Republic of Ghana

THE BUDGET STATEMENT

AND

ECONOMIC POLICY

of the

GOVERNMENT OF GHANA

Presented to Parliament

On Friday, 5th February 1999

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On the Authority of

HIS EXCELLENCY FLT. LT. J.J. RAWLINGS

President of the Republic of Ghana

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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 year 1999 financial year.
2. As usual, the budget statement is guided by the framework provided by, and the issues raised in the President's sessional address.
3. This year's budget initiates a path-breaking approach to Government budgeting with respect to expenditure presentation in the form of a Medium Term Expenditure Framework (MTEF). This is a three-year rolling expenditure programme, starting in 1999, and covering the period 1999 - 2001 in the first instance. Under the original schedule, only three MDAs (Ministries, Departments and Agencies) were to be part of the first phase of the scheme this financial year. I am very happy to inform the House that due to the commitment and hardwork of officials of the Ministry of Finance and their counterparts in other Ministries, Departments and Agencies as well as members of the PUFMARP steering committee, we have been able to put all MDAs on the MTEF under the first phase. The second phase of the programme, which takes off next year, will cover the preparation of composite budgets that are in line with sectoral policy objectives by Regional and District Administrations.
4. The MTEF seeks to correct observed weaknesses in the preparation and execution of the national budget. The Framework which reinforces our tradition of broad-based budgeting is also intended to abolish the traditional split between recurrent and development expenditures. In addition, it covers the budgetary implications of the capital budget on recurrent expenditure, as well as re-classification of expenditures. The MTEF is one of the components of the Public Financial Management Reform Programme (PUFMARP).

5. The budget also provides for an increased attention to be paid to the need to address our shared concerns about the efficiency of the agencies in charge of public safety, particularly the Police Service, as well as maintains the priority of the social services sector.

SECTION 2

REVIEW OF THE DEVELOPMENTS IN 1999

Global Economic Situation

In 1998, the global financial crisis that originated from East Asia adversely impacted on many developing economies. The anatomy of the crisis was such that the per capita income growth in many of these economies turned negative and risk aversion was heightened in global financial markets. Among suggestions to mitigate the risks posed by large-scale private capital movements internationally, were the need for comprehensive policies including flexible macroeconomic policies, tighter financial regulations, appropriate restrictions on capital flows, and the use of robust safety nets. Internationally, Ghana continued to maintain a liberal trade and payments system. On the local front the El Nino condition precipitated a drought-related energy crisis, while the slow-down of world economic activity adversely affected world prices of two of our major exports, namely gold and timber.

Domestic Economic Situation

Macro-Economic Developments

The year 1998 witnessed the adoption by Government of far-reaching economic policy initiatives aimed at restoring macro-economic stability. These measures injected considerable resilience into the economy, enabling it to successfully withstand both the drought-related energy crisis during the first half of the year

and the adverse contagion effect of the Asian financial crisis. In the event, overall real growth of the economy remained reasonably strong; the inflation rate fell significantly; the budgetary outturn was broadly on track; interest rates on treasury bills and other borrowing moderate; the exchange rate of the cedi stabilised against the major international currencies; and the external reserves of the Bank of Ghana increased.

GDP - Overall Growth

1. Overall real GDP rose by 4.6 per cent one percentage point below the 5.6 per cent rate that was projected in the 1998 Budget Statement but later revised to 4.8 per cent on account of the energy crisis. The outturn though lower than the target rate for 1998 was still higher than the rate of 4.2 per cent recorded in 1997. The impact of the energy crisis on the economy was not as severe as anticipated because the agricultural sector with the largest sectoral weight in national output was largely unaffected. In addition, timely measures taken to insulate the bulk of industry and service sectors from the power outages also helped mitigate the impact of the crisis on the economy.
2. In terms of aggregate demand the growth of the economy was export-led. There was strong performance in the exports of cocoa, gold and non-traditional goods. The external resource gap declined slightly in relation to GDP, as the expansion in total exports more than offset a significant increase in imports.

Sectoral Performance

Agriculture

Provisional figures indicate that the broad agricultural sector grew by 5.3 per cent in 1998. This is considerably higher than the 4.3 per cent growth rate recorded in 1997. The cocoa sub-sector is estimated to have grown by 11.0 per cent while

the crops and livestock sub-sector grew by 3.2 per cent. The fisheries sub-sector also grew by 1.8 per cent and the sub-sector of forestry and logging grew by 22.1 per cent.

Industry

The industrial sector was adversely impacted by the energy crisis. Provisional figures indicate that growth in this sector was 2.5 per cent in 1998 compared with 6.4 per cent in 1997. The growth rate of the mining and quarrying sub-sector declined to 4 per cent from the 5.6 per cent level achieved in 1997 while output of electricity and water sub-sector is estimated to have declined by 10 per cent for the year as a whole. Resumption of activity in the manufacturing sub-sector in the second half of the year ensured a growth, rate of 3.0 per cent for the sub-sector while there was an improved growth in construction activity to 5.5 per cent from 4.4 per cent in 1997.

