

THE
BUDGET STATEMENT
AND
ECONOMIC POLICY
Of the
GOVERNMENT OF GHANA
For the
2000 FINANCIAL YEAR
presented to
Parliament
On Wednesday, 9th February 2000
By
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Minister of Finance

On the Authority of

HIS EXCELLENCY FLT. LT. J.J. RAWLINGS

President of the Republic of Ghana

THE
BUDGET STATEMENT
AND
ECONOMIC POLICY

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SECTION 1

INTRODUCTION

1. Mr. Speaker, I beg to move that this House approves the Budget and Economic Policy Statement for the 2000 financial year.
2. This year's budget statement, as has been in the past, is guided by the policy issues and programmes announced by H.E. the President in his sessional address.
3. In the first half of the past year, Government's programmes and projections were on course. We achieved the single digit rate of inflation in May and interest rates were declining. Exogenous factors, basically the decline in the world price of cocoa, the turbulence on the world gold market, the lower than expected inflow from our development partners and the astronomical increase in the price of oil undermined our ability to sustain these positive growth indicators.
4. When the external developments exceeded limits that could be controlled by administrative measures, we came to this august House in October to give you a brief on the state of the economy. The response of this House to our brief was a request that Government should come out with emergency measures for getting the economy back on track. We have taken the opportunity that this Budget and Financial Statement offers to introduce new measures to respond to the request of the House without necessarily calling them emergency measures.
5. While seeking to sustain a stable macro-economic environment, the 2000 budget will also underpin our efforts at poverty reduction by focusing on increased support to the private sector, promotion of made in Ghana products to further support Ghana's agriculture and industry in creating more employment opportunities. The 2000 budget will further boost investment in education

through the establishment of the Education Trust Fund. In addition, priority in development expenditures will go to critical economic infrastructure such as roads and electrification.

6. Overall, we remain guided by the programmes and projections contained in our economic growth and development blueprint: Ghana-Vision 2020.

SECTION 2

REVIEW OF DEVELOPMENTS IN 1999

Introduction

7. The unfavourable global economic situation that initially emerged in Asia in 1998 persisted in large measure in 1999. Although some countries that experienced financial crisis in 1998 began to record recoveries, countries that produce primary products suffered major financial losses as prices of their products plummeted. Of particular concern to Ghana, were the declines in prices of cocoa and gold. While the world price of gold recorded some recovery in the third quarter of the year, cocoa price continued its downward trend throughout the year, such that by the end of the year, the price was about 60 per cent of that prevailing at the end of 1998. The recovery in world price of crude oil compounded the financial difficulties of non-oil producing countries including Ghana.
8. The overall growth rate of GDP stagnated in 1999 because of these factors which became more pronounced in the second half of the year, thus, placing considerable strain on Government's fiscal position, the external balance of payments situation and the exchange rate of the cedi.
9. Most of the macro-economic aggregates were on target during the first half of the year, but experienced sharp reversals as the impact of the adverse external pressures mounted. In the circumstances, Government's fiscal balance and the overall balance of payments position suffered relative to both the 1998 outturn and the projection for 1999. With the contraction in external reserves resulting from falls in export receipts and donor inflows, the exchange rate of the cedi also fell markedly. In tandem, both domestic interest rates and the inflation rate recorded upturns after declines during the first half of the year.

GDP - OVERALL GROWTH

10. Despite these unanticipated negative developments, Ghana's real GDP grew by 4.4 per cent in 1999. This was about one percentage point below the initial

projection of 5.5 per cent and below the 1998 growth rate of 4.7 per cent. The Agricultural sector continued to be the lead sector. Though it expanded by 3.9 per cent it contributed 36.5 per cent to total real output. This was followed by the services sector with a growth rate of 5.0 per cent compared to 6.0 per cent in 1998 and contribution 29.2 per cent to real GDP. The Industrial sector grew by 4.9 per cent in 1999 as against 3.2 per cent in 1998 when the sector was adversely affected by the energy crisis. The sector's contribution to total real output for 1999 was 25.2 per cent which was 0.1 per cent above the 1998 output level.

Agriculture

11. The 3.9 per cent provisional growth rate in the Agricultural sector was considerably lower than the 5.1 per cent achieved in 1998. This growth was led by the Crops and Livestock sub-sector at 4.7 per cent compared with the previous year's growth rate of 4.4 per cent. The growth rate of 6.8 per cent recorded in 10.0 per cent. Output growth of one per cent was recorded by the Fisheries sub-sector as against 1.8 per cent growth in 1998. The lower growth in the overall output in agriculture was mainly as a result of the growth rate of negative 0.5 per cent recorded by the Cocoa Production and Marketing sub-sector.

Industry

12. In 1999, the Industrial sector grew by 4.9 per cent, as against 3.2 per cent in 1998. Growth in the Manufacturing sub-sector increased from 4.0 per cent in 1998 to 4.8 per cent in 1999 while electricity and water made a strong recovery from a growth rate of negative 10.0 per cent in 1998 to positive 7.8 per cent in 1999. Construction also grew to 5.5 per cent in 1999 from 5.0 per cent in 1998. The Mining and Quarrying sub-sector recorded a low growth rate of 3.0 per cent in 1999 compared with 6.1 per cent in 1998, the direct result of the slump in the world market price of gold.

Services

13. The Services sector, the second largest sector of the economy after agriculture, continued to expand in 1999. Output of the sector grew by 5.0 per cent, lower than the 6.0 per cent recorded in 1998. Transport, Storage and Communication, Wholesale and Retail Trade, and Restaurants and Hotels sub-sectors experienced higher growth in 1999 than in 1998. The other sub-sectors, particularly, Finance, Insurance, Real Estate and Business Services and Government Services grew at lower rates in 1999 compared to the 1998 levels.

CONSUMER PRICE DEVELOPMENTS

Inflation Over 12 Months

14. The twelve-month end-of-period inflation rate, which stood at 15.7 per cent in December 1998, decelerated further throughout the first five months of 1999 to reach a low level of 9.4 per cent in May, the lowest since March 1992 when a 7.3 per cent inflation rate was recorded. However, for the reasons that I have already adduced, the rate of inflation increased to 13.8 per cent in December 1999.
15. Deceleration in food price inflation was much faster than that for non-food. After dropping from 21.8 per cent in December 1998 to 12.4 per cent in March 1999, the rate declined sharply to 5.2 per cent in April 1999 and remained in single digits throughout the rest of the year with the lowest rate of 3.8 per cent recorded in May.
16. On the contrary, non-food price inflation more than doubled from 10.3 per cent in December 1998, to 20.8 per cent in December 1999.

Average Yearly Inflation

17. Computation of the average yearly inflation which employs a 12-month moving average of the monthly indices over two calendar years, became possible again from September 1999 after the rebasing exercise in September 1997. The average yearly inflation for September, 1999 was 13.1 per cent. The rate declined in the last quarter of the year to reach 12.4 per cent in December 1999.

FISCAL OPERATIONS AND RELATED MEASURES

Overall Fiscal Outturn

18. Total receipts amounted to ₦5,845.5 billion in 1999, compared to ₦5,024.6 billion in 1998 and the budget estimate of ₦6,063.0 billion. Cocoa export duties, non-tax revenue, project grants and loans all fell below estimates. Thus, it required a substantial cut in total expenditure to bring the overall fiscal deficit to an acceptable level. The provisional outturn shows that the overall fiscal deficit increased marginally from 6.3 per cent of GDP in 1998 to 6.5 per cent in 1999. This was higher than the 5.2 per cent projected in the 1999 budget. In the event, the domestic primary balance declined from 3.8 per cent of GDP in 1998 to 2.3 per cent in 1999.

Revenue Outturn

19. Total tax revenue amounted to ₦3,089.1 billion, less than the budget estimate of ₦3,294 billion, but 13.2 per cent higher than the collection in 1998. Direct tax collections totalled ₦918.1 billion, about 6.3 per cent below estimate. Out of this, Company tax contributed ₦445.9 billion, showing a shortfall of ₦487 billion. Indirect tax receipts amounted to ₦1,362.7 billion compared with an estimated amount of ₦1,356 billion. Value Added Tax collections amounted to ₦792.1 billion, exceeding the budget estimate of ₦700 billion by 13.2 per cent. Out of this

- amount, import VAT duties were ₵469.1 billion, showing an increase of 70.3 per cent over the 1998 import sales tax collections.
20. Import duty collections picked up during the latter part of the year through more rigorous enforcement of existing regulations which brought total collections for International trade taxes collections (excluding VAT on imports) amounted to ₵554.2 billion or 18.3 per cent above the collections for 1998. By contrast, cocoa export duties amounted to only ₵254 billion compared with an estimated amount of ₵348 billion and actual collections of ₵400.5 billion in 1998.
 21. Non-tax revenue amounted to ₵310.4 billion as against the budget estimate of ₵475 billion in 1999 and actual collections of ₵448 billion in 1998. Divestiture receipts from State Owned Enterprises amounted to ₵53.3 billion compared with an estimate of ₵80 billion in 1999 and actual receipts of ₵99.6 billion in 1998. Total grants were ₵302.3 billion compared with the budget estimate of ₵343 billion. Programme loan inflows amounted to ₵235.7 billion, slightly higher than the budget estimate of ₵231.0 billion and the outturn of ₵215.3 billion in 1998. On the other hand, project loan inflows amounted to ₵737.1 billion registering a substantial shortfall of 24.2 per cent in relation to the budget estimate of ₵972.0 billion, but higher than the outturn for 1998.

Expenditure Outturn

22. Total expenditure for the year under review amounted to ₵5,845.5 billion or 28.4 per cent of GDP compared with an estimated amount of ₵6,063.7 billion or 31.1 per cent of GDP. This included total interest payments of ₵1,150.2 billion compared with the original estimate of ₵1,008.0 billion. Out of this total, ₵871.8 billion for interest on domestic debt exceeded the budget estimate by 18.3 per cent, on account of increased domestic borrowing to mitigate the effects of shortfalls in foreign inflows and the rise in interest rates on Treasury bills.
23. Discretionary expenditures amounted to ₵3,607.3 billion. Out of this, Personal emoluments accounted for ₵1,516.3 billion (7.4 per cent of GDP), 16.7 per cent higher than the budget estimate. This increase was the result of the implementation of the Ghana Universal Salary Structure (GUSS) which took effect from January 1999. There was a shortfall in investment to a projected amount of ₵1,888.3 billion. An amount of ₵130.0 billion was utilised to clear domestic arrears on road contracts higher than the budget estimate of ₵70.0 billion.

MONETARY DEVELOPMENTS

24. The primary objective of monetary policy in 1999 was to sustain the moderate growth in money supply achieved in 1998 through the continuation of a tight

- monetary stance and, thereby, ensure price and exchange rate stability. The monetary growth target for the year was therefore set at 15 per cent.
25. Monetary growth remained under control, as broad money supply (M2+) recorded a growth rate of 16.1 per cent (year-on-year), compared with 17.6 per cent and 42 per cent in 1998 and 1997, respectively. The slowdown in monetary growth in recent years is attributable to improved monetary management complemented by the introduction of new instruments such as repurchase agreements (REPOs) and swaps.
 26. During the first half of the year, in response to the improvement in the macro-economic condition of the country, the central bank reduced the bank rate twice, first from 37 per cent in December 1998 to 32 per cent in January 1999 and then to 27 per cent in April 1999. The bank rate thereafter remained unchanged at 27 per cent through December 1999. The rates on the money market instruments, in response, declined from 26.8 per cent (discount rate on the 91-day Treasury bill) to 24.5 per cent in June 1999. However, in the second half of the year, due to rising inflation, the discount rate on the 91-day Treasury bill rose to close the year at 31.45 per cent.
 27. Lending rates of the commercial banks generally followed a declining trend in the year under review. For example, the average lending rate to the manufacturing sector, which stood at 38.50 per cent in December 1998, declined to 36.10 per cent. Similarly, the average savings rate fell from 16.50 per cent to 14.50 per cent.
 28. By December 1999, total outstanding credit granted to public institutions and the private sector registered an increase of ₪1,174.1 billion to stand at ₪2,981.7 billion. The manufacturing, commerce and agricultural sectors were the highest recipients, registering increases of ₪271.9 billion (61.1 per cent), ₪170.9 billion (60.9 per cent) and ₪127.6 billion (57.7 per cent), respectively.

