funded projects;
- Ensure that expenditures by MDAs are consistent with budget estimates and the achievement of growth targets; and
- Review and streamline procurement plans of all MDAS to avoid duplication of activities and expenditures.



## **Non Tax Revenue**

816. To enhance non-tax revenue collection, the Ministry will facilitate the pursuit of necessary mechanisms and procedures for effective mobilisation of revenue.
817. In furtherance of this objective, the following measures would be implemented:
- MDAs will be assisted to expand the scope of their current collections through further improvement in compliance with regulation on the payment of fees, licenses;
  - Rates will be reviewed in line with current trends for a number of MDAs;
  - Establish database on revenue transactions for all NTR/IGFs generating MDAs;
  - Work with the State Enterprise Commission to track the operating financial performance of SOEs on a quarterly basis; and
  - Interface with Ministry of Local Government to build capacity and develop strategies of MMDAs to improve on their IGF.

## **Financial Sector Division**

818. For the 2006 financial year, key financial sector reform programmes will include the following:

### **Legislative Review**

819. To continue with the legislative review agenda, five key laws are earmarked for promulgation in 2006. These are the:

- Companies Code;
  - Foreign Exchange Law;
  - Securities Industry Law (SIL);
  - Credit Union Bill; and
  - Credit Bureau Law.
820. The passage of the Companies Code will finally address the irregularities and speed up the process of doing business in Ghana;
821. The review of the SIL will strengthen the supervisory authority of the Security and Exchange Commission (SEC) and bring it in line with international best practices and standards. More importantly and to leverage the capital markets, the review will strengthen the SEC's role in supervision, regulation and development of the soft securities markets such as the commodities exchange market and the over-the-counter market in addition to credit rating agencies and the LTS.
822. Similarly, the Credit Union Bill will give direction and guidelines in savings mobilization by credit associations, with the Credit Bureau Bill directly addressing credit risk signalling and adverse portfolio selection due to lack of reliable information on the history of borrowers.

### **Other Programmes**

823. There will be infrastructural support through the funding arrangement for majority of the regulatory agencies under the money and capital market development agenda. These will include the establishment of a common trading screen for primary dealers at BOG to facilitate effective trading in government securities. The Ghana Stock Exchange will also

be fully automated to bring it in line with competition in the sub-region, and to compliment the CSDS operation. This infrastructural support is intended to provide market participants the convenience of online trading at the GSE.

824. To continue to strengthen supervisory and regulatory capabilities, BOG's operations will be fully computerised to further enhance its risk-based supervisory role in the banking sector. In similar vein, a comprehensive technological upgrading and skill enhancement of the staff of SEC will also be undertaken to strengthen its capacity for market surveillance and supervision. A computerization-interface will also be established for the insurance industry towards improving the skill set and risk-based supervision by the Insurance Commission.

### **Financial Sector Strategy**

825. One of the objectives of the financial sector reform programme is to consistently improve the depth of financial service delivery to the rural economy and to ensure regulatory and supervisory compliance. The government will therefore continue the training programme for APEX and Rural and Community Banks (RCBs) and to improve their capacity including training in credit delivery and management. Special purpose programmes to increase flow of funds to RCBs will also be given special attention in 2006.
826. Mr. Speaker, We intend to build on the progress we have made in strengthening the financial and operating performance of public enterprises. This progress reflects improvements in financial planning, monitoring and ensuring that commercially oriented entities maintain or adopt pricing policies that reflect full cost recovery.

## **Public Information**

827. Recognizing the paucity of information on the economy and the workings of the ministry, a communication strategy will be developed. The strategy would aim at providing adequate and reliable information on the management of the economy. Activities to be implemented would include:

- the publication of quarterly state of the economy reports;
- operationalizing the website of the Ministry;
- undertaking periodic media encounters; and
- setting up of an information desk in the Ministry.

## **CONTROLLER AND ACCOUNTANT GENERAL'S DEPARTMENT**

828. The Controller and Accountant General, receives all Public and Trust Monies, provides secure custody of the Public and Trust monies and makes disbursements on behalf of Government.

### **Systems and Procedures**

829. In 2005, the financial systems and procedures were reviewed to tighten controls and reduce the incidence of fraud to the barest minimum. Additionally, a Monitoring Unit has been established to ensure that professionalism is exhibited in all activities of the Department.

### **Outlook for 2006**

830. in 2006, the CAGD will implement the following activities:

## **Integrated Personal Payroll Data (IPPD)**

831. To ensure that payroll is processed on time, Integrated Personal Payroll Data (IPPD2) is being brought online to replace IPPD1. IPPD2, which will run on an Oracle based platform is expected to be more robust and has more security features. The IPPD2 will capture the payroll of both subvented and non-subvented institutions. Full implementation of IPPD2 will start in July 2006.

## **Accounting Manual and Departmental Accounting Instructions**

832. To ensure a uniform accounting systems through all MDAs, a draft Accounting Manual has been prepared. The final copy will be out by the end of the first quarter of 2006, which will be used by all MDAS to prepare their Departmental Accounting Instructions in 2006.

## **Treasury Realignment**

833. In line with the Financial Administration Act (FAA), all treasury functions will be integrated into their respective MDAs. This will fall in line with the new concept of integrated financial management. This will also ensure that payments and other financial transactions are handled and managed by the individual MDAs on a daily basis. CAGD will continue to provide guidance on professional matters.

## **Bank Accounts Restructuring**

834. In 2006, current banking arrangements will be reviewed and restructured with emphasis on operating the Consolidated Fund Sub-Bank accounts into which departmental allocations of all MDAs, and MMDAs will be lodged. This process is to facilitate fiscal decentralization.

## **Payment System Improvement**

835. The current system of payment is burdened with delays as a result of over centralisation. This situation has led to undue delays in accessing and disbursing of funds for MDA programmes.
836. The resultant effect of the over centralisation is the huge costs of travel, hotel bills, lost person-hours, and delays in programme implementation of the MDAs among others.
837. To address these delays, there will be changes in the current process by reducing the number of steps the MDAs take to access their funds.

## **Capacity Building**

838. In order to enhance the efficiency of the delivery of services by CAGD, the Department will embark upon skill training for its staff, provide logistics and equipment as well as refurbish the Staff Development Centre in Dansoman to ensure that all types of training can be held there.

## **Tax Revenue Agencies**

839. The main agencies responsible for the domestic revenues are the Customs Excise and Preventive Services, Internal Revenue Service and Value Added Tax Service. They are governed by the Revenue Agencies Governing Board (RAGB).

## **Outlook for 2006**

### **Revenue Agencies**

840. The IRS will initiate its computerization process to place more taxpayers on the list of self-assessed taxpayers and thereby

reduce the burden of manual assessment so that more labour and time could be available for widening the tax net.

841. In this regard, efforts will be made to computerize all the Tax Districts in the Accra – Tema Metropolitan Area who together contribute more than 80% of IRS annual collection.
842. In order to reduce the inconveniences to taxpayers and bring tax payment to the door steps of taxpayers, new District Office buildings would be acquired. The Service also plans to open sub-offices and collection points and improve its overall operational environment.
843. The Human Resource Department and the Training Division of IRS will develop a comprehensive training program that would sharpen the technical and managerial competencies of IRS employees.
844. Mr. Speaker, VAT Service will initiate Customer Care Programmes to ensure that the right approach is adopted by VAT personnel in all their undertakings, with regard to both their internal and external stakeholders.
845. The VAT Service will seek to increase contact with the Trade and Business Associations through frequent meetings to identify and address policy, operational and other related issues for improvement of their understanding of tax procedures.
846. Special Flat Rate VAT Scheme: In appreciation of the difficulties faced by the informal sector operators in complying with the record keeping requirements of the standard VAT, a Flat Rate VAT scheme, easier to operate and more simplified in its record keeping requirements is to be introduced for the distributive trade sector. The scheme is being developed in

partnership with Ghana Union Traders Association (GUTA) for implementation during the year.

847. This will not only ease the cost of VAT compliance for small and medium scale operators in the distribution sector, but also provide a platform for bringing in more traders into the VAT net.
848. Mr. Speaker, the Customs, Excise and Preventive Service (CEPS), will introduce an electronic tracking system to monitor all suspense regimes transit, warehousing, re-export and free-zone operations.
849. To enhance assessment of duties and taxes, all destination inspection companies (DICs) will be linked directly to CEPS through the GCNet. This exercise will reduce the phenomenon of 'shopping around' by importers for lower values among the inspection companies. All inspection companies shall be required to submit to CEPS details of faked documents submitted by importers or their agents for appropriate action.
850. To minimise the incidents of goods leaving the ports without payment of duties, all shipping companies, freight stations as well as all Ghana Posts and Harbours Authority (GHPA) gates will be linked to the GCNet.
851. Mr. Speaker, for the 7 month period (January to July), import duties and import VAT given away in exemptions amount to a total of ₵895.07 billion. By close of the year, this figure is anticipated to climb through ₵1.0 trillion. This situation is alarming. In view of this, Mr. Speaker, the exemptions regime as operates now will be reviewed with the view of blocking all possible avenues for abuse.



852. Mr. Speaker, to reduce the incidence of falsification of official documents used in our revenue mobilisation efforts, necessary legislation will be enacted to impose severer penalties and sanctions as a deterrent to protect revenues.

### **Ghana Statistical Service**

853. The Ghana Statistical Service (GSS) aims to provide leadership in the collection and dissemination of Statistical Data in the Country and Technical support to stakeholders in their statistical work. The three major pillars to this initiative are:

- A coherent national statistical system, with partnerships in core areas of statistical production and service;
- A portal for statistics to provide easy access to reliable and timely statistical information; and
- A culture for the use and appropriate application of statistical information in all factors of decision making, monitoring and evaluation.

### **Performance in 2005**

854. The major activities of GSS in the year included:

- Publication of the monthly CPI newsletter;
- Inputs for GDP computation;
- Completing field work for National Industrial Census (NIC) and cleaning, and processing data;
- Launching of the GLSS-5 survey in collaboration with NDPC in September 2006;
- Continuation of analysis publication and dissemination of data from 2000 Population and Housing Census; and

- Commencement of data collection for International Comparison Programme (ICP) project and collaborate with ECOWAS and ADB.

### **Outlook for 2006**

855. Within the framework of the GPRS II, the GSS will pursue strategies and implement activities to promote evidence-based decision-making. This will strengthen the government's ability to prescribe appropriate policies and assess policy effectiveness in critical areas including macro economic policy and population management to accelerate growth and poverty reduction.
856. To this end, the Ghana Statistical Service (GSS) will undertake the following key activities:
- Maternal mortality survey;
  - Tourism satellite accounts;
  - Ghana Living Standards Survey (GLSS) 5;
  - Further work on ICP-Africa to enable economist compare the average wealth of all the 150 participating countries; and
  - Compilation of vital statistics including employment data.
857. An amount of ₵584,930 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵236,870 million is from GOG while ₵335,342 million will come from donor support and HIPC is ₵9,700 million. The remaining amount of ₵3,018 million is from IGF sources.

## **NATIONAL DEVELOPMENT PLANNING COMMISSION (NDPC)**

858. The National Development Planning Commission in collaboration with the Ministry of Finance and Economic Planning continued with the update of the GPRS and the coordination, monitoring and evaluation of its implementation.

### **Performance in 2005**

859. The major achievements of the National Development Planning Commission in 2005 include the following:

- Revision and update of the Ghana Poverty Reduction Strategy (2003-2005) into the Growth and Poverty Reduction Strategy II (2006-2009);
- Organisation of public consultations, as part of the GPRS Communications Programme, to solicit inputs for the preparation of the GPRS II in all the ten regions. This involved a cross section of about 5,000 stakeholders drawn from the 128 Districts;
- Development of Guidelines for the formulation of Sector Programmes and for the preparation of District Medium-Term Development Plans all based on the GPRS II;
- Development of gender sensitive indicators for the monitoring and evaluation of the GPRS II;
- Coordination of the preparation of the National Spatial Protection Strategy;
- Production of 2004 Annual Progress Report on the implementation of GPRS including Reports on HIPC disbursements and monitoring of MDGs;
- Development of capacity building programme in gender analysis and budgeting; and

- Completion of Training of Trainers Programme in GhanaInfo software for monitoring development indicators.
860. The NDPC has additional oversight responsibilities for the implementation of a number of special programmes including the Community-Based Poverty Reduction Project (CPRP), the Wealth Creation and Social Development Programme (WCSDP) and the Social Investment Fund (SIF).
861. The Community-Based Poverty Reduction Project (CPRP) coordinated the implementation of three subprojects on Street Children, Nutrition and Food Security, and Poverty Measurement and Monitoring. These subprojects continued to document lessons, best approaches and practices to help future implementation of programmes.
862. Under the Wealth Creation and Social Development Programme (WCSDP), significant achievements in 2005 included the following:
- Provision of technical and logistical support for GPRS update, Poverty and Social Impact Assessment on Petroleum Pricing, preparation of a manual for district operational planning and budgeting for water and environmental sanitation;
  - Preparation of District Human Development Reports: This initiative is to build the capacity of District Assemblies to utilise District Human Development Reports as a tool for formulation, monitoring and advocating for more resources;
  - Provision of technical and financial assistance to the Wenchi Tomato out-growers' scheme;

- Provision of funds for 100 out-grower farmers involved in organic mango production in the Janga Community of the West Mamprusi District; and
  - Provision of assistance to the Assemblies of God Relief and Development Services (AGREDS) to procure machines for training of 150 girls.
863. Some of the achievements of the Social Investment Fund (SIF) were:
- Completion of 832 physical infrastructure sub-projects such as schools, markets and clinics. A total of ₦129 billion has been disbursed on sub-projects;
  - Disbursement of an amount of ₦14.5 billion to 12,262 beneficiaries under micro-finance including 9,304 females;
  - Extension of technical support and training to nine Micro-Finance Institutions (MFIs);
  - Commencement of Special Impact Survey; and
  - Development of Documentary to showcase the impact of the SIF interventions.

### **Outlook for 2006**

864. The NDPC will continue to coordinate planning at the sectoral and district levels, monitor and evaluate the implementation of the Growth and Poverty Reduction Strategy. Major activities to be implemented in 2006 include:
- Formulation of national spatial development policy framework;
  - Facilitation of the harmonisation and implementation of sector programmes and District Development Plans;

- Monitoring and evaluation of the implementation of the Growth and Poverty Reduction Strategy;
- Establishment of a District M&E system;
- Preparation of 2005 Annual Progress Report on the implementation of the GPRS;
- Evaluation of the Ghana Poverty Reduction Strategy (GPRS);
- Extension of the use of Participatory Impact Monitoring and Evaluation System to the regional level to facilitate routine data collection; and
- Ensuring effective information dissemination and dialogue on policies and plans.

865. For the implementation of the above activities an amount of ₵40,487 million has been allocated of which GOG's is ₵17,070 million and ₵23,417 million.

866. An amount of ₵40,487 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵17,070 million is from GOG while ₵23,417 million will come from donor support.

## **MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT**

867. The core function of the Ministry of Local Government and Rural Development, which are decentralization, rural development and improved sanitation, form key components of the Ghana Poverty Reduction Strategy (GPRS).

### **Performance in 2005**

868. The Ministry extended the composite budget programme to additional 22 Districts. Training programmes in composite budgeting were organised for the core staff including District Coordinating Directors, District Budget Officers, District Finance Officers, District Planning Officers and Local Government Inspectors in some districts in all the 10 regions of the country.

869. Construction works were completed on the Odaw Drainage including the Avenor and Alajo Bridges in June 2005. Works on Phase III of the Odaw Drainage Works involving the reconstruction of 2.75km of drain from Alajo to Apenkwa Bridge was 45% completed by July 2005.