Services

Output of the services sector rose by 6.0 per cent, increasing its share in real GDP to 29.3 per cent. Although the energy crisis affected adversely some of its sub-sectors such as storage, other sub-sectors including finance, insurance, real estates, business services, private non-profit services and government services grew higher than in 1997.

Consumer Price Developments

1. A major development in the computation of consumer price indices in 1998 was the rebasing of the country's Consumer Price Index numbers by the Statistical Service. The old series which had been in use for about 20 years with 1977 as the base year has been replaced with September 1997

as the new base year. The estimated inflation since September 1998 has been based entirely on the new basket.

2. The downward trend in inflation, which characterised the whole of 1997, continued in 1998. However, the deceleration in 1998 was less pronounced than the trend experienced in 1997. From a rate of 20.8 per cent in December 1997, inflation on a 12-month end of period basis fell to 15.7 per cent in December, 1998. There was a rapid rise, in food prices between January and April 1998. However, the second half of the year witnessed a far lower food inflation, with overall average food prices falling for five consecutive months from May.

3. Non-food prices were relatively more stable during the year. The outturn resulted from a more stable exchange rate and the efficient management of Government finances.

Fiscal Operations and Related measures

1. Beginning in fiscal 1998, Government adopted a new policy on the presentation of the overall fiscal position. This involved a broad definition which takes into account all resources including foreign loans and grants that are disbursed directly to specific projects and programmes, in order to reflect fully the extent of development effort in the country. Concurrently, a concept of 'domestic primary balance' was also adopted to assess national performance more accurately by juxtaposing expenditures.

2. As part of the efforts to further strengthen fiscal operations, a number of measures were adopted in 1998 including:

- A rationalisation of the tariff regime;
- A re-alignment of petroleum levies;

- Commencement of a monthly projection of cash flow for the budget;
- Completion of Medium term Expenditure Framework (MTEF) for all ministries, departments and agencies;
- Reintroduction of the value-added tax;
- Assignment of tax payer identification numbers to all VAT eligible registrants;
- The passing of the law for the creation of the Revenue Agencies (Governing) Board;

Overall Fiscal Outturn

The provisional outturn shows that the overall fiscal deficit (broad definition) for the second consecutive year dropped from 8.6 per cent of GDP in 1997 to 6.3 per cent in 1998. The domestic primary balance was equivalent to 3.8 per cent of GDP compared with 3.4 per cent in the preceding year. Total revenue and grants amounted to ¢3338.4 billion, while expenditures came to ¢4383.5 billion.

Revenue Outturn

Tax Revenue

1. Total tax revenue at ¢2,728.5 billion was 3.7 per cent below the original estimates of ¢2834 billion. Taxes on income yielded ¢760.7 billion compared to the original estimate. The shortfall of ¢24 billion is mainly attributable to a drop in corporate taxes occasioned by the energy crisis. The outturn for 1998 was however 25.4 per cent higher than the collections in 1997.
2. Taxes on domestic goods and services yielded ¢823.6 billion compared with the estimated ¢851 billion, owing to a shortfall in excise and sales taxes. The collections were, however, 3.2 per cent higher than the outturn for 1997. Receipts from taxes on imports were at ¢743.7 billion, slightly below forecast but above the collections for 1997.
3. Export duty on cocoa yielded ¢400.5 billion, representing 2.7 per cent above the budget estimate, but 51 per cent higher than the collection in 1997. This favourable performance was due to increased volume and price.

Non-tax Receipts

Non-tax receipts amounted to ¢709.5 billion. Out of this, ¢448 billion came from non-tax revenue. This was ¢10 billion more than the budget estimate and ¢71.3 billion more than the collection in 1997. Receipts from divestiture of SOEs amounted to ¢99.6 billion, about 50 per cent of the budgeted receipts. Foreign grants of ¢161.9 billion recorded a substantial shortfall relative to the projections, mainly on account of a shortfall in project grants.

Expenditure Outturn

Total expenditure comprising recurrent, domestically financed and foreign financed capital outlays amounted to ¢ 4,383.5 billion compared with the original estimate of ¢5,005 billion. Non-interest recurrent outlays were at ¢1,808.7 billion, 1.3 per cent lower than projected because of tightening of certain expenditure heads to align outlays with the emerging revenue prospects in the wake of the energy crisis. The District Assemblies Common Fund component of the domestically-financed capital outlay compared with ¢105.8 billion in 1997.

Total interest payments amounted to ¢1,076.4 billion, compared with ¢1,002 billion in the original estimates. This over-expenditure was mainly because interest payments on treasury bills fell at a much slower pace than envisaged. Domestically financed capital expenditure including the Common Fund was at ¢760 billion, ¢21 billion above target.