EXTERNAL DEVELOPMENTS

Balance of Payments

29. During the year, the objective of external sector policy was to build adequate foreign reserves. In support of this policy, a flexible exchange rate regime was maintained. An overall balance of payments surplus of US\$59.9 million was projected initially.
30. In the course of the year, there was a review of the country's external trade statistics to reconcile trade data which led to an upward revision of both the export and import figures. These are presented in the revised balance of payments estimates in relation with the provisional outturn for 1999.
31. Provisional figures indicate an overall balance of payments deficit of US\$93 million for 1999, compared with a projected surplus of US\$59.9 million. This performance reflected the impact of the unfavourable external developments.

32. Total export receipts for 1999 are provisionally estimated at US\$2,031 million, which is below the outturn for 1998. The value of cocoa exports amounted to US\$541 million, which was 13 per cent below the outturn for 1998. Although the volume of exports of cocoa beans rose by 3 per cent above the 1998 level to 336,043 tonnes, the average price fell by 12 per cent.
33. Despite a 9 per cent increase in the volume of gold exports, the corresponding value of exports rose by only 3 per cent over the 1998 level because of a significant drop in the average world price.
34. Timber exports contributed US\$174.0 million to total export receipts in 1999, about the same level in 1998. The volume of exports rose by more than 4 per cent to 433,898 cubic metres but the rise was offset by a fall in average price. Miscellaneous exports (including non-traditional exports) are estimated to have contributed an amount of US\$605.0 million to total export earnings in 1999, compared with US\$611 million in 1998.
35. The total value of imports (fob) fell by 3.6 per cent to US\$2,792 million in 1999, on account of a fall in non-oil imports. The value of oil imports rose from US\$215 million in 1998 to US\$323 million mainly due to the sharp increase in world price. The average price of crude oil more than doubled from US\$10.90 per barrel in January 1999 to US\$24.90 per barrel in December 1999.
36. As the value of imports in 1999 relative to 1998 contracted by more than the fall in the value of exports, the deficit on the trade balance in 1999 declined to US\$761 million, better than the US\$806 million in 1998.
37. The current account balance excluding official transfers recorded a deficit of US\$616 million (7.9 per cent of GDP) compared with a deficit of US\$12 million (8.8 per cent of GDP) in 1998, on account of an increase in service payments. External interest payments fell and private transfer receipts rose slightly to US\$472 million. Including official transfers the current account deficit increased to US\$419.0 million from US\$382 million in 1998.
38. Provisional outturn for 1999 indicates a net capital account surplus of US\$326 million compared with US\$355.0 million in 1998. The decline in the surplus on the capital account was due to lower net official capital inflows.
39. The estimated net capital inflows in 1999 were not enough to finance the deficit on the current account, and this resulted in an estimated overall balance of payments deficit of US\$93 million, which was financed by drawing down on our international reserves.

External Debt

40. At the end of 1999, total external debt was estimated at US\$5,306 million compared with US\$6,077.6 million at the end of 1998. The US\$772 million decline in the stock of debt resulted from reductions in both medium and long-term debt, as repayments exceeded new obligations. The level of short-term debt

remained unchanged at US\$295 million. Medium-term debt fell by US\$92.7 million to US\$903.7 million. Additionally, **long-term debt** was reduced by US\$679.3 million to US\$4,106.9 million.

Exchange Rate

41. After the slowdown in the rate of depreciation in 1998, the cedi depreciated by 33.0 per cent in 1999 to close the year at ₵3,500.70 per one US dollar. The rate of depreciation was steady in the first ten months of the year but increased sharply in November.

SECTION 3

REVIEW OF EXPENDITURES AND PERFORMANCE OF

SECTORS IN 1999

Overview

42. In 1999, a total amount of ₵2,216.7 billion was programmed for statutory payments, while ₵3,846.3 billion was estimated for discretionary expenditures.
43. In order to maintain our credibility as a nation, all our statutory obligations comprising among others, debt repayments and interest payments were met as a priority. In addition, Government considered some aspects of the discretionary expenditure, as quasi-statutory, namely personal emoluments which includes government contribution to SSNIT on behalf of salaried workers and the clearance of arrears owed to road contractors. Government was, therefore, obliged to meet all those expenditures as well.
44. On account of the higher than expected salary awards and cost of conversion to the GUSS, personal emolument expenditure interest payment on domestic debt was higher than programmed as a result of higher than anticipated interest rates and increased borrowing resulting from shortfalls in receipts. When expenditures had to be restrained as a result of unfavourable fiscal conditions, it was those items that were considered as purely discretionary that were affected, namely, service and investment expenditures. In spite of this, not less than 60 per cent of total estimates for those expenditure items were released to MDAs.
45. The following review is based on the policy thrusts of the sectors as contained in the 1999 budget in the various sector allocations made to ensure their attainment.

ADMINISTRATION

Ministry of Finance

46. Renovation and rehabilitation works started by the Customs, Excise and Preventive Service on residential staff houses and offices at Half Assini, Elubo, Aflao, James Town in Accra, Kofi Badukrom, Tumu, Bole, Hamile and Jewhi Wharf were completed. Also completed was the computerisation of the Long Room at Tema.
47. 1999 saw the re-opening of VAT Offices in all the regional capitals of Ghana.
48. The Internal Revenue Service acquired the old Black Star Line building at Osu, Kuku Hill to accommodate its district office at Osu and started rehabilitation works on it.
49. An amount of ₵9.2 billion was expended on pre-enumeration activities towards the 2000 Population and Housing census.
50. Work started on the Value Books Ware House as well as the building for pension computation treasury at Kinbu for the Controller and Accountant-General's Department in Accra.
51. In order to check fraud in the signing of Government cheques, hologram machines were purchased and distributed to treasuries of the Controller and Accountant-General's Department all over the country.

Ministry of Foreign Affairs

52. A new Diplomatic Mission was opened in Seoul, South Korea in November 1999. Two landed properties were acquired for use as Chancery and Head of Mission's Residence. The new Mission is expected to enhance Ghana's Co-operation with the Republic of Korea and neighbouring countries in South East Asia in Trade, Investment and Tourism.
53. Work continued on the first phase of the construction of permanent accommodation for the Legon Centre for International Affairs.

Ministry of Local Government and Rural Development

54. The new building complex for the Institute of Local Government Studies (ILGS) was completed and commissioned.
55. A total of ₵24.5 billion was spent on the rehabilitation of roads drains, markets and lorry parks among others in 12 urban towns. Another ₵48 billion was spent on community infrastructure upgrading works and major drainage in Accra, Kumasi, Sekondi-Takoradi, and the development of sanitation facilities in Accra, Kumasi, Tema, Sekondi and Tamale. In addition, technical assistance and training support were provided for the strengthening of waste management departments in the five Metropolitan/Municipal Assemblies.
56. The planning of the Urban V Project to extend the coverage of the urban programme to an additional 25 medium-sized towns in the year 2000 was concluded. The Accra Waste Project, to construct facilities for the management

- and treatment of liquid waste in the city progressed during the year. About 80 per cent of the works have been completed.
57. Hydrological studies, drilling and construction of wells were completed to provide piped water supply systems for Ejura, Nkoranza and Kintampo under the Promotion of District Capitals Project 1. Construction work on a market and lorry park for Atebubu under the same programme also reached an advanced stage.
 58. Under the programme of improving the basic data for planning in the country, the Births and Deaths Registry expanded the coverage of registration of births and deaths during the year from 52.3 per cent and 22.6 per cent respectively in 1998 to 58.3 per cent and 25.3 per cent respectively in 1999.
 59. A total of 1,800 women were trained in vocational skills in the 22 Women Training Institutes of the Department of Community Development. A total amount of ₵1.3 billion was spent on rehabilitation works in 14 of the institutes during the year.

Electoral Commission

60. In 1999, the Electoral Commission conducted two (2) Parliamentary bye-elections in the Ablekuma Central Constituency in the Greater Accra Region and the Lambussie Constituency in the Upper West Region.

ECONOMIC SERVICES

Ministry of Food and Agriculture

61. The 1999 production estimates from the regions indicated increases in production of cassava, cocoyam, plantain and yam. Compared to 1998, provisional national output for cassava increased from 7.2 million metric tonnes to 7.8 million metric tonnes; cocoyam from 1.6 million metric tonnes to 1.7 million metric tonnes; plantain went up from 1.9 million metric tonnes to 2.0 million metric tonnes, and yam increased from 2.7 million metric tonnes to 3.2 million metric tonnes.
62. In the southern sector, the increase in production was due to expansion in crop area, increased crop yield, favourable rains, availability of improved planting materials and the adoption of improved farm techniques.
63. The situation in the northern sector was initially favourable, as the weather was fair with early rainfall and even rainfall distribution. However, the combined effects of the army worm invasion and the late year floods resulted in a shortfall in food production particularly cereals, as against the 1998 levels.
64. Other achievements attained by the sector included the following:
 - The Grains and Legumes Development Board produced a total of 42 tonnes of foundation seed made up of 30 tonnes of maize, 5 tonnes each of

cowpea and soyabean and 2 tonnes of rice. These seeds enabled seed growers to plant 1,200 hectares of maize, 200 hectares of cowpea 200 hectares of soyabean and 25 hectares of certified rice seeds for use by farmers. The certified seeds produced will enable farmers to use improved seeds to plant 600,000 hectares of maize, 20,000 hectares of cowpea, 20,000 hectares of soyabean and 1,500 hectares of rice during the 2000 farming season;

- The Board also developed a total of 40,000 units of plantain suckers from tissue culture material for the establishment of approximately 30 ha of plantain farms 200 tonnes of seeds were processed and an additional 300 tonnes were stored as a buffer against shortage of good seeds;
 - Under the Root and Tuber Improvement Project, a total of 270.8 ha of cassava seed gardens were established for the development of planting materials to cover 2,166 ha of cassava farms;
 - A total of 321 hectares of high yielding cassava sticks capable of planting 2500 hectares were produced;
 - The Crops Services Directorate organised training in horticulture and non-traditional export crops, land and water management practices, and planting material development for about 400 farmers;
 - Production guides were prepared for the eight non-traditional export crops of chillies, pawpaw, pineapple, black pepper, cashew, miracle berry, melon and okro; and
 - In the livestock sub-sector, over a thousand farmers were assisted to establish intensive fodder plots and to incorporate forage legumes into the farming systems to improve nutrition of small ruminants for increased meat production.
1. A total of 404 hectares of improved forage was maintained in good condition and another 86.4 hectares established at the Pong-Tamale, Kintampo and Ejura Livestock Breeding Stations while 68 smallholder farmers in Ejura and Kintampo produced 11,207 kilogrammes of forage seeds.
 2. An outbreak of African Swine Fever in parts of the Central and Greater Accra Regions was successfully contained through the slaughter of all affected pigs and their disposal under the supervision of the Ministry. A total amount of ₵1.05 billion was paid as compensation to the affected to the affected pig farmers.
 3. The fisheries sub-sector directorate conducted a series of training programmes for both field staff and fishermen as follows:
 - One hundred officers drawn from some districts in the coastal belt were trained in data collection on marine fish catch;
 - About 1000 marine fishermen, lake fishermen, boat-owners and operators were given basic training in navigation and other relevant subjects; and
 - About 25,000 fingerlings from the Ashaiman Aquaculture Demonstration Centre were distributed to fish farmers to stock their ponds.

1. A total of 1,126 groups comprising 10,287 youths have so far benefitted from the Youth in Agriculture Programme.

Ministry of Lands and Forestry

2. The major activities undertaken in the Forestry Sector in 1999 included the following:
 - All forest reserves were constituted into 60 Forest Management Units with management plans for effective management of forest reserves;
 - Eighty per cent of unreserved forest areas were constituted into Timber Utilization Contract areas for efficient monitoring and control of forest resources;
 - A national plantation development programme aimed at putting 5,000 hectares of land under forestry was initiated;
 - The Timber Export Development Division of the Forestry Commission provided funding for the Forest Research Institute of Ghana (FORIG) to develop seedlings for supply to farmers; and
 - A Wood Industry Training Centre established in the Ashanti Region commenced training in various aspects of saw milling.
1. In the Land Sector, the following major activities were completed:
 - Collaborative pilot land use system in five districts;
 - Production of valuation lists on 98,391 properties with a total rateable value of ₵1,677 billion.

Ministry of Mines and Energy

1. Under the National Electrification Scheme, 480 communities were connected to the national grid under Phase 2 of the Self-Help Electrification Project (SHEP). Additionally, 13 communities in the Yeji area, 63 towns/villages in the Volta Region and 13 in Greater Accra were connected to the national grid.
2. In the Upper East Region, work commenced on the electrification of 51 communities while plans for the electrification of selected communities in Greater Accra and Ashanti regions are ongoing.
3. An agreement was signed for the establishment of an 80 MW co-generation facility at Tema to consolidate and stabilize power supply to the Tema industrial free zones. This will be additional to the 30 MW generation being operated by an Independent Power Producer.
4. Some institutional reforms were achieved in the sector in 1999. First, the Power sub-sector Development Policy was issued to stimulate discussion with

stakeholders. Second, draft guidelines for fixing of rates for electricity was issued by the Public Utilities Regulatory Commission (PURC) so as to increase transparency in the setting of tariffs.