870. Under the Districts Capital II Project, constructional works were completed on markets, lorry parks and related infrastructure in 22 towns. These towns are Sekyedumase, Anyinasu, Offinso Town, Nkenkasu, Kofiase, Nsuta, Kwamang, Effiduasi, Bodomase, Banko, Kwame Danso, Prang, Dromankese, Donkro, Nkwanta, Offuman, Tuobodom, Babatukuma, Kintampo, Subinso No.2, Badu, Seikwa.

871. Constructional works commenced in 56 educational, 7 health, 3 water schemes and 1 market / lorry park facilities in the following 27 towns during the year: Kintampo, Babatukuma, Jema, Offuman, Aworowa, Tuobodom, Tanoso, Badu, Seikwa, Jeji, Paremba-Sawaba, Prang, Atebubu, Amanten, Kwame

Danso, Dromankese, Busunya, Sekyedumase, Effiduase, Kwamang, Nsuta, Beposo, Offinso Old Town, Abofour, Nkenkaasu, Afrancho, Akomadan

872. The Ministry undertook a review of Local Government Investment Funding practices. The Review collated and analysed data from 110 District Assemblies, over a period of five years (1999-2004). The scope of the review comprised DACF, HIPC, Health, Education, Agriculture, Works and Housing, Road Transport and MLGRD.
873. The Local Government Service Council has developed a Strategic Plan 2005 – 2008 to facilitate the integration of the MDAs into the District Assembly system in line with Act 656. To facilitate this process, financial reservations for the Local Government Service Council and its Secretariat have been made under the National Decentralisation Action Plan (NDAP).
874. During the year, the Ministry initiated work on the integration of those departments that are part of the Ministry's set-up: Community Development, Parks and Gardens and Births and Deaths Registry. It also piloted the establishment and operationalization of integrated District Works Department (DWDs) comprising Feeder Roads, Public Works, Rural Housing and Community Water and Sanitation particularly at Dangme East, Dangme West, Sogakofe, Akatsi, Keta and Ketu.
875. Tender documents for construction of facilities under Urban IV Project have been completed in the following 9 districts; Asante Akim South, Asante Akim North, Ejisu- Juaben, Kwabre, Afigya Sekyere, Atwima Nwabiagya, Atwima Mponua, Ahafo Ano South and Ahafo Ano North.
876. The MLGRD identified modalities for effective participation of traditional authorities, the private sector and civil society in



Local Governance processes under the NDAP. It also commissioned basic operational assessments of sub-district structures and the mapping of local level Civil Society Organisations (CSOs) under the NDAP.

877. The Ministry completed pro-poor maps extended to 94 districts under the Local Government Poverty Reduction Support Programme and established database to facilitate automated accounting system as well as financial management in order to enhance and improve revenue generation in Tain, Wenchi, Dormaa, Asunafo North and South and Jaman North and south.

### **Outlook for 2006**

#### **Urban Environmental Sanitation Project (Urban IV)**

878. Works on Phase III of the Odaw drainage works, comprising the reconstruction of 2.75km of the Odaw drain from Alajo to the Apenkwa will be completed by June 2006. Negotiations are currently underway for additional funding to extend the phase III works beyond the motorway.

#### **Second Urban Environmental Sanitation Project (UESP 2)**

879. Implementation of UESP-2, which seeks to consolidate the gains of the first UESP in improving environmental sanitation, will continue in 2006 with the completion of the following detailed engineering designs.
- Community infrastructure upgrading in Accra, Kumasi, Tamale, Sekondi/Takoradi and Tema;
  - Storm drainage works in Accra (3.5km), Sekondi/Takoradi (3.5km) and Tema (4.2km);

- 258 schools and public sanitation facilities in Accra, Kumasi, Tamale, Sekondi/Takoradi and Tema;
- Kwabenya sanitary landfill in Accra; and

### **Urban V Phase II Project**

880. The Ministry will continue to dialogue with development partners, to secure funding for the preparation and implementation of the phase two of the Urban V Project, leading to a National Urban Development Programme.

### **Promotion of District Capitals/District Towns Project I**

881. Under PRODICAP1, the following remedial works will be completed:
- Removal of high iron concentration in the Kintampo water supply scheme;
  - Relocation of control panels on Kintampo, Ejura and Nkoranza water schemes; and
  - Clamping of borehole riser mains on Kintampo and Ejura water schemes.
882. Construction works on 56 educational, 7 health, 1 market and lorry park facilities in 27 towns in Ashanti and Brong Ahafo Regions under District Town III Project will be completed during the first quarter of 2006.
883. In addition, tendering process will be completed to pave the way for construction works on 9 health, 54 educational, and 5 market facilities in Asante Akim South, Asante Akim North, Ejisu-Juaben, Afigya Sekyere, Atwima Mponua, Atwima Nwabiagya, Ahafo Ano South, and Ahafo Ano North Districts under District Town IV Project.

## **Department of Community Development**

884. The Department of Community Development will continue to undertake a number of poverty related activities in the year 2006 namely:

- Provision of income generating skills training for 600 existing women's groups leaders;
- Enhance technical skills of 200 rural artisans to assist in the provision of rural infrastructure, and
- Provision of vocational/technical skills for about 1,000 youths in 25 mass education institutions.

## **Local Government Service**

885. The Local Government Service Council will approve the organizational structure and scheme of service for the staff.

886. The Ministry will also monitor the new sanitary landfill in Tema, under the Gateway Project. The construction of the Tema Landfill will be financed under the Second Urban Environmental Sanitation Project.

887. Private Sector solid waste collection component of the UESP 2 in all five (5) beneficiary cities will continue in 2006.

888. Consultants are to be recruited to assist with institutional strengthening in all 5 Metropolitan Assemblies.

889. An amount of ₵1,690,209 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₵199,756 million is from GOG while ₵266,053 million will come from donor support. The remaining amount is made up of DACF of ₵1,204,400 million and HIPC funds of ₵20,000 million.

## **MINISTRY OF FOREIGN AFFAIRS (MFA)**

890. The Ministry of Foreign Affairs continues to remain the key governmental organ responsible for managing Ghana's relations with other states and international non financial institutions and will remain engaged in its facilitative role to ensure international support and assistance for Ghana's development agenda.

### **Performance in 2005**

#### **Deepened Policy of Good Neighbourliness**

891. During the period, Ghana's policy of Good Neighbourliness with its most immediate neighbours – Burkina Faso, Cote d'Ivoire and Togo was deepened, characterised by warm and friendly relations with positive beneficial effects.

#### **Resolution of West Africa's Conflicts**

892. The decade leading up to this one was characterised by turbulence in a number of West African States. Ghana's role then, and now, has been to guide common peace support efforts for the successful resolution of these conflict situations, in concert with other sister West African countries and the international community at large. Today, West Africa is transiting from the situation of conflicts to one of peace and security and the structures of democratic governance are being installed in Cote d'Ivoire, Liberia and Guinea Bissau, and reinforced in Sierra Leone. The Ministry of Foreign Affairs continued to engage its preventive diplomatic tools in a number of countries, including Togo and Cote d'Ivoire.

#### **Making Africa Accountable and Capable**

893. In respect of the wider Africa region, one of the major achievements during the period was the unreserved support

by Ghana to the African Peer Review Mechanism (APRM). Ghana was one of the very first countries to subscribe to the APRM and the first to be accepted for the Voluntary Self-Assessment and Constructive Peer Review Dialogue. Ghana's support for the APRM was a demonstration of her commitment to projecting abroad the values of Good Governance, including democratic practice, observance of the rule of law and respect for human rights, as a necessary element for a stable and prosperous Africa.

### **Beneficial Relations with Ghana's Donor Partners**

894. The Ministry in 2005 re-opened Ghana's diplomatic mission to Australia to provide a point of contact with official and private business interests in the Pacific Region.

### **Outlook for 2006**

895. For the next financial year, the Ministry of Foreign Affairs will seek to undertake the following activities.

### **Strategically Position Ghana Abroad**

896. The Ministry will strategically position Ghana's excellent credentials in Good Governance to enhance the image of the country abroad and to engage the interest of major economic and political players to support Ghana's development agenda to become a middle-income country by 2010, including arrangements for official economic cooperation and other initiatives for public-private investment partnerships.

### **Improve Delivery of Consular and Other Services**

897. In respect of the programme objective for providing efficient and effective consular and legal services within and outside Ghana, the prioritised action for 2006 include the provision of timely, customer-friendly and high quality services in the visa

and passport processing. There will be active engagement with Ghanaians resident abroad to facilitate their participation in the domestic economy.

### **Enhance Business Facilitation Services**

898. Concerning economic diplomacy, the priority is to (i) enhance international market access facilitation services for Ghanaian businesses, particularly for value-added non-traditional exports; (ii) vigorously promote abroad the many unique tourist attractions of Ghana; (iii) ensure that the small but vibrant Ghana Stock Exchange, which was one of Africa's best performing stock exchanges in 2004, is promoted abroad as a financially attractive capital market; and (iv) facilitate investment decisions into Ghana, particularly towards key sectors such as agriculture, agro-processing, ICT infrastructural development and hospitality facilities.

### **Deepen Policy of Good Neighbourliness**

899. With respect to political and economic relations, the Ministry's focus is to deepen the implementation of the policy of Good Neighbourliness within West Africa and the clear articulation and advocacy for the practice of the principles of Good Governance at all major international fora.

## **Participate in Decision-Making Organ of Global Collective Security Mechanism**

900. Within international institutions, the Ministry's priority for the next year is to actively and constructively guide Ghana's participation in the United Nations Security Council, through membership of a non-permanent seat. The focus of Ghana's tenure will be to facilitate greater collaboration between the United Nations and the Africa Union and ECOWAS in the resolution and management of Africa's conflict situations and to promote greater transparency and accountability of the actions of the Security Council.

## **Develop Human and Institutional Capacity**

901. Finally, the Ministry will seek to enhance the capacity of its human resource to enable it deliver on the targets and goals necessary to realise the development agenda of Ghana. Another capacity development priority is the establishment of the necessary ICT infrastructure to support the business processes of the Ministry to ensure efficiency and effectiveness in its service delivery. A number of missions abroad would also be renovated to ensure an appropriate work environment and to maintain the value of Government's investment interests in those properties.
902. For the implementation of the above activities an amount of ₵530,527 million has been allocated of which GOG's contribution is ₵515,486 million and an IGF component of ₵15,041 million.

## **MINISTRY OF THE INTERIOR**

903. The Ministry of the Interior is constitutionally mandated to ensure internal security. This mandate is carried out by providing safe and secure environment, which is conducive for vibrant socio-economic activities, wealth creation and democratic development. In seeking to achieve this, emphasis will be placed on Conflict Prevention and other pro-active measures to enhance peace, public safety and stability in the country.

### **Performance in 2005**

904. The under-mentioned measures were implemented;
905. Creation of New Anti-Corruption Department In The Police Service: The Police Intelligence and Professional Standard Bureau [PIPS] was established in 2005 to ensure that police personnel adhere strictly to the code of conduct and to combat corruption, indiscipline and professional indiscretion. It has afforded the public the opportunity to make complaints against police officers. Complaints against such police personnel have been investigated and appropriate sanctions have been applied. The unit has also helped to gather relevant intelligence information on crime hence preventing their commission.
906. Strengthening of Fraud and Corruption Unit: The Visa & Documentation Unit of the Ghana Police Service has become functional and vibrant with the provision of computers to assist in information management. As a result, there was a significant increase in the fraudulent cases, which were detected.
907. The Commercial Crime Unit of the Ghana Police Service has been strengthened to combat Advance Fee fraud [‘419’], bank frauds and other economic crimes. The Rapid Response Unit



has also been strengthened to deal with a variety of crimes expeditiously. Information Technology Unit is also counteracting cyber crimes, which are on the ascendancy.

908. **Activities Directed Against Drug Trafficking:** As a result of collaboration with the Narcotics Control and Law enforcement agencies on measures to reduce drug trafficking, there has been a clamp down resulting in stiffer sentencing of offenders.

### **Outlook for 2006**

909. The Ministry of the Interior will undertake the following activities:
- Finalise work on the Policy on Early warning System on Internal Conflicts and Disasters;
  - Review the Arms and Ammunition Act as well as facilitate the enactment of legislation giving legal backing to the Ghana National Commission on Small Arms;
  - The Ghana Police Service will continue to promote Community Policing through the revamping of Neighbourhood Watch Committees; and
  - Training in human rights, corruption, good governance, crowd control and human trafficking as well as revitalise the entire communication infrastructure and other essential services.
  - The Criminal Investigation Department [CID] of the Police Service will revitalise its crime investigation process and establish vibrant crime intelligence outfits in most regional, divisional and district headquarters for effective pro-active policing.

- The Ghana Prison Service will continue with the rehabilitation and reformation of prisoners through revamping of Prison Workshops and more Prison Settlement Farms where prison inmates will be taught employable skills to make them productive.
- The Ghana National Fire Service and National Disaster Management Organisation [NADMO] will intensify public sensitisation campaigns on the menace of fires and other disasters and implement other preventive measures against these disasters. In addition, fire tenders will be procured for GNFS to augment the current fleet.
- Ghana Immigration Service will embark on expansion of Intelligence Operations with improved fraud detection facilities, modernisation and computerisation of border control and immigration business process as well as training of staff in Information Technology.
- Narcotics Control Board will intensify sensitisation programmes on drug abuse, rehabilitation of drug addicts and the expansion of Alternative Development Programme for growers of 'wee' or cannabis.
- Ghana Refugee Board will continue to ensure the safety, protection and welfare of refugees as well as draw up contingency plans to address any influx of refugees into the country.
- Ghana National Commission on Small Arms will intensify sensitization programme on the dangers of small arms proliferation and explore the possibility of providing Alternative Livelihood programme for manufacturers of small arms.

910. For the implementation of the above activities an amount of ₵906,885 million has been allocated of which GOG's contribution is ₵826,371 million, ₵56,838 million is from

donor funds and an IGF of ₪3,676 million and HIPC Funds amounting to ₪20,000 million.

## **MINISTRY OF DEFENCE (MOD)**

911. The main objectives of the programmes and activities carried out in 2005 by the Ghana Armed Forces (GAF) were to improve the combat readiness for rapid response, to any external aggression and internal and external peacekeeping operations to improve human resource development capacity of GAF.

### **Performance in 2005**

912. The highlights of the activities performed during the period include:

#### **Internal and External Security**

913. The GAF conducted land, sea and air operations and organized various exercises to deter any potential external aggressor. The GAF also conducted joint internal security operations with other security agencies especially with the Police. This has contributed positively to the enabling environment for the development of the country. The GAF also continued to provide personnel and logistic support under the auspices of the UN and AU for peace support operations in Lebanon, DR Congo, Liberia, Sierra Leone, La Cote D'Ivoire, Sudan and other African countries.

#### **Provision of Logistics Support**

914. The GAF acquired some equipment through government funding and donations from other friendly countries to enhance its internal operational capacity. Operational and administration vehicles were procured to improve the operational effectiveness of GAF.

- 915. The Ministry was able to procure a number of personal gear, operational vehicles and communication equipment for the Ghana Army to improve its mobility.
- 916. Equipment and ship spares have been procured for two naval ships of the Ghana Navy which were docked at the Tema Shipyard and Dry-dock.
- 917. The Ghana Air Force procured aircraft spares and refurbished five aircraft engines.

### **Human Resource Development**

- 918. The programme for human resource development capacity continued through on-the-job training for GAF personnel in local and foreign institutions.

### **Ghana Armed Forces Housing Projects**

- 919. Under the Second Phase of the GAF Housing Project, 27 residential accommodations have been completed since commencement in 2001. There are currently 40 on-going accommodation projects.

### **Burma Camp Exchange and IT Projects**

- 920. Laying of underground cables has been completed. Some equipment has also been acquired to support the project. The networking of offices within Burma Camp and GAF website development has commenced.

### **Burma Camp Hall and Library Complex**

- 921. This project consists of a 2,500 Seater Auditorium and a Library Complex from UN Peacekeeping operation earnings. Work started in February 2002 and it is now about 98% complete.