Monetary Developments

The Bank of Ghana adopted a generally tight policy with money supply (M2+) targetted to grow by 18 per cent in the year, Monetary developments in 1998 were generally favourable. Monetary growth slowed down considerably and for

the first time in several years money supply was broadly on target. Money supply (M2+) recorded a growth of 17.3 per cent (year-on-year), compared with 42.0 per cent and 41.6 per cent in the corresponding periods of 1997 and 1996 respectively. The success achieved in monetary management in the year is attributable to the effective monetary policy measures put in place by Government and the closer co-ordination of monetary and fiscal policies.

The overall stance of monetary policy for 1998 underscored the vital need to sustain the declining trend in inflation and achieve relative stability in the exchange rate while ensuring the availability of adequate bank credit to support the growth of the real sector.
During the year, Bank of Ghana introduced Repurchase Agreements (REPOS) to aid liquidity management. The REPOS, conducted daily, allowed the Central Bank to manage liquidity within the banking system on a more regular and frequent basis in between its weekly Treasury Bill auctions.

In response to the improved macroeconomic situation in the country reflected, among others, in the sustained decline in the rate of inflation and the relative stability of the exchange rate, the Bank of Ghana reduced the Bank rate from 45.0 per cent to 42.0 per cent in September, and further to 37.0 per cent in two months later in November, 1998.

Money market rates and Deposit Money Banks' (DMBs) interest rates also followed a downward trend during the year. The discount rate on the 91-day treasury bill, for example, fell from 39.90 per cent at the beginning of the year to 26.75 per cent at the end of December, 1998. The average savings deposit rate fell from 27.25 per cent to 16.50 per cent while average lending rate for manufacturing, among others, fell from 44.22 per cent to 38.50 generally in line with the decline in inflation and inflationary expectations.

Balance of Payments Developments

The policy objective for the external sector in 1998 was to build up external reserves to comfortable levels, as a cushion against short term external shocks, while maintaining flexible exchange rate policy. The objective was to provide a stable macroeconomic environment as an incentive for increased private sector participation in production. The export diversification policy that had been pursued over the years continued to receive considerable support with a view to enhancing the prospect of increasing foreign exchange earnings.

Provisional balance of payments estimates for the year showed an improved external sector performance that broadly met expectations.

Total export receipts (f.o.b.) in 1998 increased by 16.9 per cent to $1,830.4 million compared with a projection of $1,625.2 million, and an outturn of $1,489.9 million for 1997. Favourable outturn was attained notwithstanding the lower international prices for the two commodities.

Cocoa export receipts amounted to $628.6 million as against $470 million in 1997. As in the previous year, cocoa benefited from a higher price on the world market than was expected.

Earnings from gold exports amounted to $687.8 million. This amount was 18.8 per cent higher than in the previous year, and 6.4 per cent higher than the projected level of $646.7 million on account of a higher export volume.

Timber exports contributed $170.2 million to total exports in 1998 compared with a projection of $187.5 million for the year and an outturn of $172 million in 1997. The lower outturn in 1998 resulted from a shortfall in export volume as well as an international price shock. Non-traditional exports excluding processed cocoa amounted to $242.6 million.

The total value of imports in 1998 is provisionally estimated at $2,214.2 million, showing a 4.0 per cent increase over the amount for 1997.

The trade balance recorded a deficit of $383.8 million (equivalent to 5.2 per cent of GDP) as against a projected deficit of $353.7 million (equivalent to 4.3 per cent of GDP). In 1997, the trade deficit was equivalent to 9.3 per cent of GDP.

The current account, excluding official transfers, recorded a deficit of $502.2 million (6.8 per cent of GDP); including official transfers, the deficit was $272.1 million (3.7 per cent of GDP). The deficit on the current account (including official transfers) in 1997 was $590.1 million (8.6 per cent of GDP).

The capital account showed a net inflow of $371.5 million, arising from increased concessional foreign borrowing. The capital account surplus in 1997 was $492.8 million.

The net capital inflows were more than enough to finance the current account deficit, resulting in an overall balance of payments surplus of $99.4 million. The overall balance of payments in 1997 registered a surplus of $24.9 million.

External Debt

Ghana's external debt service, as expected, remained stable throughout 1998. This was mainly the result of prudent debt management as well as adherence to the strict policy of relying on highly concessional borrowing. Total external debt is estimated at $5,841 million as at the end of December 1998 compared with $5,679 million at the end of December 1997. The increase in the total external debt of 1998 is the result of disbursements of new long-term concessional borrowing. Short-term debt decreased by $92 million from the December 1997 position of $287 million to $195 million by end of December 1998. Medium term

debt also declined by $93.68 million to $675.9 million as a result of a decrease in non-oil debt (including Paris Club debt) and a reduction in obligations to the International Monetary Fund (IMF). Long term debt, however, increased by $87.9 million as a result of increases in both bilateral and multilateral obligations.