Ministry of Trade and Industry

5. Some of the major programmes that were undertaken in 1999 were:
 - The successful organisation of the 2nd ECOWAS Trade Fair;
 - Establishment of procedures and a mechanism for implementing the purchase of Made-in-Ghana goods by public sector organisations to support local industry and promote local production of quality goods;
 - Completion of the groundwork for the commencement of the Integrated Programme for Industrial Development;
 - The continuing rationalisation and streamlining of tariffs to give effective support to the competitiveness of local manufacturing.
 - Submission to Parliament of the Export Development and Investment Fund bill to support the expansion of non-traditional exports;
 - Establishment of 16 export production villages for Kente weaving and beads production in the Ashanti and Volta Regions;
 - Continuing diversification of exports through increased processing the Free Zones, which created some 5000 jobs;
 - Registration of eighteen new single factories in the Free Zones;
 - Continuation of NBSSI's Capacity Building Programmes for operators in Medium and Small Scale Enterprises (MSEs) and improved access to credit markets for 6,000 entrepreneurs, through the establishment of a €6.8 billion credit facility under the Ghana-Germany Bilateral Agreement for the promotion of micro and small scale enterprises;
 - Establishment of a National Integrated Programme to improve production in targeted manufacturing subsectors through the clusters management system; and
 - Development of standards for Free Zone products other non-traditional export products and sustainable forest management.

1. In collaboration with the Ghana Standard Board, the following were achieved:
 - Accreditation by the European Union (EU) for the issuance of certificates for fish exports to EU countries;
 - Acceptance by Japanese Government of test reports by Ghana Standards Board on food exports to facilitate promotion of Ghanaian exports to Japan;
 - Enhancement of fair trade practices in the cocoa industry through verification of weighing scales for cocoa, sheanut and coffee; and
 - Assuring of standards of imported products to counter the dumping of undesirable goods on the Ghanaian market.

Ministry of Tourism

1. The Ministry of Tourism in its tourism facilitating role, organized the celebration of Emancipation Day, which attracted over 2000 tourists from the USA, the Caribbeans, Europe and sister African countries. The 33rd WTO/CAF, the 24th African Travel Association meetings, the Ghana International Tourism Fair, and the 5th African-African-American Summit, all had the spin off effects of advertising the tourist potentials of Ghana and making the country a more attractive tourist destination. In all, tourist arrivals in 1999 totalled 372,000 with corresponding foreign exchange earnings of US\$342 million, compared to 1998 arrivals of 348,218 with corresponding foreign exchange earnings of US\$301.44 million
2. In collaboration with the private sector the Ghana Tourist Board (GTB) was able to make some progress towards the establishment of three new 5-star hotels.
3. The Ghana Tourist Board also held a consultative conference on the development of the Lake Bosutwe Basin, aimed at the establishment of an eco-tourism park and geographical museum.

INFRASTRUCTURE

Ministry of Roads and Transport

4. In 1999, regravelling of 796 kilometers of road was completed, 403 kilometers of road were resealed while the resurfacing of 139 kilometers was completed.
5. Major reconstruction activities that were completed in 1999 included:
 - Sankara Interchange Project and remaining works under the Urban Transport Project;
 - Accra City Roads Project;
 - Phase 1 of Jasikan-Yendi Road;
 - Phase 1 of Nakpanduri-Bunkprugu Road;
 - Tema-Akosombo Road;
 - Rehabilitation of Lower Volta Bridge (Superstructure) at Sogakpe; and
 - Construction of two bridges under Phase II of the Priority Bridge Development Programme at Sefwi Wiawso and over the River Tano on Elubo-Asemkro Road.

Ministry of Works and Housing

1. In a further effort to improve water delivery, Government embarked on the rehabilitation of 33 major water systems countrywide. The Tamale Water System was completed and commissioned. Transmission and distribution pipe laying

- were completed in Teshie - Nungua Area, Dansoman, Kaneshie, Odorkor and several other pipe re-location works at Kokrobite, Afuaman, Sowutuom, Batsonaa, Adenta, Kwashiman and Santeo.
2. Under the Community Sanitation and Rural Water Programme, Government completed the construction of 660 new boreholes, 350 new hand-dug wells, 40 mechanised community pipe systems and 30 new gravity pipe systems. One thousand boreholes and 5000 hand-dug wells countrywide were also rehabilitated under the same programme.
 3. Towards the maintenance and sustainability of the rehabilitated water systems, the following individuals and organisations were trained:
 - 2000 WATSAN Committees;
 - 2000 Caretakers;
 - 40 Partner Organisations;
 - 1000 Artisans; and
 - 400 Area Mechanics.
1. In the 1999 fiscal year, an amount of ₵27.3 billion was released for various hydrological activities in the areas of primary drainage works, coastline protection and flood mitigation.
 2. Work was started on the protection of a total stretch of about 5 kilometers of Ghana's coastline at Ada, Akplabanya, Prampram-Ningo, Philip Quarcoo, Nkontompo, Ngyeresia, Komenda, Butre and Prince Akatakyie.
 3. Mobilisation and preparatory works for the Keta Sea Defence project including the extension of electricity from Afiadenyigba to the construction site at Havedzi were completed.
 4. Government spent the sum of ₵2.8 billion on major primary drains in Accra and some regional and district capitals. This involved deepening, widening, and redregding of channels and construction of new drains, leading to the mitigation of flood related disasters especially in Accra.
 5. The Ministry also continued its facilitation role with emphasis on acquisition and servicing of land nation-wide to support housing development.

SOCIAL SERVICES

Ministry of Education

6. An amount of ₵45 billion was voted to expand and improve the physical facilities of existing Senior Secondary Schools, with particular attention to rural community schools. Textbooks worth ₵6.2 billion were purchased for distribution to pupils at the basic education level.
7. To ensure that the objective of improving the quality of teaching and learning is achieved, an amount of ₵27.3 billion was spent on the rehabilitation of the infrastructural facilities in all the 38 teacher-training colleges.

8. Government spent an amount of ₵965.0 million to improve facilities in the existing 22 Vocational/Technical institutes to enable them increase intake of qualified JSS products. Also, to promote girls' education, the Ministry organised Science Technology and Mathematics Education (STME) clinics nation-wide for 2,100 girls at a cost of ₵129.0 million.
9. Construction works on the remaining 3 Science Resource Centres at Kpedze, Ada and Accra were undertaken at a cost of ₵528.3 million. An amount of ₵430.0 million was also spent on the teacher incentive scheme, which is aimed at motivating teachers working in difficult parts of the country.

Ministry of Health

10. Significant progress was made at improving health infrastructure. The new regional hospital at Ho was completed. The Maternity Block at the La Polyclinic as well as the Non Trauma Emergency Unit at the Korle-Bu Teaching Hospital were also completed at Costs of ₵903 million and ₵760 million respectively. The rehabilitation works at the male ward of the Tema General Hospital and various departments in 25 District and Regional hospital were completed. Five rural health centres were constructed at a cost of ₵984 million.
11. Six District Health Management Team offices were completed in 1999 and the rehabilitation of 66 health centres across the country are at various stages of completion. Pre-installation works for the installation of radio imaging equipment in 95 hospitals were completed at ₵3.2 billion. Most of the equipment have already been installed. This project has already enhanced the diagnosis of diseases in our hospitals and therefore improved the overall quality of health care.
12. Service delivery also saw an improvement in hospital utilization and use of public health services. By the middle of the year, outpatient department attendance had increased by 13 per cent over the 1998 figure while antenatal attendance increased by 9 per cent over the same period.

Ministry of Youth and Sports

13. Rehabilitation works at the Accra and Kumasi Sports Stadia were completed in 1999 in time for the hosting of the Africa Under-20 tournament. Constructional works at the Centre for Excellence in sports, as well as preparatory works on the National Olympic Stadium complex continued.

Ministry of Employment and Social Welfare

14. Intake at National Vocational Training Institute (NVTI) Centres throughout the country was increased by 70 per cent between 1998-1999 putting the Ministry on course to achieving its programme of doubling intake at the centres by the end of the year. With regard to the establishment of Integrated Community Centres for Employable Skills (ICCES), the Ministry completed an evaluation of the activities of the centres to provide inputs and information for improving their performance.

15. In the area of social integration, the Ministry improved on the administration of juvenile justice by training more probation officers who have been posted to various Courts throughout the country. The Ministry embarked on surveys to establish a database for persons with disabilities. The first such survey has been completed in the Upper East Region while the programme for the Central Region is currently ongoing.
16. The Ministry continued to improve upon its data collection, analysis and dissemination process with the publication of a Labour Market Bulletin, the maiden edition of which was published in March last year.
17. The Ministry also produced business profiles and embarked on a pilot programme to train graduates to acquire entrepreneurial skills. The first batch of forty have since passed out.
18. The National Tripartite Committee under the Ministry intensified its efforts to build cooperative and collaborative labour management relations to stem the tide of frequent labour disputes, strikes, lockouts, agitations, tension and turbulence on the industrial scene. A consultative tripartite forum was organised to brainstorm, deliberate and strategize on appropriate responses to bring peace and harmony to the industrial front.
19. As part of the implementation of the Medium to Long-Term Public Sector Wages and Salaries Policy, the Ministry constituted and inaugurated the Central Management Board and tasked it with the job of administering and managing the policy.
20. The Ministry also put in place the Appellate Body whose jurisdiction is to consider and review petitions from aggrieved or dissatisfied public servants arising from the implementation of the policy.
21. Determined to achieve greater flexibility in the labour market and making the legal and regulatory framework to be labour and investment friendly, the Ministry undertook a major labour law reform initiative. Preparatory work on the new labour bill is in its final stages. The bill seeks to bring all the disparate labour laws presently scattered in a number of enactments into one compact labour code which will be in alignment with provisions of the 1992 Constitution, various ILO Conventions to which Ghana is signatory as well as global and national trends in labour management relations.

Ministry of Communications

22. In the telecommunications sector, the more than 200 per cent increase in the number of telecommunication services. To further increase access to public telephones, a total of 859 payphones were installed in the first half of the year. This exceeded the number of payphones targeted for 1999 by 500. Total number of payphones installed nation-wide now stands at 2,674.
23. An amount of ₵2 billion was allocated for rehabilitation and constructional works and provision of equipment for the various agencies under the Ministry. The Ghana Broadcasting Corporation acquired an additional outside broadcasting van. The Information Services Department carried out the rehabilitation of four regional offices namely Kumasi, Cape Coast, Takoradi and Tamale. The

Meteorological Services Department also undertook various rehabilitation projects at the headoffice and observatories at Akuse and Tema. Other projects included rehabilitation of staff quarters at Bolgatanga and Sunyani.

24. The National Film and Television Institute acquired an office complex building and cafeteria and work continued on the studio complex building. Work started on the construction of a new site for the Ghana Institute of Journalism.
25. The establishment of a National Y2K Secretariat to coordinate national preparation towards overcoming problems of the millennium bug, helped to ensure that the country successfully rolled over into year 2000 with minimum disruption.

Poverty Reduction

26. Government's efforts at reducing poverty in the country are steadily yielding results. According to the results of the fourth Ghana Living Standards Survey (GLSS 4), the percentage of the Ghanaian population classified as poor fell by 8.2 per cent between 1992 and 1999 even though the decline was unevenly distributed across geographic regions and socio-economic groups.
27. The improvement in welfare is a direct outcome of Government's economic and social policies targeting the poor and vulnerable groups in society. These policies have over the years been backed by annual increments in Government expenditures for the social sector, which have had a positive impact as depicted by some social indicators.
28. Life expectancy at birth in Ghana, now at 59 years, is a year below the international target of 60 years, while maternal and infant mortality rates have improved. This could be attributed partly to Government's policy of free medical care for the aged, pregnant women and children whose attendance rates have been reported by some regions to have increased significantly with the implementation of the policy.
29. In education, net primary school enrollment rates increased and moreover the gap between boys and girls enrollment is closing, a demonstration of some achievements of the objectives of the girl-child education policies.
30. Rural communities continued to benefit from the provision of safe water and other basic services. By the end of last year rural water coverage was about 51 per cent and one effect of the increase in access to safe drinking water was that guineaworm cases declined by about 38 per cent between 1994 and 1999. Following the implementation of the National Rural Electrification Scheme access to electricity in the rural areas doubled between 1992 and 1999. This has led to a substantial increase in the proportion of households owning consumer durables such as radios, refrigerators, electric pressing irons etc. especially in the rural areas and significantly improved their standard of living.