## **Kofi Annan International Peacekeeping Training Centre**

922. The second phase of the centre has been commissioned and Phase 3 will be completed by December 2005.

## **Bundasi Training Camp**

923. The MOD has improved the infrastructure at the Bundasi Training Camp.

## **Outlook for 2006**

924. The GAF will continue to enhance its professional, logistical and administrative capabilities in 2006. The following programmes and activities will be carried out:

### **National Defence**

925. The GAF will continue to improve upon its combat readiness through motivation, maintenance of its human resources and the provision of material resources for national defence.

### **Re-equipping**

926. The phased procurement of the M16 rifles to modernize the weapon holding of GAF is expected to continue.

### **Rehabilitation of Naval Slipway**

927. The naval slipway project at Sekondi will be activated in 2006 to enable Ghana Navy refurbish its ships. It will also provide docking facilities for Ghana Naval ships and private fishing boats in the country.

### **Combating Crime and Promotion of Peace**

928. The Ministry will continue to support the GAF to acquire the necessary logistical support to actively support civil authority in combating crime and the promotion of peace and stability in Ghana and the sub-region in general.

### **GAF Housing Project**

929. The Ministry will complete on-going Phase Two of Ghana Armed Force Barracks project for all garrisons.

### **37 Military Hospital**

930. The Ministry has intensified its efforts towards upgrading the facilities at the 37 Military Hospital to become a centre of excellence for post Graduate Medical Studies. Second Base hospital will also be established within the Northern Command. Towards this end, the Ministry has acquired a suitable site for the construction of the hospital estimated to cost US\$12.5 million. Preparatory work will start in 2006.

### **Human Resource Development**

931. GAF will continue to train its personnel in its own institutions, local tertiary institutions and foreign military institutions. About a hundred Officer Cadets will be enlisted whilst one thousand five hundred men and women will be recruited in 2006.

## **Peacekeeping and International Commitments**

932. The GAF will continue its peacekeeping commitments to the UN, AU and ECOWAS.

## **Release of Personnel**

933. Another 500 Other Ranks will be released from the Ghana Armed Forces after completing almost 30 years service. The release of these Servicemen will facilitate the recruitment drive.

## **Water and Sanitation**

934. Rehabilitation works on the Burma Camp water supply is expected to continue.
935. For the implementation of the above activities an amount of ₵694,518 million has been allocated of which GOG's contribution is ₵671,053 million, ₵456 million is from donor sources and an IGF component of ₵23,000 million.



## **MINISTRY OF JUSTICE**

936. The Ministry's role is to ensure the effective application of legal, regulatory and institutional frameworks to facilitate the discharge of justice, transparency and accountability of state institutions, the private sector and civil society.

### **Performance in 2005**

937. In 2005 fiscal year, the Ministry undertook the following activities:
- The revision of a number of laws to bring them into conformity with constitutional requirements and to correspond to current development within the country and international standards has been completed;
  - Two Committees to carry out specialized investigations into fraud and Corruption was set up. The Whistle Blowers Bill has been presented to Parliament. Similarly, the Anti-Corruption Bill is under preparation by the Ministry;
  - The Business Law Division of the Attorney General's Department has revised 9 laws and regulations and organized workshops in Kumasi and Accra with stakeholders to elicit inputs from the Private Sector. These include Corporate/Official Liquidation Act, Free Zones Act, Exchange Control Act, Food and Drugs Board Act, Competition and Fair Trade Practices Bill;
  - Alternative Dispute Resolution draft laws are being discussed at various workshops. A Ministerial Committee is reviewing the Company's Code to conform to international best practices;

- Two regional offices (Takoradi and Kumasi) of the Registrar-General's Department have been completed and commissioned;
- The Registrar-General's Department completed the Business Registration and Licensing Reform Strategic Plan and submitted to Cabinet for approval;
- The Registrar General's Department trained officers of about 100 post offices throughout the country to carry out business registration, renewal and filling of returns to reduce the cost of doing business in the country;
- The Legal Aid Scheme office at Sunyani has been completed and those at Kumasi, Takoradi and Tamale are on-going; and
- The Ghana Law School trained 50 each of Career Magistrates, Police Prosecutors and Police Investigators during the period.

### **Outlook for 2006**

938. Activities outlined to be undertaken by the Ministry in 2006 will include the following:

- Entrenchment of the rule of law and the provision of Safeguards to ensure access to justice for all citizens;
- The implementation of activities aimed at reducing fraud and Combating corruption;
- Implementation of the restructuring of the Ministry of Justice and Attorney General's Department;
- Commencement of the First Phase of Ghana Law School 6-storey multi-purpose complex building;
- Implementation of Business Registration and Licensing Reform Strategy by the Registrar-General's Department

to reduce the number of days for registering a business in the country;

- Legal Aid Board will undertake clinics in all the 10 regions to sensitise the populace on the availability of legal aid services;
- Law Reform Commission to conduct nationwide research into consumer protection and restorative justice;
- Continuation of the revision of business laws and the promotion of the business communities in the private sector development action plans; and
- Continuation of the revision of the Company's Code to conform to international best practices.

939. For the implementation of the above activities an amount of ₦102,805 million has been allocated of which GOG's contribution is ₦87,141 million, ₦10,040 million is from donor sources, HIPC contribution is ₦5,000 million and an IGF component of ₦624 million.

## **MINISTRY OF INFORMATION**

940. The goals of this Ministry is to effectively disseminate information on the government's policies and programmes to the general public to enhance their participation in the socio-economic and democratic agenda.

### **Performance in 2005:**

941. The Ministry undertook various activities listed below:
942. The People's Assembly programme where His Excellency the President availed himself and his Ministers, to the public for extempore questioning by the public on concerns or issues of interest. This was held in March, 2005.
943. The Sector Minister's Meet-the-Press on Tuesdays has resumed since mid year. The Ministry also completed the procurement process of six additional Cinema Vans to enhance the Information Services Department's (ISD) outreach communication activity in the countryside.
944. Information and publicity on various events in Ghana were aired in the UK on OBE TV and other TV networks alongside press interviews arranged by the information desks for visiting Ghanaian political leaders to the U.K and USA to brief Ghanaians on the progress of the development effort at home.
945. Funds have been sourced to rehabilitate GBC to improve its coverage and deliver services across the length and breadth of the country.

### **Outlook for 2006**

946. The Ministry will pursue the following activities in 2006:

- Restructure the Information Ministry to ensure adequate staffing levels;
- Provide the logistical requirements for the Sector's Agencies – cinema vans and vehicles for Information Services Department (ISD) and Ghana News Agency (GNA) to improve outreach communication in the countryside;
- Enhance mass circuitry programmes in collaboration with all MDAs and other institutions regarding their respective programmes and projects.
- improve collaboration between Ministry of Communication (MOC) and Ministry of Information for a successful execution of the Community Information Centre (CIC) programme.

947. For the implementation of the above activities, an amount of ₵162,933 million has been allocated, of which GOG's contribution is ₵77,992 million, ₵8,899 million is from donor sources, an IGF component of ₵51,041 million and HIPC funds amounting to ₵25,000 million.

## **MINISTRY OF REGIONAL COOPERATION AND NEPAD**

948. In the current year 2005, the Ministry of Regional Cooperation and NEPAD pursued programmes to promote the objectives of ECOWAS and NEPAD.
949. The Ministry organised educational and sensitisation workshops for CEPS and Immigration Service officials in the Brong Ahafo , Western and Volta Regions as a first phase of the year's programme to enhance free movement of persons, goods and services under the ECOWAS Trade Liberalisation Scheme.
950. Similarly, education, sensitisation and publicity programmes were pursued in furtherance of the West African Monetary Zone programme.
951. The Ministry held bilateral talks with the Republics of Benin and Burkina Faso to enhance the intra community trade and transit facilitation within their corridors and facilitated consultation leading to the lifting of the ban by Nigeria on importation of some community goods.

## **NEPAD**

952. The Ministry facilitated and coordinated the efforts of an Inter-Ministerial Committee in ushering in the implementation of the NEPAD E-School Project. Schools which have been beneficiaries of this project since July 2005 are:
- OLA Girls Secondary School at Ho in the Volta Region
  - Akomadan Secondary School in Ashanti and
  - Acherensua Secondary School in the Brong Ahafo Region

953. In a similar vein, the Ministry facilitated and coordinated Inter-ministerial efforts towards the implementation of the NEPAD School Feeding Programme. As at now, stakeholders and beneficiaries of 10 selected Primary Schools from 10 deprived districts in all the regions have been intensely sensitised on the programme. The pilot programme involving these 10 schools began during the first week of October 2005 and will be completed in December 2005.

### **APRM**

954. As regards the African Peer Review Mechanism, which lies at the core of the NEPAD Framework, the Ministry in collaboration with the National African Peer Review Governing Council facilitated the conduct and completion of Ghana's Self Assessment Report. The Ministry initiated, coordinated, and facilitated sectoral and ministerial efforts at producing the required comments of Government on the findings of the Country Self-Assessment Report as well as the production of a Programme of Action for Ghana.
955. The following therefore can be seen as noteworthy:
- Ghana became the first country to undergo an APRM review and produce a Country Self-Assessment Report;
  - Ghana became the first African country to receive an APRM panel to assess its APRM country reports;
  - The President was among the first 2 Heads of State to be invited to APRM Peer Review on the basis of the country assessment; and
  - The country has produced an APRM Programme of Action to address institutional and other weaknesses highlighted in the assessment report.

956. In the wake of the enormous media speculations and diverse interpretations on Ghana's APRM Report as presented at the 3rd APRM Forum in Abuja, the Ministry embarked on sensitisation of key stakeholders and provided the relevant briefing and update on the Report. Institutions, which were briefed included: Parliament, Cabinet, The Diplomatic Community, the Ghana Trades Union Congress and Key Media Practitioners drawn from the regions.
957. Ghana will submit itself to the final review under the APRM in Abuja, Nigeria in November 2005.

### **Outlook for 2006**

958. The Ministry's 2006 programmes will be inspired by the commitment to secure and expand the market in the sub-region for Ghanaian goods and to facilitate the deepening of good governance in the country. In this connection, the Ministry will pursue its objective of making Ghana's private sector and trading community derive maximum economic benefits from the opportunities offered by ECOWAS trade related protocols.
959. Efforts will be made to pursue the strategy of holding bilateral talks with Member States of the Community in order to resolve problems hindering free trade.
960. The West African Monetary Zone Programme is a shared commitment by the five countries which have signed up to it. In this regard, the Ministry will step-up programmes which are geared towards the fulfilment of preconditions for the realisation of the Monetary Zone.
961. The Ministry will systematically coordinate efforts towards the establishment of a free trade area, the harmonisation of



customs duties, and the implementation of the Interstate-Road Transit Convention.

962. In view of the inclusion of NEPAD and APRM concepts in second cycle schools, the Ministry will direct efforts at building capacities in these institutions to enable them cope adequately and effectively with regard to dissemination and tuition.
963. The Ministry will support and collaborate with the National African Peer Review Governing Council and its Secretariat in monitoring Ghana's implementation of the National APRM Programme of Action.
964. The Ministry will continue to play an effective role in the coordination of the NEPAD School Feeding Programme beginning from January 2006 which will involve 200,000 primary school children nationwide.
965. For the implementation of the above activities an amount of ₵9,520 million has been allocated from GOG sources.

## **MINISTRY OF PARLIAMENTARY AFFAIRS**

966. The Ministry for Parliamentary Affairs continued to carry out its basic role of serving as a link between the Executive and the Legislature for the promotion of good governance.

### **Performance in 2005**

- In 2005, the Ministry focused on its programmes of deepening democracy and promoting Good Governance. The Ministry organized interactive fora with the leadership of the parties represented in Parliament which improved Executive-Legislature rapprochement;
- In recognition of the crucial role of the media in promoting a democratic culture throughout the country, the Ministry undertook capacity building exercises for media house editors and other personnel within the media; and
- As a way of mainstreaming the views and concerns of a broad section of society the Ministry pushed its programme of encouraging professional bodies and Civil Society Organizations (CSO) in formulating policies to a higher level. This was to ensure that their views were captured in policy formulation thereby enriching the decision making process.

### **Outlook for 2006**

967. In consonance with its role as a liaison between the Executive and the Legislature the Ministry will commence a programme aimed at fostering effective co-operation between representatives of the Executive at the District Level (District Chief Executives) and Members of Parliament (Legislators).

968. The Ministry, in line with GPRS II, will collaborate with other Governance Agencies to involve public institutions such as Chieftaincy as well as Women Advocacy Groups, in decision making processes to foster ownership and facilitate more effective implementation of Government policies and programmes
969. The Ministry will reinforce its human resource position by strengthening the Policy and Research functions.
970. During 2006, the Ministry will complete the mechanism aimed at generating reliable data for determining vital constituency projects which can be funded to facilitate wealth creation.
971. For the implementation of the above activities an amount of ₦3,354 million has been allocated to the Ministry from GOG sources.

## **ELECTORAL COMMISSION**

972. The Commission is responsible for the establishment of structures for the purpose of electing all representatives of the people as well as supervising the conduct of all such elections.

### **Performance in 2005**

973. In the year 2005, the Commission successfully conducted two bye-elections for the Asawase Constituency in the Ashanti Region and the Odododiodo constituency in the Greater Accra Region.
974. The Commission critically reviewed its activities to facilitate reforms in the electoral process. The Commission undertook a major sensitisation exercise of the entire staff with the aim of bringing up the staff to live up to its mission and vision.
975. In line with its 10 year Strategic Plan, the Commission has embarked on a major human resource capacity building and sponsored 35 senior officers to do various postgraduate courses.

### **Outlook for 2006**

976. For the year 2006, the Commission intends to undertake the following:
- Conduct the 2006 District Level Elections for Electoral Areas and Unit Committees;
  - Build permanent District Offices for every District over the medium to long term;
  - Construct new offices and stores complex for the Greater Accra Region at Amasaman;

- District Offices will be equipped to enhance its work; and
- Revise the Voters Register.

977. For the implementation of the above activities an amount of ₱33,542 million has been allocated from GOG sources.

## **GHANA AUDIT SERVICE**

978. The Ghana Audit Service is to promote good governance through its audits to ensure accountability, probity and transparency in the utilization of public resources.

### **Performance in 2005**

979. The Service recorded the following achievements:

- 6,600 audits out of a total of 6,719 projected for the year have been completed and 8 out of twelve reports have been completed and submitted to Parliament. The recommendations of the Public Account Committee on these reports are being pursued;
- The Service also completed the special audit of District Assemblies in all the ten regions of the country and submitted reports on these to Parliament;
- The computerised payroll audit started in the previous year continued in 2005 and recorded recovery of ₵18 billion in respect of unearned salaries and pensions;
- The review of the financial statement and annual reports of all MDAs and the audit of Internally Generated Funds (IGF) of various institutions continued;
- Five performance audit reports have now been submitted to Parliament. They are the management of overseas scholarship, safe drinking water in selected communities, management of road fund, waste management and the procurement of drugs. The report on the Ghana Poverty Reduction Strategy (G.P.R.S) is currently being finalized for submission;
- The second phase of the Technical Support Programme designed to deepen and extend the institutional

strengthening of the Ghana Audit Service also commenced and will be extended to year 2009.

### **Outlook for 2006**

980. In 2006 the Ghana Audit Service will under take the following activities:

- Carry out 6,775 audits covering the courts, central and local government administrations, the universities and other public institutions as well as public corporations in which government has absolute or majority shareholding;
- Extend and deepen the audit of payroll and pensions;
- Clear the four outstanding Auditor-General's Reports to Parliament and issue ten more of such reports slated for 2006; ensure pursuance of the recommendations of the Public Accounts Committee and information flow to the public on these reports;
- Review financial statements and annual reports of all MDAs as well as the Internally Generated Funds (IGF);
- Conduct five new performance audits, including the management of the Ghana Education Trust Fund (GET Fund) and the central payment of utility bills by the Ministry of Finance and Economic Planning;
- Carry out such audits and reviews as may be requested by the Office of the President or Parliament;
- Continue phase two of its institutional capacity building under the Technical Assistance Programme in the areas of Enhanced Financial Audit, Performance Audit Information Technology and Modernization of Management and Administration.