Exchange Rate

The rate of depreciation of the cedi slowed down considerably in 1998. The cedi depreciated by 4.1 per cent from 2,250 per US dollar in 1997 to 2,346 per US dollar in 1998, compared with a 22.7 per cent depreciation in 1997. Improvements in the macroeconomic fundamentals contributed to the slower rate of depreciation of the cedi in 1998.

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REVIEW OF EXPENDITURES AND PERFORMANCE OF SECTOR MINISTRIES - 1998

Ministry of Food and Agriculture

The overall increase of 5.4 per cent growth rate in the agricultural sector was achieved by growth in all its sub-sectors.
Government policies over the past year were to promote the emergence of medium to large scale farming enterprises with the view to increasing agricultural production and productivity. Interventions in the form of training and extension service delivery, provision of infrastructure, credit delivery for input supply, production and marketing were the focus of actions taken to address the numerous problems in the agricultural sector.

The ADB expanded its lending activities in the agricultural sector by ¢172 billion. Under the Inventory Scheme, the Bank made available ¢4.4 billion and ¢10 billion for fish and maize inventories respectively. Cotton production and

marketing also received 27.3 billion while the Bank's nucleus outgrower scheme was allocated ¢4.9 billion.

The Village Infrastructure Project, which seeks to reduce poverty in the rural communities, was launched last year. It focuses on the provision of basic village-level infrastructure in the form of rural water, rural transport, post-harvest infrastructure and institutional strengthening.
In the livestock sub-sector, 21 stock water facilities are near completion under the National Livestock Services Project while 702 hectares of different forage species have been established and are being maintained for intensive forage production.

Under the Fisheries sub-sector, monitoring, controlling and surveillance by personnel of the Fisheries Department and the Ghana navy was intensified.
49. Cocoa production for 1997/1998-crop year was 409,000 metric tonnes, which exceeded the projected output of 350,000 metric tonnes. This achievement was due to favourable weather, good husbandry practices adopted by the farmers and incentives extended to farmers by Government in the form of higher producer price.

To further reduce expenditure in the cocoa sub-sector and improve the efficiency of extension service delivery to all farmers, Government decided to merge cocoa and Ministry of Food and Agriculture extension services. This was started in five districts on a pilot basis.

Ministry of Education

Government's major policy objective in 1998 was the continuation of the improvement of education in terms of teaching and physical infrastructure, increasing access at all levels and improvement in educational management and

financing. Non-formal education programmes aimed at reducing adult illiteracy were also given a boost.

Under the Basic Education Sector Improvement Programme (BESIP) Government's policy to achieve Free Compulsory and Universal Basic Education (FCUBE) continued to receive priority attention. Strategies adopted to ensure full implementation include: enhancement of teaching quality through training and supervision; focus on learning outcomes; increased access and participation through improvement in school infrastructure, supplies and improved management efficiency.

The Education Sector was provided with a total recurrent budget of ¢ 534.6 billion and a development budget of ¢23.9 billion for the implementation of the educational programmes and projects. In addition to this, there was an external assistance of ¢63.6 billion to support some of these programmes and projects.

During the year, 95 primary schools were opened while 166 public and 119 private Junior Secondary Schools (JSS) were established. Books and equipment were supplied to both the private and public Junior Secondary Schools.

1. To promote efficiency in the basic education system, a total of 6000 Headteachers, 933 Circuit Supervisors and Assistant Directors of Education received in-service training in management and Supervision.

2. Expansion in basic education has resulted in increased demand for Senior Secondary School education. In view of this, infrastructural facilities such as classrooms, workshops, dormitories and residential accommodation for teachers were rehabilitated. In addition, four new Senior Secondary Schools were opened bringing the total to 464. Thirty-two Science Resource Centres were also completed and equipped bringing the national total to 107.

3. Work is being carried out on the first and second phases of the Teacher Training Rehabilitation project involving 35 training colleges. Preliminary works have also started on the final phase covering the remaining three colleges in the Northern Region.

4. A considerable number of academic facilities including lecture halls, equipment and furniture have been provided for all the five universities and the eight existing polytechnics under the Government's special programme initiated in 1997 to clear the backlog of students eligible for entry into tertiary institutions.

Ministry of Employment and Social Welfare

The Government carried out a number of interventions aimed at promoting employment opportunities in both the formal and informal sectors. They include skills training and development, registration and placement of job seekers and training of redepolyees.

The redeployment exercise ended in 1997. The programme for training and tooling of about 72,000 redeployed staff in the civil and education services is still ongoing. Labour market skills information was produced last year to provide information on the demand for and supply of vocational and technical education training for increased productivity and employment in the private sector.