31. The Youth in Agriculture Programme (YAP) which took off successfully in 109 out of the 110 districts disbursed ₵2.5 billion to 10,287 youth in organised groups. The programme has so far been successful in terms of its objective of employment generation in the rural areas.
32. Twenty-one reporting district assemblies have confirmed that the "Productivity Increase and Income Generation Activities Fund" popularly called the "Poverty Alleviation Fund", has created 8,900 jobs in their districts.

PUBLIC SAFETY

33. Government continued to ensure the existence of an enabling environment for good governance for socio-economic development by actively pursuing policies and supporting programmes aimed at enhancing the efficiency of delivery of all the agencies involved in the promotion and delivery of Public Safety.

Ministry of interior

34. The interior sector achieved some operational successes and also made substantial strides in its institutional strengthening and development efforts. In the area of operations, the Police, throughout the year, responded to various conflict situation that occurred in the country and in collaboration with the Narcotics Control Board and CEPS, managed to reduce the upsurge of drug trafficking across our boarders and ports of entry. In addition, the Police and other security agents increased vigilance to curb the spate of murders, especially of women, and to reduce the spate of armed robbery and other violent crimes.
35. The National Disaster Management Organisation (NADMO) working through the various sub-committees and supported by some donors, also brought relief to about 1.8 million Ghanaians who were affected by various forms of disaster.
36. On institutional strengthening, 3,000 personnel including 251 professionals were recruited and trained by the various services under the Ministry during the year. In addition, about 5,000 personnel also took part in various retraining and skill upgrading programmes.
37. Constructional works carried out in 1999 as part of the Ministry's development effort were:
 - Continuation of rehabilitation works on 480 buildings/structures, including police stations/barracks prisons/barracks and immigration posts and fire stations;
 - Completion of constructional works on 365 buildings/structures, throughout the country including the Sowutuom, Madina, La and Ministries Police Stations and staff quarters, bungalows and places of convenience;

- Continuation of works on the construction of dormitories for recruits and prison inmates, fire stations etc, which are at various stages of completion.

Ministry of Justice

1. One major programme of the Ministry was the hosting by Ghana of the Asian - African Legal Consultative Committee (AALCC) Conference.
2. Constructional works undertaken under the Ministry of Justice were the following:
 - The head-office complex of the Legal Aid Board and the continuation of work on the regional office building at Kumasi, Sekondi and Sunyani;
 - Head Office complex of the Serious Fraud Office and its zonal offices in Tamale and Takoradi; and
 - The twelve (12) Sub Regional Offices and twelve (12) bungalows of the Attorney-General's Department.

SECTION 4

MACROECONOMIC PROGRAMME AND THE MEDIUM

TERM EXPENDITURE FRAMEWORK: 2000-2002

1. Following His Excellency the President's indication in his Sessional Address that it would be appropriate to re-programme the targeted date for achieving a zero deficit budget beyond the year 2001 to make it more realistic and attainable the medium term macroeconomic targets have been accordingly reviewed.
2. The projected macroeconomic targets for the medium term (2000-2002) are as follows:
 - An average real GDP growth rate of 5.4 per cent;
 - An end-of-period rate of inflation of 8.0 per cent;
 - An average overall broad budget deficit equivalent to 4.0 per cent of GDP;
 - An average primary budget surplus equivalent to 3.1 per cent of GDP; and
 - An average overall balance of payments surplus of US\$ 107 million.

The Budget and Financial Programme for Year 2000

1. For the year 2000 the macroeconomic targets are as follows:
 - A real GDP growth rate of 5.0 per cent;
 - An end-of-period rate of inflation of 12.5 per cent;
 - An overall broad budget deficit equivalent to 6.1 per cent of GDP; and
 - An overall balance of payments position of zero.

1. The projected 5.0 per cent growth of GDP in year 2000 is based on a projected growth of 4.2 per cent in the agricultural sector, 5.1 per cent growth in industry and a 5.9 per cent growth in services.

RESOURCE ALLOCATION UNDER THE MTEF (2000-2002)

General Overview

2. Under the MTEF for 2000-2002, total resources for the three year period amounts to ₪24,867.7 billion. Of this, ₪8,633.1 billion is earmarked for 2000, while are programmed for 2001 and 2002, respectively. Total statutory obligations are ₪3,314.3 billion for 2000 with ₪3,065.9 billion and ₪2,922.9 billion estimated for 2001 and 2002, respectively. Discretionary expenditures for the medium term amount to ₪15,564.5 billion, out of which ₪5,318.8 billion is budgeted for 2000, with indicative allocations for 2001 and 2002 being ₪5,324.2 billion and ₪4,921.5 billion, respectively.
3. Over the medium term, statutory payments are projected to go down from ₪3,314.3 billion in 2000 to ₪2,922.9 billion in 2002. This is the result of expected declines in amortization and interest payments on external debts, as the structure of debt stock changes towards long term debt.
4. Total discretionary expenditures are also projected to decline as foreign inflows for the financing of investment activities are expected to go down considerably.
5. The District Assemblies Common Fund (DACF) is expected to rise from ₪211.5 billion in 2000 to ₪273.5 billion in 2002.
6. Total receipts over the medium term are projected to decline from ₪8,633.1 billion in 2000 to ₪7,844.4 billion in 2002. Net domestic financing is projected to decline from ₪548.0 billion in 2000 to ₪251.8 billion in 2002. Project loans are expected to fall from ₪1,322.5 billion in 2000 to ₪639.1 billion in 2002. Similarly, programme loans are also projected to fall from ₪694.8 billion in 2000 to ₪347.0 billion in 2002, with total grants projected to decline from ₪961.6 billion in 2000 to ₪487.4 billion in 2002.
7. Even though total receipts are programmed to decline over the 3-year period, total revenue which marks purely domestic effort at resource mobilization, is projected to rise by about 29 per cent from ₪4,649.4 billion in 2000 to ₪5,999.1 billion in 2002.
8. Total tax revenue is projected to rise from ₪4,229.4 billion in 2000 to ₪5,470.1 billion in 2002, while non-tax revenue is programmed to increase from ₪420.0 billion in 2000 to ₪529.0 billion in 2002.

Receipts and Payments Estimates for 2000

9. In line with the overall macro-economic targets for 2000, receipts are projected at ₪8,633.1 billion. This is made up of tax revenue of ₪4,299.4 billion, non-tax revenue of ₪961.6 billion and divestiture receipts of ₪456.8 billion. Project and

- programme loans are projected at ¢1,322.5 billion and ¢694.8 billion, respectively. Net domestic financing of the budget is estimated at ¢548 billion.
10. Total payments for 2000 are estimated at ¢8,633.1 billion. Out of this, statutory payments are estimated at ¢3,314.3 billion, while discretionary payments are programmed at ¢5,318.8 billion.
 11. Interest payments are projected at ¢1389 billion, out of which ¢911 billion is for domestic interest payments. An amount of ¢161.8 billion has been provided for transfers to households, namely pensions and gratuities.
 12. It is estimated that an amount of ¢303 billion will be transferred into the Road Fund, while ¢200 billion which will be generated through additional VAT receipts is expected to be transferred into an Education Trust Fund.
 13. Personal emoluments (including Government contributions to SSNIT on behalf of its workers) are estimated to rise from ¢1,516.3 billion in 1999 to ¢1,722 billion in 2000, while the District Assemblies Common Fund (DACF) is projected at ¢211.5 billion. Investment expenditure for 2000 is estimated at ¢2,654.8 billion, of which domestic financed investment expenditure is ¢631.4 billion.
 14. For the five activity sectors classified under the MTEF, discretionary expenditures over the medium term are as follows:
 - Administration (31.41 per cent);
 - Economic services (11.04 per cent);
 - Infrastructure (18.43 per cent);
 - Social services (28.59 per cent); and
 - Public safety (9.96 per cent).
1. In addition, an amount equivalent to 0.57 per cent of total discretionary expenditure has been earmarked for contingency.
 2. The 2000 expenditure profile for these sectors is as follows:
 - Administration (38.16 per cent);
 - Economic service (11.89 per cent);
 - Infrastructure (12.21 per cent);
 - Social services (27.75 per cent);
 - Public safety (9.65 per cent); and
 - Contingency (0.36 per cent).

Monetary Outlook

1. Government's monetary policy objective will continue to be price stability. A stable price level would allow resources to be allocated more efficiently, encourage savings and investments and thereby enhance the environment for sustained economic growth. Accordingly, the primary objective for monetary

policy in year 2000 will be to achieve an end period inflation rate of 12.5 per cent. Consistent with this objective, monetary growth has been targeted at 16 per cent for the year. Towards this end, Bank of Ghana will continue with its tight monetary policy stance, emphasising intensive use of Open Market Operations (OMO), REPOs, swaps and interest rate policy.

Balance of Payments Outlook

2. Mr. Speaker, the thrust of external sector policy in the medium term will continue to be the accumulation of external reserves. However, given the adverse effects of falling world prices for the country's major export commodities, it is estimated that the overall balance of payments will be zero in year 2000.
3. Balance of payments projections for year 2000 show that exports will increase by 1.2 per cent to US\$2,056 million. The value of cocoa exports is expected to decrease by 20.0 per cent to US\$435.0 million as a result of projected decrease in average price. However, gold exports are projected to increase by 4.0 per cent in 2000, on the basis of a projected recovery in price.
4. Receipts from timber exports are projected to increase on account of expected increases in both volume and price for the year 2000. Receipts from timber exports are projected at US\$201.0 million, US\$27.0 million higher than the 1999 level.
5. The contribution of other exports including non-traditional exports in total export receipts for the year 2000 is expected to be US\$682.0 million, an increase of US\$77 million over the 1999 provisional output.
6. The current account balance (excluding official transfers) is projected at a deficit of US\$684.0 million (10.7 per cent of GDP). Including official transfers, this deficit will reduce to US\$379.0 million (5.9 per cent of GDP).
7. Net capital inflows are expected to amount to US\$379.0 million, of which official capital is projected at US\$264.0 million, a net private capital inflow of US\$100.0 million, and short term capital of US\$15 million.

External Debt Prospects

8. Ghana's total outstanding debt is estimated to decrease to US\$5.5 billion in 2000 and to remain approximately at this level through 2002.

151. The policy of limiting recourse to non-concessionary borrowing will continue to be pursued.

**SECTORAL RESOURCE ALLOCATIONS UNDER THE MEDIUM
TERM EXPENDITURE FRAMEWORK: 2000-2002**

INTRODUCTION

152. As a result of the MTEF format, the bulk of the sectoral resource allowances for the year was pre-determined in 1999 when indicative sector figures for 2000 were given. Indeed most of the sector investment activities for the year will be a continuation of last year's programmes. It will therefore be necessary to have the 1999 budget as a frame of reference in analyzing the sector allocations for 2000.

153. In order to be faithful to the MTEF budgeting arrangements, the sector allocations have not differed significantly from the indicative figures given in last year's budget. It is true that in nominal terms, there are deviations, but these deviations in real terms are not significant.

154. Cognisant also of H.E the President's Sessional address, the sector allocations have been made in such a way as to take on board all the projects and activities referred to in that address. They will therefore not be repeated in this Budget Statement. Routine activities of the various sector Ministries will also not be commented upon.

ADMINISTRATION

Ministry of Finance

155. In order to achieve the objectives of the Ministry, a total provision of ₦419.8 billion has been programmed for the ministry, its departments and agencies for the medium term. A provision of ₦132.8 billion has been made for 2000, while indicative amounts of ₦133.1 billion and ₦153.9 billion have been allocated for years 2001 and 2002, respectively.

156. To ensure smooth execution of the National Population and Housing Census for year 2000, an amount of ₦26.8 billion has been provided.

157. The VAT Service will open additional offices, recruit and train staff, purchase vehicles and equipment to support control and verification activities.

158. Specific projects targeted for completion by CEPS within the year include the continuation of rehabilitation and construction works on staff houses and offices at Donkorkrom, Paga, Kulugugu, Sampa, Kpetoe, Asikuma, Kpoglo, Half Assini and Kumasi. The Tema long room will also be rehabilitated.

159. Work will be completed this year on the four-storey Financial Information Centre building, to enable the hardware and the software for the BPEMS to be installed by year 2001.