981. For the implementation of the above activities an amount of ₦122,021 million has been allocated of which GOG's contribution is ₦115,121 million and ₦6,900 million from donor sources.



## **JUDICIAL SERVICE**

982. The mission of the Judicial Service is to promote the rule of law, transparency and speedy administration of justice in Ghana.

### **Performance in 2005**

983. In 2005, the Judicial Service undertook the following activities:
- Six courtrooms of the Commercial Division of the High Court Accra were computerised and are fully operational;
  - The existing Judicial Training Institute (JTI) was fully equipped to facilitate training;
  - 34 Career Magistrates successfully trained at the Ghana Law School;
  - The Judicial Service refurbished and automated six(6) District Magistrate Courts in the Northern, Upper East and Upper West Regions;
  - Alternative dispute resolution has been mainstreamed as part of the judicial system in Ghana; and
  - 50 trainee Magistrates are currently under training at the Ghana Law School.

### **Outlook for 2006**

984. The Judicial Service will declare year 2006 as Alternative Dispute Resolution Year (ADRY). The programmes and activities for the year will include:
- The training of 80 Magistrates and Judges on the ADR in the Judicial Training Institute in Accra;

- The organization of seminars on Land Disputes and Resolution for 60 Judges by June 2006;
- Training of 50 career Magistrates at the Ghana School of Law. These career Magistrate will start sitting in the various Magistrate Court in the country by October 2006;
- The construction of a new Judicial Training Institute for the Judicial Service; and
- The rehabilitation of the Swedru High Court and the Techiman Circuit Court. Construction work on the Kumasi Appeal Court Complex, Phase III of the Judicial Service Administration Block building, and Phase 1 of the Wa court complex will continue in 2006.

985. For the implementation of the above activities an amount of ₵154,863 million has been allocated of which GOG's contribution is ₵147,307 million and an IGF component of ₵7,556 million.

## **COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE**

986. The mandate of CHRAJ is to enhance good governance, democracy, integrity, peace and social development, by promoting, protecting and enforcing fundamental human rights and freedoms and administrative justice for persons in Ghana.

### **Performance in 2005**

987. In furtherance of its objectives, CHRAJ implemented the following activities in 2005.
- Organised training programmes on strategic vision for management and staff, and customer care training for 110 bailiffs; and
  - The Commission improved and modernised its work process through the introduction of ICT connectivity and solutions.

### **Outlook for 2006**

988. In line with the Commission's objective of total quality management, staff at all levels will be trained in total customer care with emphasis on front line staff. Training will also be provided in mediation, registry procedures and decision writing.
989. The Commission will develop a computerised registry and improve upon the Library at Head office and mini libraries in the Regions and the Districts.

### **Public Education**

990. Public education will be intensified this year. The Commission will be more visible and this will be done in

conjunction with institutions like the National Commission for Civic Education, Information Service Department, the Media Commission and the Electoral Commission.

### **Modernization Programme**

991. CHRAJ will expand its website, improve Internet facilities and communication with the regions and districts.

### **Renovation of Headquarters Office**

992. The Headquarters Office of the Commission will undergo renovation to improve the working environment of the office.
993. For the implementation of the above activities an amount of ₵33,992 million has been allocated, of which GOG component is ₵28,992 and HIPC funds is ₵5,000 million.

## **NATIONAL COMMISSION FOR CIVIC EDUCATION**

994. Mr. Speaker, the role of civic education is to educate Ghanaians on the civic responsibilities and rights in order to empower them to participate in the development process.

### **Performance in 2005**

995. In 2005, the NCCE achieved the following:
- Deepened citizen's participation in local governance in all the 138 districts. 20 of the districts were also selected for the development of Social Auditors from among the citizenry;
  - Increased the interventions in conflict prevention and resolution in several parts of Ghana and more importantly in Northern Ghana;

- Constitutional awareness was further deepened with the celebration of the Annual Constitution Week under the Theme: "Reducing Poverty through Citizen's Participation in Local Governance"; and
- Organized durbars on AIDS and mental health with a number of youth and civic education clubs.

### **Outlook for 2006**

996. In 2006, the NCCE will pursue the following activities:

- Intensify its public education on positive attitude and civic virtue;
- Build capacity for public education and dissemination of information on the rights and responsibilities of the citizenry;
- Intensify the prevention of HIV/AIDS through civic education and support in the use of prevention mechanism and the eradication of stigma;
- Involve women in conflict prevention, management and resolution;
- Strengthen partnership with public media for the promotion of civic and responsible behaviour;
- Intensify and deepen citizen's participation in local governance with the promotion of social auditors in the District Assemblies for quality participation in local governance; and
- Collaborate with stakeholders for the introduction of Civics for Democracy in the school system from primary to the tertiary levels.

997. Mr. Speaker, to enable it carry out its activities, the NCCE has been allocated ₦53,995 million of which GOG sources are ₦28,995 million and HIPC Funds of ₦25,000 million.

## **OFFICE OF THE GOVERNMENT MACHINERY**

998. The Office of Government Machinery consists of agencies whose functions are central to government business. They include:

- Senior Minister's Office;
- Ministry of Public Sector Reform;
- Ghana Investment Promotion Council;
- Office of the Head of Civil Service;
- National Population Council;
- Public Utilities Regulatory Commission; and
- Public Services Commission.

## **SENIOR MINISTER'S OFFICE**

### **Performance in 2005**

999. The office set itself the target of making the required contributions to major programmes agreed by Cabinet, and sought to coordinate the implementation of programmes by implementing agencies. In pursuit of these broad targets, it became imperative, that with the additional responsibility for Public Sector Reform (PSR) the whole array of programmes that had been pursued over the years be re-examined, and the PSR retooled to meet expectations.

### **Public Sector Reform Programme (PSR)**

1000. As already indicated much effort, was devoted towards drawing up an implementation programme for PSR. A draft proposal outlining the major activities to be pursued and the over all intention of what ought to be done to affect the Public Services was submitted to cabinet.

1001. In line with the submissions, cabinet approved the setting up of a Ministry for PSR to implement the recommendations.

### **Outlook for 2006**

1002. The office will make significant contribution to the envisaged micro-finance unit to be created, and be part of the monitoring and evaluation of the programmes of the micro finance unit.

1003. The office will pursue the following activities:

- exercise oversight responsibility for PSR;
- collaborate with MDAs and stakeholders in achieving government agenda; and
- develop the appropriate structure that would enable the participation of MDAs and stakeholders to constantly interact and keep on-track agreed government programmes.



## **MINISTRY OF PUBLIC SECTOR REFORM**

1004. The goal of the Ministry is to build capacity in the Public Service to provide prompt, efficient and cost-effective services that are responsive to the needs of the public in general and the private sector, in particular. The Ministry also provides improved, timely, transparent and productive service to the executive branch of government – particularly advisory support to Ministers of State and the Presidency.

### **Performance in 2005**

1005. The Ministry undertook the following activities:

- Prepared a Comprehensive Work Programme for the Reforms in the Public Sector;
- Re-launched Service Delivery Improvement Programmes and equipped Client Service Units (CSUs) with appropriate facilities in 20 selected MDAs;
- Launched educational and information campaign on Public Sector Reform;
- Held Consultative Sessions with key stakeholders - Civil Servants Association, OHCS, PSC, Chief Directors, Public Sector Institutions - in the reform chain in order to facilitate the process of buy-in;
- Prepared the Subvented Agencies Reform Bill (SARB) and presented it to Parliament for its consideration; and
- Re-started implementation of transformation plans for three (3) Sub-Vented Agencies and updated modernization plans for two (2) Central Management Agencies.

## Outlook for 2006

1006. Mr. Speaker, the 2006 programme of the Ministry is intended to facilitate, coordinate, and monitor the reform activities in the Public Service including the Civil Service, selected Sub-vented Agencies, Central and Strategic Management Agencies. Consequently, activities will be performed to:
- Assist in the implementation of reform initiatives identified in the Comprehensive Work Programme;
  - Monitor service delivery improvement in the identified public sector agencies; and
  - Organize more outreach/consultative programmes in selected subvented agencies (SAs), Central and Strategic Management Agencies.
1007. An amount of ₺13,006 million has been allocated to the Ministry to carry out its activities in 2006. Out of the total amount, ₺9,115 million is from GOG while ₺3,891 million will come from donor support.

## **Ghana Investment Promotion Centre (GIPC)**

1008. The policy objective of GIPC working in collaboration with relevant MDAs is to enhance Ghana's ability to attract investment into identified strategic sectors through the review of the investment law with special reference to incentives, guarantees and promotion agreements. GIPC is targeting China and India in view of the potentials they hold as extensive markets and sources of investment of capital for the future.

### **Performance in 2005**

1009. GIPC has as at September registered 156 projects with both foreign and local participation. Total value of the projects is US\$113.8 million and are expected to provide 7,800 jobs.
1010. The Centre hosted 15 business delegations from Japan, China, South Korea, Sweden, USA, Italy, Germany, Nigeria and Israel. With the assistance of several MDAs the Centre undertook investment promotion missions to Botswana, Switzerland, Canada, France and India. It also organized local outreach programmes in the 3 Northern Regions and assisted in the organization of the Southern Volta Fair in 2005.
1011. The One-Stop-Shop was formally launched on 15th March 2005 with key facilitating agencies housed in the Investor Services Centre (ICS). The Bank of Ghana is electronically linked to the Centre, and measures are under way to also link the National Communications Authority.

### **Outlook for 2006**

1012. GIPC will undertake the following activities:
- Commence implementation of its Corporate Plan;

- Improve the enabling environment for investment;
- Facilitate and service investors;
- Promote and generate investment;
- Review of the operations of the One-Stop shop and institutional development;
- Intensify the Investors and stakeholders outreach programmes; and
- Recruit and train staff to meet new challenges.

## **OFFICE OF HEAD OF CIVIL SERVICE**

1013. The Office of Head of Civil Service (OHCS) provides dynamic leadership, manage human resources and promote organizational development in the Civil Service for the benefit of the Government and the public.

### **Performance in 2005**

1014. OHCS commenced the review of the Civil Service Law, 1993 as well as the Rules and Regulations and the Code of Conduct. A draft Policy on Work Place HIV/AIDS was also produced.

### **Outlook for 2006**

1015. OHCS will establish Service Delivery Standards for several MDAs and also develop a website. It will also conduct Performance Review and monitoring workshops and execute Performance Agreement contracts with all Chief Directors.

## **NATIONAL POPULATION COUNCIL**

1016. The medium term goal of NPC is fertility management and in collaboration with Ministry of Health, aims at providing quality reproductive health services in general and to women in particular. In addition NPC is promoting girl child education to the senior secondary school level as a means of preventing early marriage of girls and influence them to have small family size.

### **Performance in 2005**

1017. NPC undertook the following activities:

- Implementation of the NPC strategic plan;
- Development of GOG/UNFPA Fifth Country Programme;
- Integration of population variables unto development planning;
- Resource mobilization of population programmes in the country, and
- Strengthening partnership with other organizations to facilitate; implementation of population programmes.

### **Outlook for 2006**

1018. The National Population Council will like to consolidate the gains made in 2005 with respect to the management of the country's population. In this respect, the Council will finalise the assessment of the implementation of the 1994 Revised National Population Policy. The results of the assessment will determine the future direction of the Population Policy.

1019. The Council will also publish a report on the 'State of Ghana Population – 2005.' The report will highlight challenges facing the youth such as health, educational, employment,

drug use, and sexuality. These issues will be highlighted for appropriate interventions to be formulated to address them.

## **PUBLIC UTILITIES REGULATORY COMMISSION (PURC)**

1020. PURC has gained creditability in establishing a reasonably robust regulatory activities including the effective monitoring of utilities operations to ensure that consumers receive safe, adequate and reliable utility service.

### **Performance in 2005**

1021. PURC carried out the following:

- Implemented its pro-poor interventions to ensure that the poor and vulnerable gained greater access to potable water;
- Undertook critical work associated with monitoring of utility operations, educating the public and creating greater awareness of consumers and recruited and trained critical staff;
- The mix of thermal and hydro generation of electricity coupled with PURC's prudent pricing strategy ensured stability in tariffs in 2005; and
- Conducted tariff structure review.

### **Outlook for 2006**

1022. The Commission in 2006 will focus on:

- Operationalising appropriate regulatory framework to yield the desired benefits under the proposed private sector participation in electricity and water sectors;
- Promoting efficiency in the operations of the utilities; and

- Assisting to improve accessibility to basic water supply at reasonable tariff rates for deprived areas.
1023. For the implementation of the activities of agencies under Government Machinery an amount of ₪928,896 million has been allocated of which GOG's is ₪656,739 million, ₪97,267 million is from donor contribution and an IGF component of ₪4,890 million and HIPC Funds are ₪170,000 million.

## **NATIONAL COMMISSION ON CULTURE**

1024. Mr. Speaker, the National Commission on Culture (NCC) was set up to preserve, develop and promote cultural values and practices that encourage national unity, social cohesion and harmony for socio-economic development. It also aims at integrating culture into national development planning, and also to accelerate poverty reduction, wealth creation and national consciousness.

### **Performance in 2005**

1025. In 2005, the National Commission on Culture undertook the following activities:

- Organized the National Festival of Arts and Culture (NAFAC 2005) at Wa, in the Upper West region;
- Coordinated with other MDAs and NGOs to carry out Culture Education Programmes to speed up the socio-culture, economic and political progress of the country;
- Established Pilot Cultural Industries within the Commission to harness the artistic potentials and resources of the regions;
- Trained idle youth and school drop outs with traditional skills within the Pilot Training Centres in the Regional and Districts Centres for National Culture; and
- Transmitted important messages on HIV/AIDS and culture by artistic groups, institutions and associations through workshops, symposia and drama.

### **Outlook for 2006**

1026. The NCC will carry out the following activities:



- Take an inventory of Cultural Sites and National Heritage Assets;
- Prepare a National Plan for Systematic Archaeological Excavation in Ghana
- Record Traditional Laws;
- Foster the development and use of Ghanaian Languages;
- Organise Seminars/Workshops on Culture and NEPAD;
- Organise a National Congress of Artists and Cultural Workers.

1027. Amount allocated is ₵45,230 million of which GOG is ₵42,265 million, IGF is ₵2,965 million.

## **PUBLIC SERVICES COMMISSION**

1028. The Public Services Commission (PSC) exists to safeguard and promote integrity, accountability and competence in public service organizations in Ghana through advisory, consultative, regulatory and supervisory services.

### **Performance in 2005**

1029. In 2005, the Commission continued to issue guidelines in various forms, including circulars to relevant organizations defining, procedures and other modalities for appointment, promotion, discipline, determination of conditions of service and the resolution of grievances.

1030. It also initiated action that resulted in the assessment of a number of qualified public servants for promotion and appointment to the Category "A" posts in the public service. It also offered services to public service organizations on human resource management issues.

## **Guidelines on Appointments, Promotions, Disciplinary Procedures within the Public Services**

1031. The Commission assembled relevant policies, rules and regulations that have, so far, constituted the guidelines for appointments, promotions and disciplinary procedures. These will be codified in 2006 for dissemination to all public service Organizations/Agencies.
1032. The Commission continued to organize examinations for promotions within the public service. Three separate examinations were held in June, August and October. The objective is to ensure equity merit and the placement of qualified person for higher responsibilities.

## **Increasing the Capacity of Public Service on Salary Administration**

1033. Efforts to develop institutional competence and capacity of the PSC in salary administration continued. There are, however, plans to ensure that this critical function/mandate is undertaken in the ensuing years.