Ministry of Health

In 1998, Government continued to implement programmes and projects towards the achievement of the overall national health policy with the objective of improving the health of all residents of Ghana.

Programmed broad-based development expenditure in 1998 amounted to ¢225.6 billion. Government's direct contribution out of this amount was ¢33.9 billion. The remaining ¢191.7 billion was the expected support from Ghana's external development partners.

In the past year, significant progress was made in improving access to health care delivery facilities. In this connection, 26 new health centres were completed in 1998 in various locations including Bodwesango, Elubo, Borae, Bortianor, Babile, Chuchuliga, Wenchiki, Makayili, Palbe, Zabzugu, Dorimo, Agona, health centres under construction, at Klo-Agogo, Begoro, Dzemeni, Kwamekrom, Madina, Badu, Namo, Binduri and Benso are at advanced stages of completion.

Some renovation and rehabilitation of district hospitals, polyclinics and residential district hospitals, polyclinics and residential accommodations for health personnel were completed during the year. These included works on the Walewale, Zebilla and Tetteh Quarshie district hospitals. Work on two new regional hospitals at Cape Coast and Ho was also completed.

The health sector recorded a big boost in its equipment supply situation in 1998. The Tetteh Quarshie Hospital at Mampong-Akwapim was fully equipped. Under a countrywide project, 60 government and mission hospitals, 14 polyclinics and the Korle-Bu Teaching Hospital received Diagnostic Imaging Equipment. Sixty hospitals, selected District Health Management Teams, and training institutions were also supplied with audiovisual equipment for safe motherhood.
In the past year, Intravenous Infusion devices were supplied to all regional hospitals and Korle-Bu and Komfo-Anokye Teaching Hospitals. At Korle-Bu, a new oxygen concentrator to produce oxygen from the atmosphere was installed while all the eight operating theatres were re-equipped. The installation of equipment in the new Renal Dialysis Unit is near completion.

Ultra Sound machines were also supplied to all polyclinics, eight district hospitals including Tema, Hohoe and Takoradi, and selected mission hospitals among which were St. Dominic's and St. Joseph's hospitals at Akwatia and Koforidua respectively.

Ministry of Works and Housing

The water sub-sector was the main beneficiary of resources to the Ministry of Works and Housing in 1998 with an expenditure of ¢124.4 billion out of which the GOG contribution was ¢25.3 billion. This expenditure resulted in the completion of works for water systems in some urban and rural areas as follows:

- Dunkwa, Prestea, Axim and the first phase of the expansion of the Barekese Dam in Kumasi;
- The rehabilitation of the water systems in Sunyani, Ho, Hohoe, Sovie Dzigbe, Nkonya Ahenkro, Keta, Denu, Anyako, Wa, Kpong and the Old Weija headworks;
- The District Water Supply scheme for Sogakope, Keta, Ada and Ada Foah.

Through the Community Water and Sanitation Division, 1032 new boreholes were constructed in nine regions as follows:

- Greater Accra Region - 50
- Western Region - 102
- Brong Ahafo Region - 110
- Northern Region - 80
- Upper East Region - 85
- Upper West Region - 65
- Volta Region - 250
- Eastern Region - 220
- Ashanti Region - 70

In addition, a total of 300 boreholes were rehabilitated and 370 hand-dug wells were constructed.

A total of 8km stretch of coastline was protected from sea erosion at Nkontompo, Shama, Axim, Tema and Busua beach in 1998. Improvement of drainage channels in Accra involving deepening, widening and retaining was carried out.

Ministry of Trade and Industry

The major policy thrust of the Government in the Trade and Industry sector has been to expand the production base of the economy and to build up the competitive strength of industry so that Ghana can take advantage of the opportunities offered by the new global environment of free trade.

As a result, the performance of Ghana's non-traditional export products during the year under review showed remarkable growth. Export earnings from the non-traditional sub-sector broadly defined to include processed traditional commodities are estimated to be US$450 million by the end of 1998, an increase of 18 per cent over 1997 earnings of US$380 million.

Within the two years of the implementation of the Free Zone Programme, 59 companies have been registered in the following areas, furniture/wood products, metal fabrication, garment and protective clothing, beauty products, fibre glass manufacturing, ware housing, food processing, pharmaceutical, packaging and telecommunication. Of the 59 licensed companies, 37 are already operational while the rest are in a start-up stage. About 4,000 jobs have been created with backward and forward linkages to agriculture and industry.

Ministry of Roads and Transport

The Ministry continued to focus on maintenance and rehabilitation programmes based on assessment of maintenance needs of the road network designed to

maintain broad equity among geographical locations in order to satisfy the justifiable needs of various communities.

A total amount of ¢533.9 billion made up of ¢186.4 billion of GOG resources and ¢347.5 billion of external resources was programmed for the roads and transport sector.