160. The details in expenditure classification required under the MTEF necessitated the introduction of a new Chart of Account based on a 15 digit code instead of the 9 digit code of the previous Chart of Account.
161. The Controller and Accountant-General's Department has completed the development and installation of the new system and has began publication of the monthly financial statement. The backlog in the publication of these statements will be completed by June this year.

Ministry of Local Government and Rural Development

162. The Ministry has been allocated total amounts of ₵222.2 billion, ₵209.9 billion and ₵160.5 billion for years 2000, 20001 and 20002, respectively. Out of the total allocation of ₵222.2 billion programmed for 2000, an amount of ₵139 billion is expected as donor inflow.
163. Town roads, markets and drains will continue to be upgraded under the Urban community upgrading and development programmes in the five metropolitan/municipal areas and 12 selected urban settlements. The implementation of the Urban V Project to improve upon urban infrastructure in an additional 25 medium-sized towns will commence in July 2000.
164. The programme of support to selected district capitals will be continued in 2000. Ten secondary towns in the Ashanti and Brong Ahafo Regions will benefit from the provision of socio-economic infrastructure under the Promotion of District Capitals II Project.
165. The Department of Community Development will continue its programme of facilitating the entry of women groups into small-scale commercial/artisanal and entrepreneurial ventures. Up to 1800 women will receive vocational training and a further 1200 women groups will be equipped with skills to enhance their economic opportunities.
166. Work on the establishment of a 50-acre scientific medicinal farm will continue at Aburi as part of the sector's programme of conserving and protecting the nation's genetic plant resources Support to the commercialisation and export of horticultural products will be increased for private sector participation in horticultural development.
167. Preparations towards the establishment of a Community Population Register System in the 16,000 units throughout the country by March 2002, will continue. Registration coverage for births and deaths will also be increased from 58.3 per cent and 25.3 per cent to 80 per cent and 35 per cent, respectively, by 2001.

Ministry of Foreign Affairs

168. The Ministry has been allocated an amount of ₵97.6 billion for this year. Indicative allocations for years 2001 and 2002 are ₵92.2 billion and ₵92.2 billion respectively.

169. A total of ₵11.4 billion has been allocated to carry out programmes and activities at the Ministry's headquarters for the coordination of Ghana's Missions worldwide.
170. A further allocation of ₵40.2 billion has been made for Large Missions such as Abidjan, London, Tokyo, Moscow and Washington D.C. among others.
171. Small African Missions have been allocated a total amount of ₵17.1 billion while the rest of Ghana's Missions which fall under the title of Other Missions have also been allocated ₵28.9 billion for the year.
172. An amount of ₵500.00 million has been allocated for the completion of work on LECIA's Building Complex at Legon.
173. The Ministry will also carry out some renovation works on the following mission buildings: Cairo, Windhoek, Berne, Brussels, London, Riyadh, Ottawa, Tel-Aviv, Beijing, Abuja, Freetown, Cotonou, Lome, Copenhagen, Belgrade, Brasilia, The Hague and Havana.

Office of Parliament

174. The office Parliament has been allocated a total amount of ₵91.3 billion for its activities, ₵75 billion of which is for the completion of the State House Complex (Job 600) to be used as offices, committee rooms and a library for both Members and staff.
175. The Office is in the process of commercialising the Hansard Department to enable it provide a wider coverage on parliamentary proceedings. To this end, the office intends to procure two (2) risograph machines to enable it produce the Hansard on a large scale.

Electoral Commission

176. In order to carry out its programmes and activities in the medium term, the Electoral Commission has been allocated ₵37.1 billion, ₵35.0 billion and ₵19.8 billion for the years 2000, 2001 and 2002, respectively.
177. This year's allocation includes the ₵23.5 billion required for the presidential and parliamentary elections, which also covers the revision of the voter's register.

ECONOMIC SERVICES

Ministry of Food and Agriculture

178. During the year, the Ministry will continue its traditional activities of promoting and providing technical, technological and other public sector interventions aimed at improving and diversifying food and agricultural production, processing and marketing for the domestic and export markets.

179. In pursuit of these objectives, the Ministry has been allocated an amount of ₵174.9 billion in the 2000 Budget. In order to accelerate the rate of agricultural production, a number of short term interventions to assist the private sector are to be carried out by the Ministry during the year. These include a US\$50.2 million loan facility to be channelled through the Agricultural Development Bank to the private sector. In addition, an amount of ₵15 billion will also be provided to finance the Ministry's programme in support of the private sector.
180. Key research areas and major activities to be promoted include the following:
- Expansion of the production of foundation seed and promotion of partnership with the private sector to establish a more viable Seed and Planting material production unit to provide the needed quality seed and planting materials for expanded agricultural production. Special focus will be placed on rice and plantain production;
 - Promotion of at least 6 private sector plantations for the production of plantain and bananas on about 500 hectares in selected zones in the Brong Ahafo, Ashanti, Central, Eastern, Western and Volta regions, especially around the Volt lake; and
 - Selection of a number of well-established non-traditional exports, including pineapple, pawpaw, french beans and chilli pepper for support.
153. With regard to the livestock sub-sector, a number of private livestock fattening and dairy production centres will be established in selected localities. It is envisaged that in the first year of this pilot programme a total of 1,750 cattle, 10,500 sheep, 10,500 goats and 8,640 pigs, will be raised at a total cost of about ₵5.5 billion.
154. Scientific fisheries research results will be made available to fish farmers. Twenty-one hatcheries and fish ponds will be supported to produce 40 to 50 tonnes of fish per year.
155. As part of its Farm Support Services the Agricultural Mechanisation sub-sector will assist the private sector establish six (6) mechanisation and input centres at Wa, Tamale, Techiman, Ejura/Atebubu, Donkorkrom and Akuse/Kpong to facilitate mechanised farming in these areas. These centres when established, will provide our farmers with modern farming techniques.
156. As part of its extension services, a number of private farm services companies will be assisted to help in the management of cocoa farms through the provision of spraying, brushing, pruning and mistle-toe control services to farmers.
157. Necessary marketing avenues will be created to absorb the anticipated increased output from these interventions by opening wholesaling outlets to farmers. The traditional outlets will be assisted for better performance and will be complemented by better organisation of marketing co-operatives for various crops. Consideration will also be given to the streamlining of the export of the specified non-traditional crops to create better and stronger bargaining positions for exporters.

158. Post-harvest losses of food crops in the country have been estimated at between 25-30 per cent of total production in the past. Considering the effect of this situation on national and household food security, post harvest management interventions have been undertaken by the Ministry, thus reducing losses to between 10 and 15 per cent currently.
159. To consolidate the gains made so far, the following activities have been scheduled for this year:
- The national tracking network which monitors the spread and the increase or decrease of the Larger Grain Bore (LGB), the devastating insect pest of stored maize and cassava, will be revived at all the tracking sites in the country.
 - Three hundred demonstration cribs and patios will be constructed in the Brong Ahafo, Ashanti, Eastern and Central Regions to provide on-farm drying which is the key to successful storage of grains (maize).
 - The Ministry will also undertake on-farm trials in all the regions on solar disinfestation of the cowpea weevil from the cowpea.
 - Ten (10) local artisans from Greater Accra and Ashanti Regions will be trained to fabricate processing equipment to help reduce post harvest losses.

Ministry of Lands and Forestry

153. A total allocation of ₵193.02 billion over the three-year period of 2000-2002 has been made to enable the Ministry of lands and Forestry to achieve its objectives. For 2000, ₵69.2 billion has been provided while indicative amounts of ₵65.4 billion and ₵58.4 billion have been made for 2001 and 2002, respectively.
154. Activities for 2000 will include:

- Preparation of a National Land-use Plan;
- Initiation of the use of negotiable land bonds as an option for financing timely government acquisition;
- Speeding up of title registration to cover all interests in land throughout the country and phasing out of the deeds registry;
- Initiation of action to set up 'One Stop Shop' offices for land related departments of the ministry in some regions;
- Encouraging community forest reserves and wildlife sanctuaries.

Ministry of Mines and Energy

153. The total medium term (2000-20002) expenditure for the sector has been put at ₵237.9 billion for year 2000; ₵224.7 billion for 2001 and ₵154.4 billion for year 2002.

154. During the fiscal year 2000 the total projected expenditure of ₵237.9 billion is made up of ₵178.2 billion from donor inflows, and ₵59.6 billion from domestic development expenditure and other internally generated funds.
155. With the enabling environment created by Government for the private sector to play the lead role in the mines and energy sector, private entrepreneurs will continue to propel the development of the mining sector.
156. Airborne geophysical surveys will be intensified by the Geological Surveys to ensure that the mineral resources of the country are effectively and efficiently explored and exploited. In addition, old geological maps will be digitised and upgraded while seismic monitoring activities will be intensified. The total amount estimated for MDAs in the mining sector activities is ₵27.0 billion.
157. Government will pursue its policy of ensuring availability of adequate power to Ghanaian industries and households. In this connection adequate provision and appropriate arrangement have been made to fund all the electrification projects announced in the President's Sessional Address.
158. In the area of renewable energy the Government will continue its solar electrification project for homes to cover about 20 communities in the Upper East and Volta Regions. Existing biogas prototypes will continue to be monitored.
159. Government will continue to facilitate the private sector financing of the Buipe to Bolgatanga petroleum pipeline and the single buoy mooring facility at Tema for crude oil off loading.
160. The progress made in setting up the institutional and legal framework for the realisation of the West African Gas Pipeline Project in 1999 will be sustained. The Inter-Governmental Agreement will be signed shortly to enable a consortium of investors to mobilize private and public sector financing. The project is estimated at US\$821 million and is expected to be completed by July 2002.

Ministry of Trade and Industry

161. For the Trade and Industry sector to play its defined role in this era of globalisation and trade liberalisation, there is the urgent need to resource the productive sectors that will enhance the development and growth of alternative products so as to diversify the economy.
162. A total amount of ₵71.88 billion has been allocated to this Ministry to carry out its projects and programmes. This amount is made up of ₵19.77 billion from Government sources and ₵52.11 billion from donor sources.
163. The following programmes will be pursued in 2000:

- Assistance to Small and Medium-Scale Enterprises engaged in textile, wood, agro processing and packaging sub sectors to produce quality products in accordance with international standards;
- Participation in Destination Inspection Scheme (DIS) to ensure that imported goods are of acceptable quality, especially, with regard to those which impact on health and safety of the consumer;
- Ensuring accessibility to credit and markets for Small and Medium Enterprises (SMEs);
- Mounting of solo fairs and encouraging participation in trade fairs and exhibitions by companies in the export sector;
- Completion of the first phase of the Export Processing Zone (EPZ) terrace factories;
- Investment drives in targeted regions in pursuit of the Gateway Project; and
- Establishment of a project to address the weak supply base for non-traditional exports through the creation of Export Production Villages in Bongo, Afram Plains, Juabeso-Bia, Dangme West and for the Accra Metropolitan Area.

153. To enhance entry into targeted markets, the Ghana Export Promotion Council will:

- Organise solo exhibitions in selected ECOWAS countries for the promotion of exports into the sub-regional markets;
- Intensify its Export School operations to help expand and improve further the awareness and export skills of private sector operators;
- Continue the process of establishing a Trade Point which will provide private sector exporters and other stakeholders with a modern source of trade information linked to world markets through the Internet and
- Promote the establishment of additional Export Production Villages as a strategy for addressing the weak export supply base and contribute to poverty reduction in deprived communities.

153. The National Board for Small Scale Industries will:

- Focus on the development of the entrepreneurial, managerial and technical skills of MSEs to sharpen their competitiveness and raise their market readiness; and
- Improve MSE's access to formal credit, with special attention focused on women-owned enterprises.

153. The Ghana Standards Board will:

- Use the Destination Inspection Scheme to intensify its enforcement of standards to ensure that imported goods are of acceptable quality with respect to the protection of the safety and health of consumers; and

- Pursue the installation of ISO 9000 Quality Management Systems in various industries.

153. The Ghana Free Zones Board will:

- Encourage partnerships between local and foreign investors in the zones' activities;
- Endeavour to stop any leakages from the zones to the domestic market and facilitate activities between zone investors and domestic suppliers to promote long term sustainable linkages; and
- Strengthen the Board's capacity to carry out strategies especially, its ability to supervise zone activities effectively and to be able to acquire land for investors.

Ministry of Tourism

153. The focus for the medium term will be on the implementation of the 15-years National Tourism Development Plan in collaboration with identified stakeholders comprising public and private sector institutions, donor agencies, communities and non-governmental organisations. Infrastructure and superstructure investments will be embarked upon with emphasis on historical heritage, cultural, ecological recreational and conference tourism. In addition, ten pre-feasibility studies for community based projects will be implemented as pilot projects with a view to generating more employment and income as a means of addressing the issue of poverty in the local communities where tourist attractions are mainly located.