## **Appeals, Petitions and Grievances**

1034. The policies, rules, regulations and guidelines on appeals, grievances and petitions are being compiled into a hand-book.

## **Report on Performance in the Public Service**

1035. The Commission continued to improve upon its instrument for performance monitoring in the public service. The scope of coverage of the Annual Report 2005 has been widened to cover the Commission's activities relating to the other public services in Ghana.

## **Outlook for 2006**

1036. The major activities and programmes envisaged for 2006 are intended to promote social justice, equity, efficiency and effectiveness in human resource management in the public services. Seminars and workshops will be organized for relevant public service organizations to enhance their capacity for personnel management. Workshops and seminars on supervision and assessment of subordinate staff will be organized to promote efficiency.
1037. The Commission will continue its computerisation programme initiated in 2005.
1038. In 2005, the PSC began a major project to build a personnel database for all public service organizations and Agencies. In 2006, the information gathered will be collated, analysed and fed into a computerized system to ensure effective management of personnel in the service.
1039. For the implementation of the above activities an amount of ₦4,095 million has been allocated from GOG sources.

## **NATIONAL MEDIA COMMISSION**

1040. Mr. Speaker, the National Media Commission promotes and ensures the freedom and independence of the mass media and acts as watchdog for transparency and good governance.

### **Performance in 2005**

1041. The Commission undertook the following activities:

- Assessed the quality of language used on radio phone-in programmes and text messages.
- Reviewed the legal framework under which the Commission operates so as to enhance the effective discharge of its functions.
- Implemented capacity building programme for radio presenters and producers on radio programming for national cohesion and development.

### **Outlook for 2006**

1042. Mr. Speaker, the Media Commission will undertake the following activities:

- Strengthen the capacity of the media for investigative journalism and to monitor the media to ensure high journalistic standards to facilitate national development and cohesion.
- Encourage media practitioners to focus on issues of good governance and social responsibility in their reportage and programmes.
- Provide advocacy for passage of laws that will enhance media work and to monitor the governing bodies of the state-owned media in the performance of their duties.

- Collaborate with policy framers on poverty reduction and growth and HIV/AIDS programmes for media exposure.
- Promote balanced reportage and management of data on good governance and social responsibility to make the state-owned media vibrant, efficient and autonomous through re-engineering.
- Strengthen the Commission to ensure regular interaction with practitioners and the public on the role of the media in national development.
- Collaborate with the Ghana Journalists Association (GJA), the Private Newspaper Publishers Association of Ghana (PRINPAG), and the Ghana Independent Broadcasters Association (GIBA) to encourage practitioners to abide by their code of ethics and be circumspect in their dealings with the public.

1043. For the implementation of the above activities an amount of ₵1,145 million has been allocated from GOG sources.

## **DISTRICT ASSEMBLIES' COMMON FUND**

### **Performance in 2005**

1044. In 2005, the District Assemblies' Common Fund (DACF) carried out its core functions as prescribed by Act 455 by developing a formula for approval by Parliament for the distribution of the DACF.
1045. In corroboration with National Association for Local Authority of Ghana (NALAG), DACF organized refresher courses for the twenty (28) newly created Districts and all the Metropolitan and Municipal Assemblies.
1046. All the units under the District Assemblies Common Fund Secretariat were networked to bring about effective co-ordination to the operations of the office.

### **Outlook for 2006**

1047. The 2006 Formula for allocating the DACF will be prepared and presented to Parliament in January 2006. The office will continue to collaborate with other institutions to train Assemblies to improve on their capabilities in revenue mobilization.
1048. DACF will intensify the monitoring and evaluation of Metropolitan/Municipal /District Assemblies.
1049. DACF will support the Assemblies in the area of data collection to build a strong database.
1050. For the implementation of the above activities an amount of ₵1,042 million has been allocated from GOG sources.

## Micro Finance

1051. The Government established the Micro Finance and Small Loan Centre (MASLOC) in 2004 as the Apex body to oversee the administration, coordination, and monitoring of small loans and the micro scheme in the country. Additionally, MASLOC is responsible for the promotion of decentralized micro finance in the country. Since its establishment, MASLOC has developed close working relationships with key MDAs, financial institutions and other stakeholders on recovery of credit facilities for the sub-sector.
1052. For the year 2006, the sub-sector activities will include the establishment of a fund to support Micro Finance activities, effective coordination through appropriate interventions and activities, include capacity building of key institutions, and provision of direct resources to specific projects with measurable indicators for employment and wealth creation.
1053. As part of a new delivery approach, to ensure that Micro Finance reaches target communities,
- principal activities will be assigned to key MDAs
  - projects/programmes and the development of effective marketing and storage linkages will be prioritized.
  - employment generation projects such as Jatropha cultivation for biodiesel will be pursued; and
  - community vegetable farming, guinea fowl project in the Northern Regions, Block Farming, Fish Net/Gear Work And Pay Project will be undertaken.
1054. As a further step for deepening credit outreach, monitoring and recovery, MASLOC activities will be decentralized through establishment of Regional and District Consultative

Committee of stakeholders to strengthen coordination and collaboration.

1055. Furthermore, Micro Finance Institutions, NGOs and Savings and Loans Companies providing services in rural communities, such as Ghana Credit Unions Association, Ghana Cooperative Susu Collectors Association and Ghana Cooperative Council will be admitted into the Credit Scheme



## **SECTION SEVEN: POVERTY REDUCTION EXPENDITURES AND PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS (MDGs)**

### **Government Spending on Poverty Related Expenditures**

1056. Ghana has over the last 3 years (2003-2005) implemented the Ghana Poverty Reduction Strategy (GPRS) as its medium term development policy framework which had the dual aim of reducing poverty and achieving sustained growth.

#### **Performance in 2005**

1057. In the last year of implementation of the first GPRS, Government increased poverty spending significantly to accelerate the attainment of its targets and help Ghana progress towards the Millennium Development Goals (MDGs) by 2015.
1058. In 2005 poverty reduction expenditures included about ₵525 billion for National Health Insurance, ₵350 billion as lifeline payments for consumers of electricity and as a safety net for protection of the poor against negative effects of the petroleum price deregulation.
1059. By the end of December 2005 it is projected that total Government expenditure utilised to implement direct actions for the poor will amount to ₵7,236 billion as against the planned ₵8,014 .4 for 2005.
1060. About 71.0 per cent of the total poverty related expenditures is on human development services - primary health care, basic education and safe drinking water while about 22.0 per cent of total expenditures is utilized on employment generating activities, including agriculture, skills training and provision of basic infrastructure. The rest, representing 7.0

per cent of total poverty reduction expenditures is utilised on good governance related activities including human rights and public safety.

### **Utilisation of HIPC Funds**

1061. In 2005, Government continued to benefit from reaching the HIPC completion point in 2004 through increased levels of debt relief for the implementation of poverty related programmes and projects.
1062. Total estimated debt relief for 2005 was ₺1,992.9 billion, out of which Government utilised ₺398.6 billion, representing 20 per cent for domestic debt payment. The balance of ₺1,594.4 billion was disbursed to MDAs and MMDAs for the implementation of priority poverty reduction and growth-enhancing programmes and projects. By the end of September a total of ₺1,265.5 billion of HIPC resources was disbursed.
1063. Consistent with the President's State of the Nation Address, preference in terms of the allocation of HIPC resources was given to the three priority areas of human resource development, private sector development and good governance. Of the total amount disbursed to MDAs in 2005, about 35.0 per cent was spent on human resource development, 57.0 per cent on private sector development, 8.0 per cent on good governance and 3.0 per cent on other projects.
1064. A total of about ₺406 billion was spent on the implementation of human resource development programmes and projects. Out of this, the Education Sector benefited from about ₺249 billion for various programmes and activities including: upgrading of 148 senior secondary schools throughout the country, the payment of Capitation

Grants and the implementation of the first pilot phase of the Ghana-NEPAD school feeding programme. About ₵23.6 billion was also disbursed as subsidy for Basic Education Certificate Examination (BECE) and ₵12.5 billion as Endowment Fund for the University of Education, Winneba.

1065. A total of ₵124.5 billion was spent on delivery of health services including: ₵93.5 billion for the rehabilitation of the Komfo Anokye Teaching Hospital; ₵7 for the implementation of District Mutual Health Insurance Schemes; and ₵8 billion on the implementation of consumer protection programme by the Food and Drugs Board. A total of about ₵16 billion was also disbursed to supplement the efforts of Metropolitan, Municipal and District Assemblies for the improvement of health and sanitation throughout the country.
1066. An amount of ₵26 billion approximately was released for the provision of and improvements to potable water supply schemes in some rural communities and institutions in the country. This included allocations as GOG contribution on behalf of 144 communities in Dangbe West, Dangbe East and North Tongu for the provision of safe water and the programme for the eradication of the guinea-worm disease in some communities in the Volta Region.
1067. For the Private Sector and its supporting areas including: the infrastructural services, road and rail transportation and agriculture, about ₵722 billion was disbursed for their programmes and projects. An amount of ₵40 billion was disbursed for the PSI on starch, clothing technology and a training centre for PSI garments and textiles and ₵76 billion for the purchase of laboratory and field testing equipment for hallmarking and destination inspection for the Ghana Standards Board. About ₵18 billion was also released for aerial photographs of the coastline of Ghana and for various

activities under Tourism and Modernisation of the Capital City, while ₦7 billion was released as a fund for a Micro and Small Loans Scheme.

1068. A total of ₦280 billion was disbursed for Government energy programmes of which ₦113 billion was used for the purchase of treated wooden poles and electric meters under the Self Help Electrification Project (SHEP) to facilitate the social and economic improvements in rural communities. The remaining ₦167 billion was used as GOG equity contribution for the West African Gas Pipeline Project.
1069. The Roads and Transport Sector benefited from an allocation of about ₦177 billion, of which ₦57 billion was disbursed for the feeder roads programme, ₦112 billion for the importation of additional buses to augment the Metro Mass Transit fleet under the Government's public transportation programme and about ₦8 billion for the purchase of treated wooden sleepers and ballasts for rehabilitation of the railway network.
1070. To promote good and economic governance, a total disbursement of about ₦102 billion was made to various institutions involved in its implementation. They include: disbursements to the Controller and Accountant-General's Department (CAGD) for the setting up of the Integrated Personnel Payroll Data (IPPD) 2 to facilitate accountability of Government wage and salary expenditures and the Audit Service to undertake a nation-wide audit of Regional Co-ordinating Councils, Metropolitan, Municipal and District Assemblies. HIPC expenditures were also incurred on preparatory work towards undertaking an audit of HIPC Funds and for the building of a monitoring capacity of Non-Governmental Organisations (NGOs).

1071. Other HIPC resource disbursements by September this year include: about ₵19 billion for improvements to police and prisons facilities and research into the prevalence of HIV and other contagious diseases among prison in-mates. About ₵17 billion was also disbursed to the Ghana Statistical Service (GSS) to conduct the fifth Ghana Living Standards Survey (GLSS 5).

### **Outcome of the Poverty Reduction Expenditure.**

1072. By the end of 2005, Ghana would have completed the third and final year of implementation of the first GPRS, 2003-2005. Its full impact as well as the most recent poverty reduction expenditures since the year 2000 will however not be known until the results of the GLSS 5 which was launched in August 2005 are published.
1073. However, results of the annual progress report of the GPRS 2004 and other sources including the Ghana Demographic and Health Survey (GDHS) 2003 and the Ghana Health Sector 2005 Half Year Report have been mixed and give an indication of the progress towards the attainment of the MDGs.
1074. In the Education Sector the payment of the capitation grant in the 2004/2005 academic has already resulted in an increase in the gross enrolment rate (GER) for primary schools. In the 53 deprived districts where the grant was first introduced, the GER increased in the 2004/2005 to 80.12 per cent from 76.06 per cent in the 2003/2004 academic year. This may have influenced an increase, though modest in the GER from 86.33 per cent in the 2003/2004 academic year to 87.5 per cent in 2004/2005. This is an indication that both the GPRS and the MDG targets could be achieved. However, gender disparity still

existed as the primary school GER for girls was 84.4 per cent compared to boys at 90.5 per cent in 2004/2005.

1075. In the health sector, performance appears mixed. According to the Ministry of Health 2005 half year report, infant and maternal mortality rates are still at the rates reported in the 2003 Ghana Demographic and Health Survey (GDHS) i.e. 64 per 1,000 live births and 214 per 100,000 live births respectively. The new values for these indicators will be reported in the 2008 GDHS. However progress is being made in certain areas as follows:

- For routine immunisation of children within the EPI target population of 0-11 months in all health facilities and outreach sites, Brong Ahafo, Central, Northern, Upper East and Western Regions attained coverage ranging from 81 – 97 per cent compared to the national coverage of 72 per cent; and
- A total of 164 HIV-infected pregnant women received a complete course of antiretroviral prophylaxis to reduce the risk of mother to child transmission (PMTCT) services, bringing the cumulative total to 657.

1076. A total of 2,659 guinea-worm cases were reported by middle of the year (annual target 3,500), representing 53 per cent reduction compared with 5,700 cases at the same time in 2004. The greatest reduction has been in the Volta Region where the reported cases reduced from 1,493 by June 2004 to 240 by end of June 2005. While the Northern Region continues to report most of the cases, 2,120 in June 2005 from 3,920 at the same time last year, the Upper West Region recorded an increase from 60 cases by June 2004 to 106 cases by end of June 2005.

## **Outlook for 2006**

1077. In 2006 Government will begin the implementation of the GPRS II (2006-2009) which is designed to provide an accelerated economic growth that should lead to sustained poverty reduction in the stride towards the realisation of the Millennium Development Goals.
1078. To achieve the targets of the GPRS II for 2006, Government has allocated a total of ₦9,646.72 billion representing 35.0% of total Government expenditure to implement poverty reduction programmes and projects in the three priority development areas of the Government. The total poverty reduction expenditure representing GOG expenditures only includes HIPC resources. The 2006 poverty reduction expenditures will include ₦598.0 billion from the National Health Insurance Fund and ₦350.0 billion as a lifeline for consumers of electricity and as a safety net for protection of the poor against negative effects of the petroleum price deregulation.

## **Utilisation of HIPC Funds in 2006**

1079. A total of ₦2,277.5 billion of HIPC relief is expected in 2006 out of which ₦455.5 billion representing 20 per cent of the expected amount will be used to reduce domestic debt. The rest amounting to ₦1,822 billion will be allocated by Parliament to MDAs and MMDAs to implement poverty reduction related programmes and projects. The programmes and projects will be consistent with the GPRS II priorities.

## PROGRESS TOWARDS ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS

1080. There are eight MDGs dealing with various aspects of development – human development, production and trade, good governance and the environment.
1081. Significant progress has been and continues to be made for some MDGs while for others much more substantial efforts would be required to achieve the particular goal.
1082. Goal 1 aims to **eradicate extreme poverty** and has the target of halving the proportion of those in extreme poverty between 1990 and 2015. On extreme poverty, no survey data is currently available; the 5<sup>th</sup> Ghana Living Standards Survey that will provide the poverty data is now being conducted. Given the increased growth that the economy has attained in recent years (average of 5.2%) together with the strong supportive environment, it is very likely that Ghana will halve the poverty rate by 2015. If current trends in nutritional trends should continue, it is likely that Ghana will meet the MDG target of reducing by half, the incidence of underweight and wasted children by 2015. For instance, current trends indicate that, by 2015, the incidence of underweight children will be virtually nil by 2015.
1083. Goal 2 is to **achieve Universal Primary Education** and the target date is 2015, using net enrolment ratio. Due to unavailability of data on net enrolment ratio prior to 2002, the gross primary enrolment ratio (GPER) has been used to discern trends in achieving this target. Net enrolments will therefore need to increase by approximately 3.5 percentage points per year to achieve universal primary education by 2015. However, at current net enrolment rates projected trends confirm that the objective of universal primary enrolment is likely to be realised by 2015.