In the course of the year, routine and periodic maintenance of trunk roads including rehabilitation covering 2,917 km was undertaken.

Routine and periodic maintenance of feeder roads including rehabilitation covered a total length of 8,632 km. In addition, nine medium and small-span bridges were completed.

Maintenance and rehabilitation works on about 718 km of urban roads were undertaken.
In addition, the Tamale-Paga and Sefwi Bekwai-Sefwi Wiawso trunk road projects were completed during the year.

Construction of the Elmina, Whin, Butre, Nyive and Honuta bridges under the Priority Bridge Development Programme, Phase II, was also completed.

Ministry of Lands and Forestry

Last year, Government consulted various stakeholders to validate the draft National Land Policy and initiated steps to develop a national land use framework to guide land use planning in the country. A comprehensive report was prepared on the state of urban land administration and a profile of all Government lands to determine the level of encroachment and value of unpaid compensation to the various stools and skins.

A debt collector was contracted to retrieve all unpaid timber royalties and as at the end of September more than 65 per cent of the outstanding royalities had been collected.

The Forestry Department extended its community forestry programmes to over 50 communities in Ashanti, Central, Western and Eastern regions. In all cases communities were trained in forest management and administration and sharing of benefits to improve the management of the resources. Most communities were also encouraged to establish community forestry projects and community-based wildlife management in captivity. Public awareness of the adverse effects of illegal forestry operations and poaching of wildlife on the welfare of the people was intensified in the most sensitive areas.

Ministry of Youth and Sports

To accomplish its mission, the Ministry of Youth and Sports in 1998 received a budgetary provision of ¢13.2 billion, which was made up of recurrent and capital expenditures. In addition, an amount of ¢16 billion was provided to the Ministry to undertake preparatory works towards the construction of a national Olympic Stadium Complex and to rehabilitate Accra and Kumasi Sports Stadia and upgrade them to international standard. The rehabilitation works at the two stadia have progressed steadily, and is expected to be completed in time to enable Ghana to host the XIth Africa Under-20 Youth Soccer tournament scheduled to begin in about two weeks time. The installation of a floodlighting system at the Accra Sports Stadium has also been completed while that of the ultra-modern scoreboard is expected to be completed as part of the stadia rehabilitation programme.

Ministry of Mines and Energy

In February 1998, the nation was hit by massive outages in power supply which threatened to derail the Government's economic programme for that year. Among the most severely affected were the mining enterprises, especially because of the depressed world market price of gold. Activities in the industrial sector were also disrupted despite the load management measures that had to be applied by VRA and ECG to contain the crisis. The primary cause for the power deficit was that power generation at Akosombo had to be curtailed by almost 50 per cent due to the drought and the unusually low reservoir level. To address the crisis, Government put in place a three-point plan of action ('the Emergency Power Supply Plan') comprising:

- Stabilising power imports from Cote d'Ivoire;
- Inviting the private sector to set up and operate emergency power generation facilities under short-term contracts with the Government;
- Accelerating the build up of large thermal power plants through joint ventures between the private developers and the Ghanaian power utilities.

Government's plan of action has yielded concrete results, and two out of the three emergency power generation facilities are in full production in Tema. While we await the installation and start-up of the third facility, it should be noted that the task ahead is still a daunting one but we need to build upon last year's experience by allowing the private sector a greater role in solving the deficit in thermal power supply, as is already envisaged under Ghana Vision 2020. The Public Utilities Regulatory Commission (PURC) approved electricity tariff increases that were a key component of the Government's strategy to restore the creditworthiness of VRA and ECG.

In 1998, Government continued to implement energy sector reforms including further de-regulatory measures in petroleum supply, such as the publication of wholesale petroleum product prices (ex-BOST depots) to coincide with the commissioning of depot operations. The Phase 1 Modernisation of the Tema Oil

Refinery (TOR) was commissioned in time to underpin Government's efforts to increase the supply of petroleum products (especially gas-oil) for emergency power generation operation. Further, Government assisted TOR to secure financing on a limited recourse basis (without sovereign guarantee) for the Phase 2 Modernisation Project to install facilities to convert residual fuel oil into gasoline and LPG.

In spite of the disruptions experienced from the power crisis, Government's efforts to diversify rural energy supply through the National Electrification Scheme and SHEP initiatives were augmented by the launching of new solar powered village lighting projects in the Northern and Upper West regions, with financial assistance from both multilateral and bilateral donors. Government expects that the newly inaugurated Energy Commission will continue to apply the energy fund to promote additional initiatives to enable renewable energy technologies to make a greater contribution towards electrification of the country.

Ministry of the Interior

Government provided ¢123.7 billion towards improving internal security.

In furtherance of its policy to re-equip the security services, Government continued to provide critical logistics and operational equipment for the Police, while financial provision was made to enable the Police and Immigration Services to make further recruitment of personnel.