154. For the realisation of the sector's objectives in the medium term, a provision of ₵19.8 billion has been made. For the year 2000, an amount of ₵5.8 billion has been provided while indicative amounts of ₵6.5 billion and ₵7.5 billion have been allocated for the year 2001 and 2002, respectively.

155. In line with the Ministry's objectives, the following programmes and activities will be funded:

- Sustained and planned strategic marketing of Ghana as a competitive destination will be intensified. Ghana will participate in four main international tourism fairs and exhibitions, with more involvement from the private sector;
- The Slave Route Project which will involve the identification, restoration and promotion of all the places, buildings and physical symbols that have direct bearing on the Trans-Atlantic Slave Trade.

153. Other programmes to be pursued will include the celebration of Emancipation Day and the organisation of public awareness programmes on tourism.

Ministry of Environment, Science and Technology

154. For the year 2000, conserving the environment will continue to be paramount in the Ministry's objectives.
155. For the achievement of its objectives, an amount of ¢241.1 billion has been made available in the medium term (2000-2002), out of which ¢72.5 billion is expected to fund programmes planned for the year.
156. A greenbelt zone which has been in the pipeline for some time will be created around the Accra-Tema conurbation.
157. The Ghana Atomic Energy Commission will collaborate with the Council for Scientific and Industrial Research (CSIR) to promote the development and use of biotechnology in the country. The Commission will also continue supporting the Radiotherapy Centre located at Korle-Bu. It is expected that the other Radiotherapy Centre in Kumasi will be completed by the end of the year.
158. Under the Private Sector Development Project (PSDP), three (3) industry-based Institutes of the Council are being supported to build their capacities to commercialize their research results.

INFRASTRUCTURE

Ministry of Roads and Transport

159. The Ministry of Roads and Transport has been allocated an amount of ¢724.5 billion in 2000, ¢793.8 billion in 2001 and ¢917.8 billion in 2002.
160. A total amount of ¢303 billion out of the Road Fund is proposed to be spent on maintenance works. The Ghana Highways Authority (GHA) is programmed to spend ¢175 billion to maintain trunk roads, while the Department of Feeder Roads (DFR) will spend ¢120 billion for proposed work on the feeder roads network. The Department of Urban Roads (DUR) is expected to spend ¢76 billion on maintenance of urban roads.
161. These allocations will be used to fund the maintenance, rehabilitation and construction of the various road and bridge projects mentioned in the President's Sessional address.
162. The Department of Urban Road will undertake the following rehabilitation works this year:
 - i. Sekondi - Inchaban Road (6.3 km);
 - ii. Adiembra Road with a bridge over the railway line, through Sekondi Central to Takoradi (4.8 km);
 - iii. Africana road from the Central Business District of Takoradi to the Harbour (1.8 km);

- iv. Ashaiman Road between Ashaiman and Tema including widening of the underpass under the motorway (2.4 km);
 - v. Tema Manhean Road from the city through the fishing harbour to the new township (3.3 km); and
 - vi. Valco road from Akosombo road in Tema through the industrial area (1.5 km);
153. Other major road projects not mentioned in the Sessional Address but which will also be continued this year include the following:
- i. Takoradi-Agona junction (63km);
 - ii. Kumasi-Kintampo (180km);
 - iii. Phase II of Jasikan-Yendi;
 - iv. Bamboi-Bole;
 - v. Asankragwa-Enchi;
153. Detailed designs of the Tema-Aflao (166 km) road have been completed, and the Tema-Sogakope section is being processed for tender this year.
154. The tolling system introduced on the Kumasi-Mampong-Ejura and Kumasi-Sunyani roads both as revenue and cost recovery measures to aid their maintenance will be extended in the course of the year to the Kumasi-Dormaa Ahenkro, Kintampo-Tamale, Tamale-Paga and Tema-Akosombo roads.
155. A total of 28 bridges are expected to be constructed this year. They include the 9 bridges announced by the President in his Sessional Address.
156. The Gbefi Bridge over the River Dayi to link Hohoe and Kpandu will be rehabilitated. The construction of Mishio Bridge to link the "overseas" areas of the West Mamprusi District to the rest of the Northern Region will begin this year.
157. The provision of basic infrastructural services for the Airport City will be completed for the main constructional works by the private sector to commence. The phase 2 of the rehabilitation of Kotoka International Airport (KIA) will continue with the extension of the runway and improvement of terminal facilities.

Ministry of Works and Housing

158. An amount of ₵228.0 billion has been allocated to enable the Ministry to continue with its projects and programmes during the year.
159. Work will continue on the Korle Lagoon Ecological Restoration Projects, the Keta Sea Defence Project as well as the coastal protection and drainage projects contained in the Sessional Address.
160. Adequate provision has been made for all the key programmes in the water sector planned for execution during the year including all the major water supply systems specifically mentioned in the President's Sessional Address.
161. In order to sustain the maintenance of rural water and sanitation facilities, the training of 2,000 caretakers, 400 area mechanics and 100 artisans to manage rural water and sanitation facilities will be carried out during the year.

SOCIAL SERVICES

Ministry of Education

162. A total amount of ₵1,032.9 billion made up of ₵970.7 billion from Government of Ghana and ₵62.3 billion from donor sources has been allocated to the Ministry of Education for this year.
163. The National Education Forum, which was held last November, reached major conclusions and made a number of recommendations on funding of Education. Government will lend its full support to the implementation of the proposals which include the establishment of an education trust fund after Parliament has given legislative approval to the proposals.

The implementation of FCUBE will be accelerated with improvement in the supply of textbooks and supplementary readers. Greater attention will be paid to supervision, and management as well as the training of teachers. The details are contained in the President's Sessional Address. Over ₵85 billion has been provided for this purpose.

164. The Government will continue to pursue programmes to improve the efficiency of educational management. A provision of ₵2.0 billion has been made in the 2000 budget to carry out training programmes in school management, supervision and training of Headteachers at basic schools, Heads of Second Cycle institutions including teacher training colleges, as well as Circuit Supervisors, Planning and Budget officers in the Regional and District offices of Education as well as Headquarters staff.
165. An amount of ₵30.2 billion has been allocated to improve and expand the existing Senior Secondary Schools particularly those in the rural communities.
166. The 20 Vocational and Technical Resource Centres (VOTEC) project and the project for the rehabilitation of the Teacher Training Colleges, both announced in the Sessional Address, have been provided for in the budget.
167. ₵130 million has been provided for the National Girls Education Week and the Science, Technology and Mathematics Education (STME) clinic for girls.
168. A total budgetary provision of ₵700 million has been made this year to provide infrastructural facilities for the Wa and Bolgatanga Polytechnics which are programmed to take off this year, while ₵600 million has been earmarked for the continuation of the Teacher Incentive Scheme.
169. Activities in respect of School Health and Guidance and Counselling programmes will be intensified. The youth, particularly pupils/students will be sensitised about the dangers of drugs, alcohol, smoking and Sexually Transmitted

Diseased (STD) e.g. HIV/AIDS. An amount of ₵353.5 million has been budgeted for this programme.

170. Negotiations between private sector and the Universities and Polytechnics are far advanced for the provision of hostel facilities for tertiary institutions. Four (4) blocks of flats with associated infrastructure and external works to accommodate 600 students will be constructed initially at Legon. Similar facilities will be provided for the other Universities.
171. Constructional Work on the Clinical Students Hostel at Komfo Anokye Teaching Hospital will be completed during the year to enable the School of Medical Sciences, Kwame Nkrumah University of Science and Technology increase its total enrollment from 593 to 700 students as from the 2000/2001 academic year.
172. An amount of ₵3 billion has been allocated for the continuation of work on the Faculty of Law building complex at the University of Ghana, Legon.
173. The Distance Education Programme will be expanded to support teacher Education. A total budgetary allocation of ₵700 million has been earmarked for Distance Education. Phase II of the National Functional Literacy Programme will begin this year.

Ministry of Health

174. The total provision made for the ministry of Health is ₵320.1 billion for this year, ₵400.6 billion for 2001 and ₵463.1 billion for 2002.
175. As His Excellency the President stated in his Sessional address, Government will continue to expand coverage and improve quality of services through continued development of health infrastructure.
176. Government plans to increase budgetary allocation progressively to 12 per cent of total expenditure by the year 2001. This specifically relates to the increase of non-wage recurrent budget allocation. The donor community has also pledged to increase aid from US\$25 million to US\$40 million by the year 2001 to be disbursed mainly through the health fund, which pools donor funds in support of agreed programme of work.
177. Works on the following projects will be undertaken:
 - Commencement of the construction of 26 new health centres, nationwide;
 - Major refurbishment of the Bolgatanga Hospital;
 - The upgrading of the Tamale hospital; and
 - Completion of the Sunyani regional hospital;
153. The Community Based Health Delivery Scheme developed in Navrongo will be scaled up as a means of improving coverage of basic operating the scheme

- this year. The Community Based Surveillance System will continue to be expanded and actively supported.
154. For disease control, in addition to those announced by the President in his sessional address, two new initiatives have been introduced which will positively affect the health of Ghanaians, especially children. These are the Roll Back Malaria (RBM) and the Integrated Management of Childhood Illnesses (IMCI), which also cover diarrhoea, respiratory infections, measles and malnutrition.
155. Health education activities will assume particular importance this year especially, the focus on HIV/AIDS, and ensure that the high awareness is translated into equally high safe sexual habits.
156. The Specialist Outreach Services will continue to be strengthened and ways of improving the scheme including decentralized management will be explored. To make the scheme demand-driven, regions will increasingly plan for and support specialists travelling to work in their hospitals. The scheme will be modified to enable the specialists stay out for much longer periods for service and training of local staff. By this strategy, all regions and in particular the northern sector will be fully covered in the four specialist areas of Internal Medicine, Paediatrics, Obstetrics and Gynaecology and General Surgery.
157. Quality of care will continue to receive attention through regular and structured clinical care supervision, improvement in drug and equipment supply and rehabilitation of existing structures.
158. This year, Government has allocated ₵10 billion in the MOH budget to continue with the implementation of the policy of free medical attention for pregnant women, the aged, infants and others suffering from specified ailments. The guidelines for the implementation of this policy are being reviewed to streamline and improve on its implementation.

Ministry of Youth and Sports

159. For the year 2000, total budgetary allocations amounting to ₵32.5 billion have been made to the ministry out of which ₵1.5 billion have been made for the routine maintenance of the Accra and Kumasi Sports Stadia.
160. A budgetary allocation of ₵15.3 billion has been made to cater for the hosting of the on-going CAN 2000 as well as the payment for the rehabilitation works at the two stadia.

Ministry of Employment and Social Welfare

161. An amount of ₵17.2 billion has been provided to enable the Ministry of Employment and Social Welfare carry out its activities. Of this amount, ₵2.5 billion has been earmarked for investment activities.
162. The Ministry plans to undertake the training of 100 graduates as a result of the success of the pilot Graduate Entrepreneurship Training programme carried out last year.

163. To increase intake in the various vocational institutions throughout the country, an amount of ₵800 million has been provided as matching funds to donor support.
164. The utilization of this facility will lead to the achievement of the 100 per cent increase in intake targeted at the inception of the project.
165. As directed by the President in the Sessional address, the Ministry will this year intensify its efforts at building, improving and sustaining a proactive industrial relations environment to foster bipartite and tripartite cooperation and collaboration. This will ensure that unilateral actions such as strikes or lackouts, tensions and agitations on the industrial front are reduced to the barest minimum.
166. As a follow-up to the tripartite consultative forum the Ministry will organise seminars workshops, educational and sensitization programmes for workers and investors especially those investors that are new and unfamiliar with the local culture and work environment.
167. An on-going educational campaign will be pursued to acquaint the stakeholder organisations and their rank and file membership on the concepts, philosophy and implementation schedules of the Medium to Long Term Public Sector Wages and Salaries Policy and the institutional arrangements that have been put in place to ensure its smooth implementation.