1084. Goal 3 aims to **promote gender equality and empower women**. It has the target of eliminating gender disparity in primary and secondary education by 2005 and at all levels of education by 2015. At the primary level, the Gender Parity Index (GPI) improved from 0.92 to 0.93 females to males between 2002/03 and 2003/04. The Ministry of Education and Sports projects that gender parity in gross primary enrolment will be achieved this 2005/06 academic year. By this date, it is projected that enrolment rates for both sexes will be 88.5 percent. This projection is corroborated by a trends analysis of female to male primary enrolment ratios.
1085. Goal 4 is to **reduce under-five mortality** by two-thirds by 2015. Achieving the under-5 mortality target implies that mortality per 1,000 live births must decline from the base figure of 155 per 1000 in 1988 to approximately 53 per 1,000 live births by 2015. However, current trends suggest that by 2015 under 5 mortality will be in the range of 80 per 1,000 live births. Given current trends in infant mortality it is unlikely that MDG 4 will be realised.
1086. Goal 5 is to **improve maternal mortality** and the target is to reduce the maternal mortality ratio by three-quarters by 2015. Given the importance Government attaches to maternal health, in 2003, Government adopted an exemption policy for maternal deliveries, which was operationalised in the four under-served regions (Northern, Upper East, Upper West and Central) with maternal mortality and low supervised deliveries. In 2004, the exemption policy was extended to cover deliveries in public health institutions in the whole country. Achieving the fifth MDG is proving to be a great challenge and one Ghana will need to put much more efforts into, if the target is to be met.
1087. Goal 6 is to **combat HIV/AIDS, malaria and other diseases**. The targets are to halt and reverse the incidence

of these diseases by 2015. Although the country recorded a reduction in the national prevalence rate from 3.6% in 2003 to 3.1% in 2004, HIV prevalence has doubled from 1.5% in 1999 to 3.1% in 2004. Efforts are required to reduce the rate of new infections. Malaria in Ghana is the leading cause of mortality and morbidity, especially among children under five and pregnant women.

1088. Goal 7 on **environmental sustainability** has the target of integrating the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources by 2015. The overall assessment is that Ghana has the potential to achieve the target on land area covered by forest and on the environment in general. Realizing its potential will however require greater effort in the enforcement of its environmental regulations. The second target for this MDG is to halve by 2015, the proportion of persons without access to safe drinking water. Despite relatively higher urban access to safe water, supply is sporadic and unreliable. Rural areas on the other hand, experience seasonality of supply. Recent data on the status of water and sanitation, indicates that progress towards increasing access to safe water to the rural population is mixed
1089. The final goal is to develop a global partnership for development and the target is to deal comprehensively with less developed country debt and make debt sustainable in the long term. The most recent debt sustainability analysis (DSA) of Ghana by the IMF over the projection period 2004-2023 reveals a relatively sustainable external debt position. The Net Present Value of the external debt-to-exports ratio is expected to decline from over 200 percent at end-2003 to approximately 113 percent by 2015. The debt service to export ratio will however experience only a modest decline over the 2004-2015 period. These trends suggest a

cautiously optimistic debt sustainability outlook for the future. National Health Insurance Scheme

1090. The National Health Insurance Scheme was set up to provide affordable access to health care for all citizens especially the poor and vulnerable. Activities in 2005 have focused on what is termed as the set-up stage where structures for the implementation of the health insurance schemes are being done. These include management set up, awareness creation, infrastructure development, implementation policy streamlining, and the actual implementation of the scheme. The following activities can be highlighted:

- The appointment of a 15 - member NHIS Council with an Executive Secretary;
- The establishment of an NHIS Secretariat;
- The setting up of 123 District Mutual Health Insurance Schemes including appointment of essential staff; (Managers, Accountants, Claims Managers, Management Information System (MIS) Officers, Public Relation Officers and Data Entry Operators);
- Operationalisation of 43 District Mutual Health Insurance Scheme (DMHIS) as at August 2005 and 40 were expected to start by November. The rest will be fully operational by the end of December 2005;
- Release of set-up funds to all 123 DMHIS. Necessary arrangements are being made to support new districts that have initiated their schemes to set up;
- Payment of salary arrears covering August 2004 to October 2005 to all District/Sub-Metro /Municipal Health Insurance Schemes;

- Budget ceilings have been given, and guidelines provided to facilitate a standard format. In response, 76 out of the 123 district schemes have submitted their budgets to the NHIC Secretariat for processing and release of funds; and
- Training for Health Service Providers for the implementation of Health Insurance Scheme is currently in progress.

1091. Mr. Speaker, by close of October 2005, 123 schemes had been set up throughout the country. Two more districts had initiated the setting up of their schemes and plans are underway to support them financially by the Health Insurance Council.

1092. Fifty-eight of the schemes are currently providing benefit packages to their members. All the 13 schemes in the Western Region together with all the 25 schemes in the three Northern Regions will start giving benefits to their members by close of November 2005. On the whole, it is the expectation that by the end of December 2005, all the 121 schemes which have been set up will be managing claims.

1093. Mr. Speaker, total membership registered by all the schemes as at October 2005, stood at 2,507,223, representing 12.5% of the population of Ghana. This figure exceeds the 10% target set by the National Health Insurance Council for the year 2005. Out of this figure, 558,405 representing 22% are in the informal sector and have paid premiums to a total of ₵37.0 billion.

1094. A programme to scale up implementation in the urban areas has also started. Funds have been released to all the schemes in the Greater Accra Region for a mass registration exercise, which has just started.

## Outlook for 2006

1095. Mr. Speaker,

- programmes will be introduced to ensure accelerated registration to cover over 50% of the population by the end of 2006;
- The Subsidy system will be reviewed and expanded to ensure that the extremely poor of the society are adequately covered;
- Financial support will be given to the schemes to ensure their efficient operations;
- Financial support will also be extended to eligible healthcare providers such as the GHS, the Christian Health Association of Ghana and accredited private practitioners to cope with the anticipated increase in the hospital attendance ratio.

1096. Mr. Speaker, the formula for the distribution of the National Health Insurance Fund (NHIF) for 2006 will be presented to Parliament in January 2006 in accordance with the NHI Act.

## **SECTION EIGHT: POLICY INITIATIVES FOR 2006**

1097. Mr. Speaker, the focus of the 2006 Budget is growth and employment. After the stabilisation of the macroeconomic environment, government is intensifying efforts towards wealth creation and enhancing growth in disposable incomes of all Ghanaians. This will require the implementation of measures to strengthen the private sector, generate employment, rationalise and enhance revenue mobilisation.

### **PRIVATE SECTOR DEVELOPMENT**

#### **Capital Market Development**

1098. Government recognises the capital market as the key medium for resource mobilisation for Private Sector Development and has been engaged in an effort to facilitate the development of capital markets in Ghana so that the private sector can have access to long-term sources of finance. To this end, in addition to the primary role of maintaining macroeconomic stability, the Bank of Ghana together with the Ministry of Finance and Economic Planning has been putting in place the requisite infrastructure to support capital market development. These include:
- The floatation of medium-term government securities- (two and three year fixed and floating rate bonds). These debt instruments will soon be listed on the Ghana Stock Exchange (GSE) to promote the development of the bond market.
  - The passage by Parliament of the Long-Term Savings Act
  - The setting up of the Venture Capital Fund

The development of a modern payments and settlement system through:

- Introduction of a Real Time Gross Settlement (RTGS) System in 2002
- Passage of a Payments System Bill in 2003
- Establishment of a Central Securities Depository System in 2004

1099. An unlisted securities market will be introduced at the GSE to enable indigenous Small and Medium Scale Enterprises (SMEs) raise equity on the market to support their expansion programmes or clean their balance sheets, by replacing debts with equities. This will reduce their interest payments and boost profitability and growth in the SMEs.

1100. Government proposes the extension of the tax-exempt status of capital gains on the Ghana Stock Exchange by 5 years to the end of December 2010.

1101. Further, Government will support the Ghana Stock Exchange to establish an Automated Trading Platform under the proposed Economic Management and Capacity Building Project

### **Venture Capital Tax Incentives**

1102. Mr. Speaker, Parliament passed the Venture Capital Trust Fund Act in December 2004, which is aimed at improving access to long-term capital by small- and medium-scale enterprises. The government-sponsored Venture Capital Fund will commence operations in December 2005.

1103. In addition to meeting the immediate venture capital funding needs through the earmarking of 25 per cent of the National Reconstruction Levy for financing private companies, the programme is also designed to stimulate the emergence of a sustainable private-owned venture capital industry in Ghana.
1104. Mr. Speaker, having identified venture capital investment as an instrument that can boost investments for accelerated growth, Government has decided to grant generous incentive package to attract private investors to the sector. We are pleased in this budget, therefore, to announce the following tax incentives for venture capital firms which meet the eligibility requirements in the Act:
- Upfront relief from stamp duty in each year on subscriptions for new equity shares in venture capital funds;
  - Full tax exemption from corporate income tax, dividend tax and capital gains for 5 years;
  - Losses from disposal of the shares during the tax exempt period may be carried forward to the post-exempt period up to 5 years; and
  - Financial institutions, which invest in venture capital subsidiaries, will receive a chargeable income tax deduction equal to 100% of their investment.
1105. Mr. Speaker, with these tax measures, we expect that a critical mass of venture capital companies will emerge to drive government's accelerated growth strategy. The anticipated stimulation of the SME sector from a vibrant venture capital industry will further boost job creation and the country's tax revenue base.



## National Reconstruction Levy (NRL)

1106. In the 2005 Budget Statement, the government promised to further reduce the National Reconstruction Levy rates in 2006 and eventually eliminate it in 2007. To keep faith with the business community and to free more resources for possible expansion of industries, it is proposed that the National Reconstruction Levy rates be further reduced as follows:

Part A Companies	7.5% to 5.50%
Part B Companies	5.0% to 2.50%

1107. Mr. Speaker, the NRL for Part C Companies and all other companies is to be abolished with effect from January 1, 2006.

## Corporate Tax

1108. In pursuit of the Government's objective to promote rapid growth through the private sector, the corporate tax rate was reduced from 32.5 per cent to 28 per cent in 2005. It was announced then that the rate will further be reduced to 25 per cent in 2007. In light of the robust performance of corporate taxes in 2005 and to further enhance expansion in corporate Ghana, it is proposed that the Corporate Tax rate be reduced from 28 percent to 25 percent with effect from January 1, 2006.
1109. Mr. Speaker, within a matter of two years, the corporate tax rate has been reduced by 7.5 percentage points from 32.5 per cent to 25 per cent. This will complement the reduction in National Reconstruction Levy Rates to release even more resources to the private sector for expansion and creation of jobs.

## Increased Competitiveness

1110. Domestic Content Bill: The Domestic Content Bill will be finalised for consideration by Parliament. The Bill will offer incentives to firms operating in Ghana, to use a specified percentage of their inputs from domestic sources. This is to facilitate the development of a strong local raw material base which is essential for accelerated industrial development. It seeks to encourage in particular small scale firms to produce and provide raw materials for large scale firms through the provision of enhanced financial incentives.
1111. Margin of Preference under the Public Procurement Act: The Public Procurement Act (Act 663) of 2003 makes provision for a "Margin of Preference" in the award of contract for works, goods and services for the benefit of tenders for work by domestic contractors or for the benefit of domestic suppliers of services.
1112. Mr. Speaker, to further increase the competitiveness of local industries, government has decided to introduce various tax and non-tax measures in the following industries:
1113. *Tobacco*: To minimise the level of smuggling of cigarettes and the consequent loss of tax revenue, all cigarettes to be sold in Ghana (imported or domestically produced) will, henceforth, carry the Ministry of Health (Ghana) warning label. Any cigarette that does not carry this specific label shall not be sold on the local market. This label shall be issued by CEPS.
1114. *Locally Printed Books*: All locally printed textbooks and exercise books will now be rated zero for VAT.

1115. *Light Aviation Industry:* The Light Aviation Industry, which has a lot of potential for the tourism and agricultural industries as well as the provision of emergency and security services, is currently non-existent. To promote the industry therefore, government proposes that aircraft parts and accessories for approved commercial, health and security related operations in the Light Aviation Industry be exempt from import duties on a parity with the current exemption for commercial airlines.

### **The Pharmaceutical Industry and Textile Industries:**

1116. Government has already granted VAT exemptions to most of the active ingredients for the production of pharmaceutical and textile products. Most of the other inputs and packaging materials have multi-purpose uses and any blanket exemption of these items is likely to be abused. Government will therefore, continue to dialogue with the two industries to evolve an appropriate exemption policy that addresses the industries' concern but also protect government revenue. The relevant proposals will be presented to Parliament for consideration.
1117. **District Industries Programme (DIP):** The implementation of the District Industries Programme which seeks to assist all Districts to establish at least one commercially viable industry will be accelerated. Such industries located in the rural areas with the potential to spearhead development in particular fields of commodity production and agro-processing, will be developed into growth poles and centres of excellence that can be used as ready markets for fresh farm produce for processing to minimise post-harvest loses, generate employment and raise rural incomes.

## **Loss Carry Forward – Agro-Processing, Tourism and ICT**

1118. Mr. Speaker, our current tax regime has loss carry forward for farming, mining and manufacturing for export. To further improve the environment for private sector investment, the loss carry forward regime will be extended to cover agro-processing, tourism and ICT industries. For the tourism industry, the policy will cover only those operators registered with the Ghana Tourist Board and for ICT the policy will cover software development.

## **Mortgage Market Development**

1119. In order to address the current deficit in the housing stock in the country, Government will introduce a Mortgage Market Initiative which will seek to channel long-term local currency funds from institutional investors to the banking system for residential mortgage lending and also for estate-developers who seek to construct large scale housing development (1,000 units or more within one well-designed project). To advance this Initiative, the following issues will be addressed during the course of the year:
- Amendment to the tax code to enable deduction of mortgage interest for home owners; and
  - Enactment of a Collateral Security Act to provide the appropriate legal framework for the creation, registration, perfection and enforcement of collateral.

## **PERSONAL INCOME TAX RELIEFS**

1120. Mr. Speaker, in line with government's objective of increasing disposable incomes of workers, a number of reliefs are being proposed. Specifically, the proposal is aimed at relieving low-income earners of their tax burden through the introduction of a special income tax regime.

1121. Government has been in negotiations with its partners for the setting of a new minimum wage. Negotiations are continuing and as soon as consensus can be reached, an announcement will be forthcoming. Nevertheless, Mr. Speaker, personal income tax at the current minimum wage has been abolished with effect from January 2006.
1122. In addition, taxes to be paid by those whose incomes are marginally above the minimum wage shall be capped at levels, which will ensure that they earn disposable incomes above the minimum wage.
1123. Mr. Speaker, tax bands for all other income earners have been expanded and modified as follow:
- The minimum tax-free threshold is to be increased from ₪1.8 million to ₪2.4 million. This means that everybody's income of ₪2.4 million shall be tax-free.
  - The next ₪1.8 million has been raised to ₪2.4 million, and will attract a 5 per cent tax rate
  - The next ₪4.8 million has been raised to ₪12.0 million, and will attract a tax rate of 10% in 2005.
  - The next two bands of ₪27.6 million and ₪36.0 million have been combined and raised to a single band of ₪79.2 million, and will attract a tax rate of 17.5% instead of 15% and 20%, respectively, in 2005.
  - Incomes in excess ₪96.0 million as opposed to ₪72.0 million in 2005 will attract a marginal rate of 25% down from 28%, in 2005.
1124. Mr. Speaker, the total amount of reliefs in line with this tax policy will amount to ₪ 293 billion.