Other activities undertaken in the year included the renovation of 70 structures at various police stations and barracks, immigration posts, and prisons.

Also disaster relief items including food packages and roofing sheets, were distributed to about 1.5 million people, who were affected by various forms of

disaster such as drought, damage caused by rain storm, flooding, bush fire and famine.

Ministry of Local Government and Rural Development

In 1998, the Ministry of Local Government was allocated ¢34.1 billion from GOG sources to finance its programmes. About ¢10.6 billion of this amount was earmarked for development expenditure in the sector. Work continued on Waste and Sanitation management in Accra while 16 Women's Training Institutes were rehabilitated throughout the country.

The Community infrastructure upgrading of Ward "E" residential area, Tamale, and the resettlement of the displaced people at Kaladan were completed at a total cost of ¢5.5 billion out of which ¢339 million was paid as compensation to the affected people. The Kumasi Suame magazine infrastructural upgrading was completed in April 1998, while the street lighting project of the same area was also completed in June 1998 at a cost of ¢1.2 billion.

The Department of Rural Housing has also assigned technical staff to the metropolitan, municipal and district assemblies throughout the country in order to facilitate the implementation of the Rural Housing Assistance Scheme.

Judicial Service

The Judicial Service was given a total amount of ¢13.6 billion, which enabled the Service to acquire equipment especially computers for the Courts. Electronic gadgets were provided for recording proceedings at some of the Superior Courts.

The programme to rehabilitate High Court buildings continued at Bolgatanga, Tema, Tamale, Ho, Sunyani and Sefwi Wiawso, while the construction of bungalows in Mampong and Sunyani were completed.

Poverty Reduction

Government continues to fulfil its commitment to poverty reduction. In the course of last year several actions on poverty reduction were undertaken by Government.

Improving access to basic services through increased budgetary allocation for basic education, primary health care and rural infrastructure. In addition to the DACF, about ¢150 billion was utilised on the expansion of access to basic services. This was in addition to an amount of ¢4.8 billion worth of free medical attention for infants, the aged and pregnant women.

Self-employment schemes were increased through implementation of the directive that District Assemblies allocate about 20 per cent of their share of the District Assemblies Common Fund to income generation activities for the poor. Most of the district Assemblies have implemented the scheme.

The implementation of the Social Investment Fund is progressing steadily. As recommended by the national Economic Forum, local NGOs have been involved in the implementation of the poverty reduction programmes.

Last year Parliament passed the Children's Act, which provides an opportunity for solving some of the issues of children in the country.

Some of the elements of the Act include the right of every child to grow up with parents, the enforcement of parental duty and responsibility, the right to education, protection from exploitative labour and the right to refuse betrothal and marriage. Under the Act, District Assemblies are required to protect the welfare and promote the rights of children within their areas of authority.

In line with the policy of affirmative action on women, Cabinet approved the appointment of an officer at the highest level of Government to handle women's affairs. In addition, Government decided to set up a committee to monitor activities of women and directed all MDAs to establish women's desks.

SECTION 4

MACROECONOMIC PROGRAMME AND THE MEDIUM TERM EXPENDITURE FRAMEWORK (1999-2001)

Mr. Speaker, the macroeconomic programme for the medium term outlines the key aggregates entailed in the strategy to accelerate overall growth of the economy, lower inflation, and improve the external payments position of the country. The central objective of macroeconomic policy for 1999 and the medium term is to consolidate the gains made in 1997-98 and set the stage for more ambitious targets that could lead to the attainment of the objectives of VISION 2020.

Medium Term macroeconomic Targets

For the medium term (1999-2001) the projected macroeconomic targets are as follows:

- an average real GDP growth rate of 5.8 per cent;
- an end-of-period rate of inflation of 5 per cent;
- an average overall broad budget deficit equivalent to 2.6 per cent of GDP;
- an average primary budget surplus equivalent to 3.4 per cent of GDP; and
- an average overall balance of payments surplus of $70 million.

Building on the macro-economic outcome of 1998, it is further projected that the GDP growth rate in both 2000 and 2001 will be 6 per cent. Government's fiscal operations are targeted to reach the balanced budget by 2001 as recommended

at the national Economic Forum. The end of period inflation for the medium term is projected at 5 per cent.

The 1999 Budget and Financial Programme

The macroeconomic targets projected for 1999 are as follows:

- a real GDP growth rate of 5.5 per cent;
- an end-of-period rate of inflation of 9.5 per cent;
- an overall broad budget deficit equivalent to 5.2 per cent GDP;
- a primary budget surplus equivalent to 3.8 per cent of GDP and
- an overall balance of payments surplus of US$60 million.

The 5.5 per cent growth rate for 1999 is based on a projected growth of 5.6 per cent in agriculture, a 6.3 per cent growth in industry following full availability of energy, and a growth of 5.3 per cent of the services sector. The private sector is expected to respond positively to the declining interest rates and the stable exchange rate of the cedi.