Ministry of Communications

168. The Ministry of Communications and its agencies have been allocated an amount of ₵32.2 billion for the year. Of this amount ₵4.1 billion has been earmarked for various investment programmes. In line with the Ministry's objective of strengthening institutional capacity for the promotion of ready access to news and information an amount of ₵289.1 million has been allocated under the main Ministry and Ghana News Agency (GHA) for the purchase of a main server for both Local and Wide Area Networks. An amount of ₵180 million has been allocated for the rehabilitation of GNA's Regional Offices in Bolgatanga, Tamale, Ho and Accra.
169. Government will continue to provide modern equipment for analysis of meteorological data and information, and also improve telecommunication facilities for effective and timely collection and dissemination of meteorological data. To this end, an amount of ₵188 million has been allocated for the purchase of equipment.
170. Modernization and restructuring of the Ghana Broadcasting Corporation (GBC) will commence this year. The programme which will lead to a restructuring of the organisation under the National Institutional Renewal Programme (NIRP) will also involve a modernization of GBC's facilities including the distribution of Ghana Television's signal by satellite to ensure 100 per cent coverage of the country with clear television signals.
171. As a step towards the upgrading of the Ghana Institute of Journalism (GIJ) and National Film and Television Institute (NAFTI) to degree awarding Institutes, amounts of ₵502.9 million and ₵600.00 million have been allocated to GIJ and

NAFTI for the completion of the students hostel and Studio Complex respectively.

PUBLIC SAFETY

Ministry of Interior

172. The major focus of the Ministry of Interior's programme for 2000 will be as follows:

- Adoption of a pro-active posture in the maintenance of law and order;
- Increased efficiency and quality of response to crisis situations;
- Continued training of staff and strengthening of institutions under the Ministry;
- Continued provision of logistics/equipment; and
- Continued rehabilitation of deteriorated buildings/facilities.

153. An amount of ₵126.3 billion representing 55.5 per cent of total planned expenditure of ₵227.6 billion for the Ministry this year has been allocated to the Ghana Police Service to enable it play its central role of maintenance of public safety in line with Government's commitment toward improving service delivery by the Police. The following activities will be undertaken;

- As in 1999, the Police Service will recruit and train a further 2,000 personnel to augment their current strength;
- As part of its programme to ensure adequate protection of life and property, the Police Service will take delivery of Patrol and Riot Control vehicles worth US\$16.5 million this year; and
- Vital crime detection equipment/logistics will also be provided to the Criminal Investigations Department (CID) in 2000. The CID will in addition be restructured and strengthened.

153. An amount of ₵5.5 billion has been allocated to the Police Service to renovate and complete facilities in various Police Stations and barracks across the country.

154. Amounts of ₵39.9 billion and ₵31.4 billion have been allocated to the Prisons Service and Fire Service respectively for the year. The Ghana National Fire Service will this year take delivery of fire fighting equipment worth about US\$23.0 million.

155. An amount of ₵19.9 billion has been allocated to the National Disaster Management Organization (NADMO) to strengthen disaster prevention and response mechanisms and provide relief to disaster victims. Training in disaster

prevention and containment measures will continue in various communities throughout the country.

Judicial Service

156. The budget outlays for the Judicial Service for the medium term is ₵35.4 billion for this year, ₵40.7 billion for 2001 and ₵43.4 billion for 2002.

157. The Service will undertake the following activities during the year:

- Construction of New Administration Block in Accra;
- Refurbishment of five High Court registries in Accra, Tema and Kumasi;
- Rehabilitation of the existing High
- Computerization of 14 High Court rooms in Accra, Tema and Kumasi;
- Establishment and equipping a pilot alternative dispute resolution training centre in Accra; and
- Establishment of 10 Community Tribunals and 5 specialized courts, to deal with issues relating to commerce, tax and land.

Ministry of Regional Co-operation and Integration

153. Mr. Speaker, as H.E the President announced in the Sessional Address, a new Ministry of Regional Economic Co-operation and Integration has been established to infuse a new dynamism into our regional integration efforts. An amount of ₵2 billion has been allocated to set up the new Ministry.

SECTION 5

POLICIES AND INITIATIVES FOR 2000

Agriculture

154. Mr. Speaker, the promotion of agriculture to ensure sustainable food security is a key policy in this budget. The activities of this sector, being predominantly private sector-led, will be enhanced by the streamlining of measures to ensure adequate financing of entrepreneurs in the sector through the banks, micro-finance institutions and other schemes in the short term. Government has in addition designed specific interventions to further support private sector participation in the following sub-sectors:

- mechanization services;
- cocoa services;
- livestock development;
- seed multiplication;
- plantain production;
- non-traditional exports;
- fisheries; and
- internal and external marketing of agricultural produce.

153. As stated by His Excellency, the President in his sessional address, a loan facility of US\$20.2 million from the African Development Bank and another US\$30.0 million from the Citibank of United States of America have been channelled through the Agricultural Development Bank to be lent to private sector participants in agricultural production and marketing on friendlier terms to execute already identified and prepared projects. This will be in addition to a total amount of ₡260 billion that the Agricultural Development Bank will extend to the agricultural sector in its normal operations in the year 2000.

154. In addition, Government will raise the level of public investment in agriculture with the view to providing the necessary infrastructure that will enhance production through the Agricultural Services Sector Investment Project (AgSSIP) as a long-term measure. This year, work will begin on small-scale irrigation schemes at 12 locations throughout the country at the cost of US\$10.3 million.

155. Storage of our agricultural produce during good harvests for eventual consumption in lean periods will continue to engage out priority attention in the policy framework this year. As stated earlier, Government has proposed a number of measures to be implemented from this year to reduce considerably the level of post harvest losses of our food crops and vegetables. In this regard the Agricultural Development Bank is providing a fund of ₡2.4 billion for post harvest activities including marketing and processing.

156. In order to support the local poultry industry against unfair competition, Government proposes that all veterinary drugs as well as ingredients for the manufacture of poultry feed be exempt from import duty.

Trade and Industrial Promotion

157. Government will deepen its initiatives and strategies to significantly diversify the economy from its reliance on three primary commodities namely, cocoa, gold and timber. The external shocks of the past year underscore the urgency of this policy direction. These new initiatives emphasise maximisation of value-added in domestic natural resource utilisation and expansion of industries with proven international competitiveness. In all cases, the creation of employment opportunities will be one of the central objectives of Government support. Government is also committed to supporting local industry through policies that will raise the competitiveness of local manufacturers. In pursuit of the above objectives, the initiatives to be adopted will include targeted tax

- concessions, modifications to the customs tariff regime, public sector procurement of locally manufactured goods, and support for sectors producing inputs for the local manufacturing sector. Government will lay before this House in the course of this meeting, a bill on the review of tariffs and other policy measures to make local companies more competitive as well as harmonize rates in the sub-region.
158. To encourage the patronage of locally manufactured goods, Government is taking steps to ensure that as far as practicable, Government procurement is effected from local industries. Directives to this effect have been issued to MDAs and the Ministries of Finance and Trade and Industry will enforce this directive.
159. Mr. Speaker, there are indications that some foreign companies are engaged in unfair trade practices that are undermining the competitive capacity of some Ghanaian manufactured products. Government has assessed the impact of these activities and will soon introduce legislation in the House not only to stop the practice but also to protect local industry.
160. Government is also undertaking a review of the whole system of exemptions and zero-rating. As part of the initial steps in implementing a reationalisation of this system, it has been decided that NGOs, which have not been specifically exempted by Parliament, should henceforth pay duty on their imports.
161. To support diversification of non-traditional exports as well as make local industries more competitive, the following additional measures will be under taken:
- Government will reassess the current levels of corporate tax rates with a view to providing necessary incentives to local manufacturers;
 - Alternative arrangements to the presentation of tax clearance certificates will be put in place by the IRS in order not to disadvantage local industry;
 - Government will strengthen the monitoring mechanisms of goods produced under the Free Zones programme, to ensure compliance with the law that provides that only a specified percentage of free zones goods may enter the domestic market
 - Government will continue its pursuit of appropriate macroeconomic policies to facilitate lowering of domestic interest rates thereby lowering financing costs to local manufacturers and expanding non-traditional exports.

Value Added Tax

153. As VAT enters the second year of operation, the focus of implementation will be to consolidate the gains made and institute new measures that will improve on the level of compliance, particularly, in the specific areas of registration of eligible businesses, diligent and consistent collection of VAT by registered traders and the promotion of efficiency and effectiveness in the administration of the tax. The VAT Service will therefore intensify monitoring

and surveillance to enhance compliance particularly in the retail and distributive trades.

154. As part of the process of consolidating VAT, the key parameters of the tax, particularly the coverage will be revised to enhance revenue yield.
155. In the course of the year, legislative action will be initiated to narrow the scope of exemptions and bring a lot more supplies into the scope of the tax as part of the measures to realise the projected enhancement in revenue yield.

Non-Tax Revenue

156. On revenue collection, the Ministry of Finance will make the release of funds to all MDAs which collect non-tax revenue conditional on the presentation of quarterly returns on fees and charges to the Ministry, and the transfer of same to the Consolidated Fund.

Financial Sector Policy

157. All Banks including those established since the freeze on the licensing of new banks was lifted, will be expected to meet internationally accepted accounting, auditing and financial standards, including those relating to capital adequacy and risk exposure as stipulated in our banking law. Consequently, the licenses of banks that do not meet the prescribed prudential requirements will be withdrawn.
158. Two new proposed laws: the Bills and Cheques bill and the Payment System bill to replace the current Bills of Exchange Act will be laid before Parliament this year. Other major changes expected this year include the establishment of a Real Time Gross Settlement System (RTGS) for high value interbank payments, and the introduction of a printer accreditation scheme for printers of cheques and other security instruments.
159. With regard to Non-Bank Financial Institutions (NBFIs), work is progressing towards the introduction of guidelines and prudential requirements to give effect to the Non-Bank Financial Institutions Act and ensure that all the affected institutions comply with the provisions of the law.
160. Government will introduce a bill this year that will allow the operation of pension schemes supplemental to the one being run by SSNIT. Such schemes will benefit from tax breaks, and the mobilized funds will be a source for term lending which is vital for the development of mortgage finance in particular, and industry in general.

Population and Housing Census

161. Mr. Speaker, the 2000 Population and Housing census will mark the beginning of a combined population and housing census in Ghana. March 26, 2000 has been designated as the census reference night and the enumeration will span three weeks. A provision of ₵26.8 billion, has been made for census activities this year. This is being supplemented by donor support.
162. Mr. Speaker, the Population and Housing census will provide the statistical information essential to governmental policy making, planning and administration. Information on the size, distribution and characteristics of the country's population is essential in providing the facts and figures required for the development of sound policies and programmes aimed at fostering socio-economic welfare of the people. This year's census will provide comparable basic statistics for the country as a whole and for each region, district and locality therein, thus management of national affairs.
163. Government is committed to ensuring that the census programme does not only become a success, given the immense benefits the nation stands to gain from it, but also gets the necessary support from every resident in Ghana.
164. A computerized Population Database Project, which will facilitate the provision of services by various agencies as well as help check fraud will be initiated this year.

Labour

165. Under the auspices of the tripartite committee, Government and its social partners have negotiated and reached an agreement on the reduction of taxes on workers' bonus and overtime earnings. To give effect to the agreements reached between the social partners, Government intends to lay an Income Tax (Amendment) bill for the consideration of the House to replace the existing sections of the Income Tax Decree 19975, (SMCD 5).

Local Government Policy

166. In furtherance of Government's Decentralization programme, the Ministry of local Government and Rural Development will in the course of the year pursue action on the promulgation of the law for the establishment of the Local Government Service. This is aimed at facilitating the process of integrating specified departments and their budgets into those of District Assemblies and Regional Co-ordinating Councils.
167. All over the world, property rates are the most lucrative source of revenue for local governments and contribute significantly to city and town improvements. Unfortunately, this has not been the case in this country. Most properties have either not been valued or revalued in the long time. Metropolitan/Municipal and District Assemblies appear unwilling or unable to collect the rates. Property

- owners are reluctant to pay. Yet the Assemblies are under constant pressure to provide more and better services.
168. At the core of this problem is the issue of house numbering which has been done so haphazardly that no efficient collection system can be organized.
169. Consequently, it has been decided that a national house numbering system involving all Assemblies will be embarked upon this year. A national property valuation exercise involving all Assemblies, the Land Valuation Board and private valuers will also be embarked upon. District Assemblies will be assisted with modern information technology systems to undertake this assignment and to devise effective collection mechanisms to reduce their growing over-dependence on Central Government funding.

Accra Redevelopment Scheme

170. As part of the renewal and regeneration of the metropolitan areas in Ghana, the on-going Accra redevelopment scheme designed to cover Ridge, Airport, Kanda Cantonments and other residential areas will take off this year. In addition to making more efficient use of these state lands, the first phase of the scheme is expected to yield about ₵60.0 billion.