### ***Taxation of Overtime Income***

1125. Mr. Speaker, following consultations with organised labour, government has decided to reduce taxes on overtime earnings. In line with this decision, Government proposes amendments to the taxation of overtime income as follows:
- (i) Raise the qualifying annual employment income four-fold from 2,400 currency points to 9,600 currency points. The qualifying monthly overtime earnings are to be taxed as indicated below:
- The first ₪1.2 million 2.5%;
  - Between ₪1.2 million - ₪4.0 million 10.0%;
  - Overtime earnings in excess of ₪4.0 million will be added to the beneficiary's income and taxed at the prevailing personal income tax rates.
  - For those earning above ₪8.0 million, no concessionary rates will be granted.

## **EMPLOYMENT GENERATION**

### **National Youth Employment Programme**

1126. Mr. Speaker, the Government recognises the employment issue as a matter of grave concern, and has been working hard and exploring various options and avenues by which the problem can be addressed in a very meaningful manner.
1127. The Government, since 2001, has made a number of attempts at addressing the problem of youth unemployment, beginning with the registration of about 950,000 people, mainly the youth, from different educational, trades and professional backgrounds. The introduction of the Skills

Training and Employment Placement programme (STEP), the National Youth Fund and the Women Development Fund, as well as the micro and small credit schemes are but a few examples of on-going Government efforts in this regard.

1128. While the Government's efforts have largely been acknowledged as being a step in the right direction, the problem is still persisting and, therefore, there is the need for a well-coordinated and integrated national programme which will address the youth unemployment problem in a concerted and more focused manner.
1129. In view of this, the Ministry of Manpower, Youth and Employment, under a Presidential directive, has established a National Employment Task Force, together with other sector ministries and agencies, to develop a well-structured and coordinated youth employment programme to facilitate job creation and placement for the youth in various economic ventures and social services.
1130. The purpose of the Programme is to explore, recommend and provide additional employment opportunities for the youth in all districts throughout the country and thereby create conditions that will facilitate their economic empowerment. The programme includes a combination of self-employment opportunities, wage-earning jobs and voluntary service activities.

### **Rural Enterprises**

1131. Enterprises located in the rural areas with the potential to spearhead development in particular fields of commodity production and agro-processing will be developed into centres of excellence that will be used as ready market for fresh farm produce for processing to minimise post harvest losses, generate employment and raise rural incomes.

## Learning Centres

1132. Government will support the setting up of learning centres for the wider community. These would be organised around prospering small private enterprises with the potential for expansion and the willingness of the entrepreneurs to accept and train others to develop similar businesses. The objective is to assist such enterprises to become the nucleus to develop the capacity and skills of rural unemployed and underemployed, especially, the youth, to produce quality produce for the market in order to generate employment and raise rural incomes.

## Tax Credits for Employers

1133. Mr. Speaker, the problem of gainful employment for our educated youth has become challenging due to the requirement of most employers for relevant practical experience before engagement. Government, therefore, proposes to establish an Employment Tax Credit scheme to provide incentives for companies employing fresh graduates from our tertiary institutions to improve their access to the job market. The credit will be allowed for all enterprises irrespective of their size of operations, as follows:

<b>Percentage of Fresh Graduates in Workforce</b>	<b>Proposed Incentive</b>
Up to 1%	10% of salaries/wages of such employees
1 – 5%	30%
above 5%	50%



1134. These incentives will be additional to the normal allowable expenses for wages and salaries.

## **REVENUE RATIONALIZATION AND ENHANCEMENT MEASURES**

Mr. Speaker

### **Excise Taxes**

Mr. Speaker, Government has been studying extensively, the issue of excise tax and the apparent consequent loss of revenue to the State, due to the poor administration of these taxes. In the course of 2006, Government will submit to Parliament, a comprehensive programme to rationalise the excise tax regime in the country.

1135. In view of the focus on the private sector as the engine of growth, government has over the years implemented measures to promote the growth of the sector. In line with the policy objectives of the 2006 Budget therefore, government will continue to improve upon the tax system so as to make it more business friendly while at the same time ensuring that revenue mobilisation is maximised.

### **Double Taxation Agreement**

1136. Currently, Ghana has only five (5) Double Taxation Agreements (DTA) in place. This puts Ghana at a competitive disadvantage relative to other emerging economies that are equally looking for foreign investments. The government will, therefore, initiate negotiations with more countries.

## **VAT Refunds**

1137. Mr. Speaker, noting the inherent delays in the refund of VAT and its impact on the private sector, the VAT Service will adopt a fast track system for VAT refunds. Under this system, the first two claims within a quarter are to be refunded automatically without audit. The third claim, however, triggers an audit of the entire period. This new system is to be monitored for further improvement as VAT refund audits indicate lower risk levels.

## **Bonded Warehousing**

1138. To prevent abuses of the bonded warehousing system, Government intends to review the operations of the entire system. As a first step all such warehouses are to be linked to the GCNET system by 31<sup>st</sup> March 2006 to ensure the tracking of the movement of goods and payment of associated tax obligations.

## **Tax Amnesty**

1139. Government will grant a general one-off amnesty on penalties and sanctions for self-disclosure of un-reported and/or under-reported corporate and personal income taxes, VAT, duties, withholding and other taxes. The window of opportunity is from 1<sup>st</sup> January, 2006 to 30<sup>th</sup> June 2006. Thereafter, the revenue agencies are to rigorously enforce penalties and sanctions for undeclared taxes.

## **Revenue Protection**

1140. To minimize the revenue leakages in the tax administration system government will set up a Revenue Protection Unit at the Revenue Agencies Governing Board (RAGB). The Unit will comprise of officers from the revenue agencies, National

Security Council and the Ghana Police Service. The unit will monitor the operations of all the revenue agencies and in particular, the operation of the transit goods system, valuation of imported goods at all ports of entry and the auction of seized goods. The Unit will identify the various sources of revenue leakages and make appropriate recommendations to the Minister of Finance & Economic Planning for implementation.

## **PUBLIC SECTOR REFORMS**

### **Public Sector Pay Reforms**

1141. Mr. Speaker, with regard to the public sector wage bill, we continue to be concerned with the ability to attract and retain qualified personnel that can further our goal of bolstering service delivery and value for money. At the current level of remuneration, the civil service is losing highly productive employees. While civil service wages have increased rapidly in recent years, they have done so from a very low base and they continue to lose ground against those of the private sector. Nonetheless, we are cognizant of the resource constraint, and the fact that the wage bill is taking up a significant share of the domestic revenue effort. The broad policy objective of government is to aim for wage increases in line with productivity gains.
1142. The comprehensive studies conducted and supervised by several commissions over the last decade, have been reviewed and updated with a proposed programme of phasing the implementation of a Pay Reform under the Public Sector Reform programme over a three year period. The overall thrust of the implementation of this pay reform seeks to achieve consolidation and monetisation of salary components and elimination of an assortment of non-

monetary benefits and allowances in a sustainable manner. This will provide certain benefits including:

- the provision of the necessary incentives to enable public sector employees perform work that is required;
- enabling the Public Sector to employ people with the right qualification;
- enabling the Public Sector to implement a robust performance management system that will ensure improved service delivery.

1143. Progressive monetization of non-cash benefits will be implemented in phases as follows:

- Phase 1- consolidate all cash allowances, monetise and consolidate such benefits as fuel, house staff, driver, and utilities (phone, electricity, water);
- Phase 2- monetise and consolidate benefits such as vehicles; and
- Phase 3 - monetise and consolidate benefits such as housing

1144. The main impact will be the devolution of ownership or responsibilities from Government to officers, thus making the officers directly accountable and responsible for the use of resources. It also provides for simplified accounting because Government will be relieved of providing endless allowances, paying for utilities, vehicles and housing. Keeping a decent cap on Government expenditure in these areas, no doubt, will impact the livelihood of public sector employees during their tenure of office and retirement from office.

1145. With an enhanced disposable income, the possibilities for implementing a market-driven (non-subsidised) loan scheme for purchase of motor vehicles and housing on a hire-purchase basis can be actively pursued by the same public employees who on the current salary scheme are unable to benefit from such programmes.

### **PENSIONS REFORM**

1146. The Presidential Commission on Pensions, established in August 2004 presented its Interim Report to the President in June 2005, making recommendations for the institution of a three-tier pension structure for all Ghanaians.
1147. Government has accepted the Commission's recommendations in principle and has requested it to publicise the proposals with a view to securing broad public consensus for their implementation.
1148. The Commission has also been requested to work out in more detail the cost and other financial implications of the implementation of its proposals. Government will make all the necessary provisions to support the implementation of the new pension scheme.

### **Emoluments of the Executive, Legislature and Judiciary**

1149. In pursuance of the requirements enshrined in Article 71 of the 1992 Constitution, H.E. The President appointed the Chinery Hesse Committee to review the salaries, allowances and facilities of the listed officials. An interim report has been issued and as soon as practicable Government will take appropriate steps to implement the acceptable recommendations.

## **Free Ride on Metro Mass Transit for School Children**

1150. As the people of Ghana continue to make sacrifices for a better tomorrow, Government plans to provide on a pilot basis in the urban areas, free ride on the Metro Mass Transit buses for all school children, from kindergarten to Junior Secondary School level who are in school uniforms on buses that operate on their respective corridors. This policy is without prejudice to other commercial arrangements.
1151. This is to relief parents and guardians of the cost of transportation on these children and also to encourage school attendance.

## SECTION NINE: IMPLEMENTATION CHALLENGES

### *Implementation Strategies*

Mr. Speaker,

1152. Ghana traditionally has had a reputation for preparing good plans while implementation has always remained a challenge. Lack of coordination, leadership, monitoring and evaluation and procrastination are all contributory factors to the challenges with implementation. The results have been the failure or inability to meet project objectives thus failing to bring development to our people by providing them with much needed amenities. Mr. Speaker, this is a national problem but is pronounced in the public sector. Government aims to develop strategies to improve on implementation and thus will be done through the following initiatives.

#### Low Absorption Capacity

1153. Mr. Speaker, all the challenges enumerated above cannot be addressed without the required capacity. Developing a comprehensive capacity plan is a component of the Public Sector Reform Programme. Emphasis will be focussed on how to address the above fundamental challenges. The Capacity Plan will identify skill needs of both public and private sectors and how to meet the requirements and gaining value for money on our projects.
1154. Although budgetary allocations, including donor funds, are made available to MDAs, substantial balances often remain unutilised, and in some cases are cancelled at the close of such programmes and projects. Significant delays are encountered in almost all situations. The growing incidence of wealth creation can be accelerated by curtailing delays and procrastination in our country.

### Leadership and Accountability

1155. Mr. Speaker, the most important determinant for reducing poverty is leadership, which stands on the bedrock of trust, respect and teamwork. A number of leadership programmes including transformational leadership and the layman's project supervision and monitoring would be conducted to help build good leadership capacity in the country especially at the district levels in their resolve to see the completion of projects in their communities.
1156. Leadership structures based on management culture driven by dedication to results and implementation will be established to address implementation bottlenecks.

### Attitudes and Behaviour

- Mr. Speaker, comments by the public at large signal the Ghanaian's desire for the 'Ghana incorporated' philosophy to succeed. We are all interested in how the nation's resources are judiciously being utilised. This consciousness should be translated into our work ethics, attitudes and behaviours. The continuous national dialogue with religious organizations, professional bodies, private sector organizations, the media among others, to evaluate these negative attitudes and behaviours is truly commended and is encouraged to address these attitudes.

### Monitoring and Evaluation

1157. The use of Monitoring & Evaluation as a tool for policy management and decision making is to be enhanced as indicated in GPRS II. Efforts required to build a culture of evidence-based policy decision-making will be put in place.



1158. Government will further identify specific activities, tools and assessment mechanism including, where appropriate, life-cycle analysis and national indicators for measuring progress, bearing in mind our standards, culture and traditions. All MDAs are expected to establish Policy Planning, Measurement and Evaluation Divisions (PPMEDs) to perform M&E functions within their respective organisations.

### Communication Strategy

1159. Communication of Government Policies and direction of the GPRS II and MDGs will remain very important for their achievement. A communication strategy to clearly communicate the focus and direction of these goals in everyday language is being prepared to the different groups of people in the country. In this regard attention will be placed on the delineation of roles and responsibilities in achieving the goals and objectives of GPRS II.
1160. Government will re-instate the use of cinema vans in districts to assist in the dissemination of information.
1161. In addition, community centres will be used as information dissemination avenues to communicate government initiatives at the grassroots level. Most of these centres would be upgraded into community telecentres as a way of bridging the digital divide.

### Cash to Credit-Based Economy

1162. Mr. Speaker, Ghana operates a mainly cash-based system of transactions. This puts a strain on the scarce resources of individuals and enterprises. A credit-based system has the strong potential of providing funds to individuals and entrepreneurs. In developed countries individual's wages

are normally enhanced by the credit afforded them either through overdraft and or credit card systems.

1163. This challenge of moving progressively from mainly cash to credit based system has been initiated but should fully engage the attention of Ghanaians from 2006 and beyond. Government is in the process of developing a national identification card system, house numbering and a national security database system. Government therefore wishes to again throw this challenge to the financial institutions, the private sector and civil society to begin to dialogue and develop programmes to enable Government move forward this agenda.

#### Payments Systems

1164. Mr. Speaker, The current system of payment is burdened with delays as a result of over centralisation. This situation has led to undue delays in accessing and disbursement of funds for MDA programmes. The resultant effect of the over centralisation is the huge costs of travel, hotel bills, lost man-hours, and delays in programme implementation of the MDAs among others..
1165. To address the attendant delays, the current process is being changed to reduce the number of steps the MDAs take to access their funds.
1166. The Treasuries will also be integrated into the MDAs in a phased manner. A committee under the chairmanship of the Senior Minister with selected ministers<sup>1</sup> and technical staff from MDAs has been composed to undertake a major exercise to streamline the payment systems within the public sector. Their responsibility will include:

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<sup>1</sup> Key ministries include Finance and Economic Planning, Works and Housing, Communication, Road Transport, Food and Agriculture, Health and National Security

- Review and rationalisation of the current banking arrangements with emphasis on operating consolidated funds, sub-accounts into which departmental allocations of all MDAs at the regional and district levels will be lodged
- Establish procedures to facilitate fiscal decentralisation and prompt payments

### Approval Processes

1167. The Ministry for Public Sector Reform has been mandated to develop Customer Charters for all MDAs. Such Charters will establish business standards with time lines for key activities in all MDAs. It shall also include appropriate sanctions for default. This should help speed up various approval processes within the MDAs. The Ministry of Public Sector Reform will be spearheading the re-engineering of attitudes with the introduction of Service Charters that will promote efficiency and productivity in the way the Public Service conducts business. A special challenge goes to the media to dedicate programmes to changing habits towards good performance in the public sector and our communities.

### Execution of Civil Works Contracts

1168. The local capacity constraints, especially of our local contractors will be addressed through intensified programmes to improve their managerial and technical capacity. A Ghana Leasing Development Programme, a collaborated initiative of the IFC - World Bank is underway to address the capacity constraints. The new project is supporting the existing Sub-contracting and Partnership Exchange programme to promote and facilitate sub-contracting and partnership agreements between small and

medium local construction firms and large construction companies.

### Default Liability

1169. Government remains resolved in strengthening measures to ensure default liability clauses, liquidated damages or similar provisions that are provided for in contract agreements to reduce delays in the delivery of goods, services, and completion of works or failure of the goods, services or works to meet performance requirements.
1170. All MDAs which terminate the contracts of non-performing contractors will forward copies of the termination letters to the Public Procurement Board. The Board will subsequently publish the list of such firms in its Monthly Bulletin. This bulletin must guide MDAs in the selection or short listing of firms and consultants to avoid awarding contracts/consultancies to non-performing firms/consultants.

### Integrating Research Outcome

1171. Research findings often remain in research institutions without any benefit to the country. Government following the 2005 Budget has initiated the process of dialoguing with the Research Institutions, Private Sector and Industry to explore how research findings would be integrated into our industries. This will be given further impetus through the year.

### Results-focused Frameworks

1172. The National Development Planning Commission (NDPC) in collaboration with Ministry of Finance and Economic Planning and the Office of the President, will spearhead an integrated approach to policy implementation at the national, regional

and local levels, and facilitate access to public information and participation at all levels in support of policy and decision-making. It will employ the full range of policy instruments, including regulation, monitoring, market and information based tools.

1173. Mr. Speaker, performance-based or results-based agreements is currently being implemented between the Head of Civil Service and Chief Directors. This concept will be extended to include an incentive-based human resource management for all public servants. In the short to medium term the agreements will be between key staff and their supervisors. This concept will help improve productivity within the public service and hence service to the private sector
1174. The GPRS II matrices are results-based. Training would be undertaken to gain the maximum benefit from the results-focussed management tools to aid in good budget management in the midst of Ghana's budget constraints. Results-oriented reporting and assessment methods will be utilised.

#### National Activities & International Conferences - 2006 – 2008

1175. Mr. Speaker over the next three years, Ghana will either host or participate in a number of major domestic as well as international conferences and activities. Some of them are:
- District Assembly Elections (2006)
  - World Cup (2006)
  - 50th Anniversary (2007)
  - Consultative Group Meetings (2007)

- AU Conference (2007)
- CAN 2008 (2008)
- National Elections (2008)
- High Level Forum (HLF 3) on Aid Harmonisation and Effectiveness (2008)
- UNCTAD Conference in 2008

1176. Mr. Speaker, in order to ensure the success of these programmes, it is important to begin the preparatory processes towards these activities. An inter-sectoral planning group has been put together in good time to enable us achieve the fullest gain and pride for Ghana. The Private Sector is being called upon to prepare towards the promotion and sponsorship of these high level national events.

**Mr. Speaker,**

Country, Multilateral and Bilateral Frameworks

1177. With the introduction of the MDBS, the advantages of the reduced transaction cost are well noted. However there remains at the project administration level some challenges with respect to reporting requirements of numerous country bilateral and multilateral frameworks. With the Framework of the Paris Declaration on Scaling up, Harmonisation and Effectiveness of Aid, this challenge will be addressed. The key elements of the declaration are:

- Ownership
- Alignment

- Harmonisation
  - Managing for Results and
  - Mutual Accountability
1178. There should be a concerted effort by all stakeholders - Government (all MDAs and MMDAs and community leaders) - should take active interest drawing from all the above tenets, to achieve on time the implementation of projects which are expected to provide improvement in the welfare of our communities.

#### Way Forward with the 2006 Budget

1179. The implementation of the 2006 Budget again calls for Ghanaians to take advantage of several initiatives. The Government through the Ministry of Finance and Economic Planning will ensure that systems are in place for Ghanaians to benefit from initiatives early in the budget cycle. Some of the activities that will place include the following:
- Road Shows – Regional Tours, TV and Radio Programmes etc
  - Abridged and simplified version of budget
  - Engagement with the Finance and Economic Committees of District Assemblies by Ministries of Finance and Economic Planning and Local Government and Rural Development
  - Engagement of Urban Councils, Area Councils and Unit Committees
  - Quarterly Cabinet Sessions on Budget Implementation

- Sector and Regional Ministers will conduct meetings on Results-based budget reporting
1180. All of these are to promote the President's 'Ghana Incorporated' vision and promote a just and humane society for all Ghanaians.



## SECTION TEN: CONCLUSION

1181. **Mr. Speaker**, Ghanaians who wish to be honest with the truth will acknowledge that under the leadership of H.E. President Kufuor, not only has Ghana achieved relative economic stability, but also, Ghana has become an attractive place for investment, and is positioned for accelerated growth.
1182. This achievement has been the result of a combination of an efficiently implemented macro-economic policy, and a vigorous pursuit of other policies including – firstly, infrastructure development in roads, energy, ICT and the ports; secondly, enhanced social services in education and healthcare delivery; thirdly, modernizing agriculture, including agro-processing; fourthly, good governance including the rule of law, maintenance of law and order, enhancing the decentralisation process, respecting human rights, upholding freedom of expression, including the repeal of the criminal libel law and respecting property rights: and fifthly, governments facilitation of Private Sector Development and engendering an investment-friendly atmosphere.
1183. **Mr. Speaker**, Ghanaians are proud of some new companies which are entering the nation’s economy. Already there are the world’s two top gold mining companies, Anglo-Ashanti and Newmont Mining Company; in the meantime Gold Fields is also enhancing its operations in the country.
1184. Another industrial giant which is now investing in our economy is ALCOA; its goal is to establish an integrated Aluminium industry, with the exploration of the Bauxite deposits at Kyebi and Nyinahin, and a refinery to follow

soon. ALCOA is starting all this with the reactivation of the VALCO plant.

1185. Talking about refineries, the Arab Gulf Company has undertaken to establish a new high-tech crude oil refinery at Takoradi. Yet another impactful development is that work on the West Africa Gas pipeline has commenced with expectation of gas from this project to be on stream by next year.
1186. Other long time investors in the country, including Coca Cola and Nestle Ghana, are also taking advantage of the wholesome climate to do good business and are expanding their factories among other things.
1187. In addition, there is also a new crop of Ghanaian investors such as Kinapharma, Ernest Chemists, Strategic African Securities, MKOGH, Domod, Camelot, Ashesi University, Nexans, ANC Mall, just to mention a few who are leading the renewal and revival of Ghanaian Industry. They are worthy successors of trail blazing indigenous Ghanaian businesses of the likes of Pambros Salt Industry, Tata Brewery (Gh) Ltd, International Tobacco (Gh) Ltd. Combine Farms and Mark Coffie Engineering.
1188. It is therefore not surprising that EXIM Bank of USA has decided to re-engage in Ghana to support the private sector. Canada recently unveiled its Africa Investment Fund, and, not surprisingly, chose Ghana as the launch site. The African Development Foundation has signalled increased funding support to small and medium enterprises in Ghana.
1189. **Mr. Speaker**, the realization of the medium term objective of stabilizing the economy which has been achieved earlier than anticipated, must be attributed not only to the comprehensive coordination and skilful political management

of our policies, but also to the sustained goodwill and timely support of Ghanaians , external donors and creditors.

1190. At the recently held Consultative Group meeting between Ghana and her Development Partners, the picture that emerged was one of major support to Ghana; actual disbursements having gone up by 30% in the last two years; about \$1.2 billion of support to Ghana during 2006, the first year of the new GPRS 2; and with the strong prospect for \$5 billion of support to the medium term implementation for the GPRS for 2006- 2009.
1191. The Government will continue to focus on guarding the macro-economic stability that we have achieved. The 2006 budget injects more funds to the growth sectors like Agriculture, Lands, Forestry and Mines, Tourism, Housing, Industry, Information & Communication Technology, Energy and Transport - buttressing the cardinal objective of the GPRS 2 – growth through private sector development. The Government firmly believes that creating the environment for the private sector to serve as the propeller of economic growth is absolutely essential to reducing poverty in the country.
1192. **Mr. Speaker**, again at the recent CG meeting, participants were also reminded of the saying that 'Investment goes where it wants, not necessarily where it is wanted'; Ghana is currently attractive to investors who are looking to invest in West Africa and mindful of this, Government will continue to improve on the necessary regulatory reforms especially those on 'ease of doing business,' which are a necessary sine qua non to attracting larger investors from all over the world, such as IT, pharmaceutical, and agricultural processing companies. These businesses have the potential to bring real change to Ghana's economy and accelerate its leap toward the middle income status.

1193. **Mr. Speaker**, the operators in the informal, small and medium scale operators also remain at the core of Governments attention, particularly in their access to credit for doing business. The necessary Business Advisory Services to address their risk factors which presumably make the financial institutions charge them higher than desired interest rates will be a focus of Government's interventions.
1194. The budget provides avenues to improve the quality of our human resource base in the Public Sector to provide highly improved services to the private sector. The budget creates an enabling environment for the creation of jobs thus, the theme - 'investing in people - investing in jobs'. These will contribute to the enhanced quality of life for Ghanaians under GPRS II.
1195. **Mr. Speaker**, we are nearing the completion of the first phase of the Ghana Poverty Reduction Strategy (GPRS). We are The sum of our collective efforts has been a significant turnaround in our fight against poverty, illiteracy and disease. We have also achieved a major transformation of our economy from the chaotic and turbulent environment that we inherited in 2001 to today's 'Ghana Incorporated' of purposefulness, stability and certainty of the environment in which the Business of Ghana is carried on.
1196. **Mr. Speaker**, with this Budget, we have signalled that we are ready to travel down the road of sustained growth and development, covering wealth creation, the gainful employment of more of our people and the sharing of the resulting gains through better pay for a more productive and happier people.
1197. The GPRS II, taking cognisance of the objectives of NEPAD and the Millennium Development Goals, has been developed as the principal instrument for fulfilling the aspirations of

Ghanaians to be the architects of their own destiny and the custodians of their hopes, aspirations and expectations to bring their social and economic standing to comparable levels with the best in the Global village of nations.

1198. **Mr. Speaker**, Today's **Good News Budget** marks a major turning point for this Government and this country. We came into power in the full knowledge that the ultimate yardstick by which we would be measured at the end of our term, will be whether or not we have been able to make real and measurable improvements in the life of our people. Put simply, the people of Ghana will want to know whether we have made them better off now than we found them at the beginning of 2001.
1199. **Mr. Speaker**, This Budget has brought the benefits of the undoubted macro-success down from the skies into the tangible human forms of more jobs and more money in the pockets of Ghanaians. Now that we have enabled the environment for honest toil leading to handsome rewards, let us stimulate and harness the creativity, skills, and commitment of this nation and its people to put its collective effort together to "make poverty history" in the lifetime of our children.
1200. **Mr. Speaker**, Some one remarked recently that "**In politics, what matters most is what matters to the People**". The listening Government has been hearing the people all along. We know what you have heard today, confirms, that, your faith in the NPP Government was not misplaced, and that you are more than convinced that we are delivering what we promised.
1201. **Mr. Speaker**, As the President says in this foreword to this year's Budget Statement, this is indeed **The GOOD NEWS Budget**.

1202. **Mr. Speaker,** At the start of this budget process, Government opened the doors to all to contribute to its preparation. We want to invite every Ghanaian to see themselves as a shareholder in this Budget, and to come aboard and join in implementing it successfully to achieve the hopes and expectations embodied it.
1203. The people of Ghana are better prepared today than we were yesterday in developing our country. We will be better prepared tomorrow in moving our nation. It is a continuous assignment. No nation is ever perfectly prepared before it embarks on major initiatives. Let us muster the courage to act now. No nation is waiting for us. In the midst of expected distractions – natural or artificial- let us stay focused in building a stronger nation.
1204. **Mr. Speaker,** I commend this budget highly to you and Honourable Members of this House.
1205. **Mr. Speaker,** I beg to move.

## Glossaries

### **Balance of Payments**

A statistical statement that summarises, the economic transactions of an economy with the rest of the world for a specific period of time.

### **Budget deficit/surplus**

The difference between government outlays and government revenues. Surplus connotes revenues exceeding expenditure. Deficit refers to spending exceeding revenue.

### **Concessionary Loans**

loans that are substantially more generous than market loans.

### **Consumer Price Inflation**

persistent and appreciable increase in prices of a representative basket of consumer goods and services as measured by the consumer price index.

### **Current Account Deficit/Surplus**

Measures the difference between total exports and imports, and takes account of services (net) and private transfers (net)

### **Debt Forgiveness**

is voluntary cancellation of all or part of a debt obligation within a contractual arrangement between a creditor in the country and a debtor in another country.

### **Debt Prepayments**

consist of a repurchase or early payment of debt at conditions that are agreed between the debtor and the creditor, that is, debt extinguished in return for a cash

<b>Debt Relief</b>	payment agreed between the debtor and the creditor. Any form of debt re-organisation that relieves the overall burden of debt.
<b>Debt Rescheduling</b>	the formal deferment of debt-service payments and the application of new and extended maturities to the deferred amount. Debt rescheduling is also sometimes referred to as refinancing or as debt exchanges.
<b>Depreciation</b>	fall in value of the cedi relative to another.
<b>Domestic Primary Balance</b>	Refers to the difference between Government Domestic Revenue and non-interest domestic expenditure.
<b>Domestic Revenue</b>	Consists of all tax and non-tax revenues of government and excludes all foreign grants and divestiture receipts
<b>Fiscal Policy</b>	Government action to alter taxes and/or government spending, thus affecting the level of total spending and altering the level of national income.
<b>Fiscal Year</b>	Refers to the 12 months on which the budget is based. In Ghana the fiscal year coincides with the calendar year. ie January 1 to December 31
<b>Gross Domestic Product (GDP)</b>	Is a measure of the total economic activities in the



## **HIPC Initiative**

economy, regardless of who owns the productive assets.

Framework for action to resolve the external debt problems of Highly Indebted Poor Countries (HIPCs) that was developed jointly by the IMF and the World Bank and was adopted in September 1996. The initiative envisaged comprehensive action by the international finance community including multilateral institutions, to reduce to sustainable levels the external debt burden on HIPCs provided they build a track record of strong policy performance.

## **International Reserves**

Foreign exchange reserves are held to provide a buffer against adverse shocks to the balance of payments (BOP) and to enhance confidence in the country's economic management and ability to meet its international payment obligations, such as debt servicing, without disruption.

## **Loans**

Comprise those financial assets created through the direct lending of funds by a creditor to a debtor through an arrangement in which the lender either receives no security evidencing the transaction or receives a non – negotiable document or instrument.

<b>Medium Term Expenditure</b>	<b>Framework</b> The three year expenditure framework of the budget.
<b>Monetary Policy</b>	Government action to change the money supply which affects the level of investments and thus alters total spending and national income.
<b>Nominal GDP/GNP</b>	Is used to measure total economic activity in current prices.
<b>Nominal wage</b>	The return, or wage , to employees, at the current price level
<b>Non-Tax Revenue</b>	Income received by the Government as a result of administrative charges ,licenses, fees, dividend payments etc.
<b>Open Market Operations</b>	Buying/purchase or selling/sale of the government bonds in the open market which increase or reduce the amount of money in bank reserves and private deposits.
<b>Paris Club</b>	An informal group of creditor governments that has met regularly in Paris since 1956 to reschedule bilateral debts, the French treasury provides the secretariat.
<b>Prime Rate</b>	The rate at which Bank of Ghana charges on lending larger amounts of funds, usually at short term (over night) to commercial banks.
<b>Rating agency</b>	Institution that evaluate the ability of countries and other borrowers

	to honour their international and domestic obligation
<b>Real Interest Rates</b>	Measures the return to savings in terms of volume of goods that can be purchased in the future for a given amount of saving today. They are nominal interest rates adjusted by the rate of inflation.
<b>Repo rate</b>	The rate of interest that the Reserve Bank pays on repurchase agreements with money markets participants
<b>Sovereign debt rating</b>	An assessment of the likelihood that a government will default on its debt obligation
<b>Statutory Funds</b>	Part of Government revenue earmarked for specific purposes by law.
<b>Tax incentives</b>	Specific provision in the tax code that provide favourable tax treatment to individuals and businesses to encourage specific behaviour or activities.
<b>Tax incidence</b>	The final destination of the burden of tax.
<b>Tax</b>	A compulsory payment backed by government legislation which is paid directly or indirectly by persons/individuals or organisation to local authority/government agencies.
<b>Terms of trade</b>	The relative prices and services traded in international markets

**Trade balance**

Monetary record of a country's net imports and exports of physical merchandise

**Treasury Bills (T Bills)**

Are common form of sovereign short-term debt. T-Bills are issued through the Bank of Ghana with maturities ranging from four (4) weeks to two (2) years, they are issued at a discount to face value and are redeemed at par.

**Write- Offs**

A write-off is a unilateral creditor action that is in accordance with a procedure that removes a debt from a creditor's books.

## Glossary of Contributors

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