Environment, Science and technology

171. A major policy initiative that Government intends to put in place this year relates to the commercialisation of the activities of science and technology institutions under the Ministry of Environment Science and Technology as a way of reducing their dependence on Government subvention.
172. The law establishing the Ghana Atomic Energy Commission is being reviewed to make it possible for the Commission to also engage in commercial activities.
173. The legal status of GRATIS is to be reviewed leading to the establishment of a Foundation which will be self-financing and relying less on government subvention.

Education

174. The proposed Educational Trust Fund will be funded mostly by an increase in the VAT rate by 2.5 per cent. A bill to this effect will be laid before the House for approval.
175. In addition, District Assemblies are to establish a District Education Support Fund for the implementation of a bursary/scholarship and loan scheme at the second cycle and tertiary levels.
176. To ensure the availability of qualified teachers in deprived areas, District Assemblies will be encouraged to sponsor candidates for admission into teacher training colleges who will be bonded to take up appointments within the sponsoring districts.

Poverty Reduction

177. Government will work to improve further on the decline in the incidence of poverty between 1992 and 1999 as reported under the fourth Ghana Living Standards Survey.
178. In this connection, Government policies and programmes in the 2000 budget are designed to reduce gender, urban-rural and other socio-economic and geographical imbalances while improving further the welfare of Ghanaians in general through a sustainable economic growth.
179. As part of the poverty reduction programme, Government has made a non-wage allocation of about ₵613 billion in the 2000 budget to provide basic services such as education, primary health care and safe drinking water as well as welfare services for vulnerable groups including people with disabilities. This is more than double the allocation for 1999.
180. In addition the District Assemblies will spend an estimated amount of ₵107 billion from the District Assemblies Common Fund to complement Government efforts in poverty reduction this year.

HIV-AIDS

181. Government will focus more attention on HIV/AIDS not only as a health problem but also as a social and economic problem. In this connection, Government is preparing a national policy on the management of HIV/AIDS. Government will appoint and strengthen a Co-ordinating Committee for the integration of the many HIV/AIDS related activities of the Ministries of Health, Education, Food and Agriculture, Employment and Social Welfare and Youth and Sports. Government will support particularly HIV/AIDS control activities under the Ghana School Health Education Programme in order to sensitise students to the dangers of HIV/AIDS.

Expenditure Control and Monitoring Measures

182. Mr. Speaker, we indicated in the 1998 Budget Statement, our determination to curb irregularities that have created problems for managing expenditures. In addition to the measures already taken the following measures will be implemented this year:
- The Controller and Accountant-General's Department and the Auditor-General's Department will intensify personnel audits to eliminate any remaining ghost names from Government payroll.
 - Government will ensure strict compliance with procedures set out for purchases by MDAs. Consequently, Government will not pay for any purchases made under expenditure items three and four for which no prior approval has been obtained from the Ministry of Finance.

- Similarly, Government will not accept to fund any international event for which no budgetary provision has been made and no prior approval obtained from Cabinet.
- With immediate effect, only persons of ministerial rank are to use cellular mobile phones as a matter of right at the expense of Government.
- Permission should be sought from the Chief of Staff, Office of the President, by all officials in Ministries Department and Agencies that subsist on the Consolidated Fund before travelling overseas to participate in conferences and seminars.
- To cut down expenditure on foreign conferences and seminars, Ghana's missions abroad should, as much as possible, be requested to send representatives to the conferences and seminars on behalf of the MDAs and reports submitted accordingly.

153. To curb the practice, whereby in the last quarter of the year, there is a rush to submit certificates to the Ministry for payment even when very little or no work has been done, the Project Monitoring Unit of the Ministry will be equipped to carry out verification of all such certificates in collaboration with the Serious Fraud Office before payment is effected.

Certificate for the Commencement of Work

154. The directive on the need to obtain a certificate for commencement of work before actual construction starts will be strictly enforced. Consequently, no payments will be effected for work done on any projects for which such a certificate has not been obtained from the Ministry of Finance. For avoidance of doubt, these certificates will be required for both on-going and new projects covered in the year 2000 budget and subsequent years.

155. Heads of MDAs are to ensure that fixed Assets Registers are maintained as a measure to improve the management of state resources and as required by law.

156. As part of measures to minimise fraud and defalcation of government funds, prosecution will now be an initial option in all cases of malfeasance revealed in the Auditor-General's report.

Communication Infrastructure for Security Agencies

157. It is proposed to integrate and modernize the existing communication infrastructure of the security agencies to replace the out-dated stand-alone system which are neither effective nor cost efficient. This new approach will ensure a more effective nation-wide network with the capacity to meet new challenges in maintaining law and order, in the fight against crime and to safeguard national security.

Other Measures

158. In order to support investment in tourism infrastructure, especially tourism accommodation plants, duties and VAT during construction periods would be deferred till completion.
159. In addition to projects being executed within the programmes of sector ministries, a number of initiatives and projects are being undertaken under the Ghana Trade and Investment Gateway Programme. Gateway projects that will take off this year include the construction of a devanning area in the Tema port area, studies leading to the extension and dredging of Quay 2 at the Tema Harbour, the installation of X-ray scanning and the Ghana Community Trade Network. All these activities when completed would enhance customs revenue generation and at the same time facilitate trade. Furthermore, work for the construction and extension of all the off-site infrastructural facilities including road, drainage, water supply and sewage, power and telephone to the Tema Free Zones Enclave will commence this fiscal year.

SECTION 6

CONCLUSION

160. Towards the end of last year, two events in this House gave indications of the areas of concern that we ought to address in presenting this year's Budget Statement and Financial Policy. As I stated earlier on, in October, 1999 my Deputy made a statement on the state of the economy. Following from that, the ranking member for Finance on the other side moved a motion calling for my resignation on account of alleged mismanagement of the economy. The ensuing debate alerted us to some concerns of Honourable Members that I have endeavoured to address in this Budget Statement. Other concerns especially of the minority parties were crystallized in the petition which they submitted to the Speaker of Parliament after their demonstration of 25th November, 1999 and included some legitimate demands such as the need for greater consultation and openness in the policy formulation and implementation process and an enhancement of Parliament's ability to monitor and supervise national economic management.
161. But the petition also contained demands, some clearly contradictory which, if acceded to, will compromise the integrity of any budget and make our efforts at prudent national economic management look derisory.
162. For example, while calling for an immediate withdrawal of increases in university academic user fees and an increase in hospital fees nation-wide, the petition also asks for a freeze on all lay-offs and redundancies in the public sector, a rejection of any increases in the VAT rate and a reduction in petroleum specific taxes.

163. In other words, Government is being asked to reduce its revenues but increase expenditures - a classic reversal of basic economic theory and prudent financial management.
164. What the petition is asking for simply cannot be done. It cannot even form the basis for any rational economy argument. Needless to say, there are other measures that have been canvassed by the minority from time to time which we acknowledge ought to be pursued in the effort to stabilize the economy and fulfill the expectations of our people.
165. First, they say that we ought to cut down on expenditure. Yes, but there is a limit to how far you can cut. What we all ought to do is to jointly identify genuine areas of waste or unnecessary expenditure and agree to eliminate and cut these, even if we as individuals or our constituencies are adversely affected. It is an exercise that must be carried out objectively and dispassionately, nay clinically, and that must not play to the gallery or seek to respond to populist sentiments about a one-time purchase of a state jet or the number of ministers in the system.
166. I propose that a bi-partisan committee of this House meet with officials of the ministry of Finance to undertake this assignment and make some proposals for the consideration of Government. Alternatively, I will implore the Parliamentary Select Committees, when considering the estimates of the various ministries, to strive hard to identify expenditures which can be legitimately cut instead of the ritualistic request, when presenting their reports for more allocations to be made to the ministries.
167. Second, they want us to plug all the revenue leakages. I have already dealt with the issue of exemptions in the course of my presentation. But there are still the issues of inefficiency in revenue collection and corruption and misappropriation of revenue collected. Government will not be averse to the setting up of a Parliamentary Oversight Committee on the performance of the revenue collecting agencies with special powers to deal with delinquent or corrupt officials. At the same time, Government is considering the establishment of a Special Task Force with specific terms of reference, a time-bound frame and an objective of plugging revenue loopholes. The report of such a Task Force would form the basis for long term solutions to the problem of revenue leakages.
168. Third, the opposition has urged us to implement the recommendations of the National Economic Forum. Indeed economic management since the forum has been guided by those recommendations. We were on track on the two major recommendations of the forum - the attainment of a single digit inflation and the achievement of a balanced budget by year 2001 - until the external upheavals of last year. We will nevertheless strive to implement those recommendations. What I wish to propose, however, is that we reconvene the National Economic Forum to give all of us a chance to revise those aspects of the recommendations which have lost their relevance because of changing circumstances.
169. Fourth, we are urged to aim at full employment. This is the joint responsibility of Government, the private sector and labour. Government, must provide the enabling environment, the private sector must take up the challenge, and labour practices must be such as not only to protect those already in

employment, and in this we have made some gains at the micro level. Initial returns indicate that only two projects, the Youth in Agriculture Project and the so-called Poverty Alleviation Fund have between them created about 20,000 jobs.

170. Fifth, it is important for us to "do something" about low income levels of workers and the growing incidence of poverty in Ghana. We have done something about the income levels of workers. The Ghana Universal Salary Structure, with all its initial problems, is a good beginning. We shall build upon that foundation. On poverty reduction, the Ghana Living Standards Survey IV has established that poverty levels dropped by 8.2 per cent between 1992 and 1999. We are not satisfied, hence the substantial support to poverty reduction programmes in the budget.

Ghana has also taken on board the IMF and the World Bank's new lending programme which seeks to replace the Enhanced Structural Adjustment Facility (ESAF) with a poverty-focused Poverty Reduction Strategy Programme (PRSP). H.E. the Vice President underscored this commitment at the Libreville, Gabon Conference of African Head of State where he stated that "the PRSP should become the single document on which all donors should focus and channel their assistance. There should be no conditionalities but where such conditionalities are necessary, they should derive from the benchmarks that are developed in the PRSP itself".

171. Sixth, the opposition say that we must invest more in education; In this budget, the allocation to education constitutes 29.5 per cent of the total expenditure from Government sources. We cannot significantly increase this allocation without starving other sectors which may be equally sensitive. Even within the education sector, the allocation between tertiary education with less than 5 per cent of the education population and second-cycle and basic education, the latter of which is constitutionally both compulsory and free, must be carefully balanced. The case for parents and students to contribute to the cost of tertiary education could not have been better made than by the constitution itself.

172. Seventh, they also say that we must invest more in health. That, however, does not and cannot necessarily mean that we ought to withdraw hospital fees nation-wide. It does mean, however, that we must allocate a significant proportion of the national budget to health. In this budget, 9.0 per cent of the expenditure of Government's resources has been allocated to the health sector. What we must realise, however, is that the investment in water, sanitation, social welfare and poverty reduction as well as other programmes are really all investments in health. The Health Insurance Scheme when it comes into operation will further improve access to, as well as reduce the cost of health care.

173. Eighth, the opposition say that we must tackle corruption. But you cannot fight corruption simply by talking about it. We must act against corruption. To be

effective against corruption, however, we must depoliticise the subject. The surest way of making people defensive about the subject of corruption is to create the impression that one group of people is corrupt and the other is saintly.

174. This year, we expect both the Serious Fraud Office (SFO) and the newly-created National Anti-Corruption Coalition to be more vigorous in their attack on corruption and be even-handed in their choice of targets. Budgetary support for their activities is guaranteed.
175. This is an election year, but the charge from H.E. the President is that we should not allow the elections to distract us from the work which lies ahead during the year. Indeed, we must resist the temptation to play political football with the economy in this election year. Populist demands, populist rhetoric, blackmail threats, wildcat strikes all combined to wreak havoc on the progress of our economic forward march during the two previous elections in 1992 and 1996. Already, we have seen signs of these.
176. Let us all take note, however, that when the economy goes off course in an election year, it takes years of belt-tightening and further harsh fiscal measures to bring it back on course. We must all undertake to put Ghana first even though it is an election year. Let us all accept that whatever damage may be done in this election year, the party that wins will find it difficult to repair it. Since each of our parties believes that it will win the elections, we owe it a collective responsibility to the people of Ghana to exercise discipline in our discussion and in our handling of the economy.
177. We as Government have pledged to fulfil the aspirations of the people who gave us their mandate. That is why I have presented this kind of budget, which I see as a "Budget of Fulfilment". All the ingredients to achieve this fulfillment are present in this budget. Our actions and reactions will determine whether we will succeed or not. I know that we can count on you.
178. Mr. Speaker, I beg to move.