The projected further slowdown in domestic inflation rate is in line with continued tightening of fiscal and monetary policies.

Expenditures

Mr Speaker, total revenue and grants are projected at ¢4.112 billion comprising tax revenue of ¢3,294 billion, non-tax revenue of ¢475 billion, and foreign grants of ¢343 billion. Domestic revenue is estimated at 19.3 per cent of GDP.

Mr. Speaker, this year, total expenditure has been programmed at ¢6,744 billion. In line with the new budget approach, the distinction between recurrent and capital expenditures is de-emphasised, and the figures noted under these heads for years 2000 and 2001 onwards are largely indicative. The new approach rather emphasises total outlays needed per head to attain specific objectives that are in line with policy directions and priorities of Government.

Programmed payment for interest on domestic debt is ¢737 billion, compared with ¢861.4 billion in 1998. The lower projected interest costs is in line with expected interest rates in 1999 compared to 1998. Interest on external debt is projected to rise from ¢215 billion in 1998 to ¢271 billion in 1999.

One hundred and sixty-five billion cedis has been provided for pensions and gratuities.

Non-interest expenditures, comprising personal emoluments, administration and services, under the new MTEF classification, have been programmed at ¢1,958 billion.

Investment expenditure, comprising the domestically financed direct Government development outlays, District Assemblies Common Fund and net lending has been programmed at ¢945 billion. Additionally, donor-funded investment outlays totalling ¢1,121 billion have been earmarked. An amount of ¢165 billion has been provided for transfer to the District Assemblies Common Fund. Net recoveries of Government lending is estimated at ¢10 billion.

Monetary Outlook

In 1999, monetary policy will be geared towards reinforcing declining trend in inflation with a view to achieving rates of below 10.0 per cent by the end of the year. The achievement of this objective requires that the growth in money supply will not exceed 15.0 per cent for 1999. Adequate domestic credit to support and expand private sector activity will be encouraged and Government recourse to domestic bank financing will be limited during the year.

Open Market Operations (OMO) will be intensified to mop-up excess liquidity in the economy and thereby reduce inflationary pressures. The Bank of Ghana will

implement policies to deepen secondary market activity in the money market by reinforcing the role of primary dealers in money market instruments.

The Bank of Ghana will also use interest rate policy to reinforce its monetary policy objectives. The treasury bills rates will reflect market developments. This will ensure the maintenance of real positive rates for money market instruments and thereby provide appropriate signals to financial institutions on interest rates. The effects of a decline in interest rates are already impacting on the financial sector where banks are developing new instruments to attract savings deposits and new lending schemes for investment purposes. The Bank of Ghana will ensure that this positive trend continues in 1999 in order to preserve the positive impact on the real sector through its effect on lending to the private sector. This will also allow banks to improve on their credit and loan assessment conditions, particularly public sector borrowing requirements as they re-orient their portfolios in favour of the private sector.

Balance of Payments Outlook

In 1999, and also in the medium term, external sector policy will aim at continuing to build reserves to more comfortable levels. To this end, incentives will continue to be provided for increased production of both traditional and non-traditional exports.

Balance of payment projections for 1999 show a modest outlook. Export receipts are expected to grow by 9.7 per cent to $1,885.5 billion. Cocoa is expected to contribute a third amounting to $587.5 million, Gold is projected to contribute 38.0
per cent of the export receipts amounting to $721.1 million.

Timber export receipts are also expected to recover to 1997 levels by contributing $186.6 million to total export receipts. The share of non-traditional

exports (excluding processed cocoa) is expected to continue to expand in 1999, rising by 15.0 per cent to $279 million and contributing 14.6 per cent of total export receipts up from 13.9 per cent in 1998 and 10.5 per cent in 1997 respectively.

With increased production for domestic consumption as well as for export, merchandise imports in 1999 are projected to revert to the 1997 level of $2,267.8 million after the energy crisis induced decline in 1998. The trade balance consequently is projected to record a deficit of $382.3 million.

The current account balance (excluding official transfers) projected to record a deficit of $469.3 million while including net official transfers, this deficit will reduce to $256 million.

Net capital inflows are projected to amount to $316 million, of which net official capital is expected to be $259.5 million, and net private capital, $56.5 million. Recourse to short-term and foreign borrowing will continue to be limited during the year and non-concessionary borrowing avoided.

It is expected that the surplus on the capital account will be enough to finance the project deficit on the current account, and generate an overall balance of payments surplus of $60 million in 1999.

External Debt Prospects

For the year 1999, our total outstanding debt is expected to increase to about $5.95 billion, fall to $5.83 billion in the year 2000 and fall further to $5.68 billion in the year 2001.

Government will continue to contract loans on very concessional terms and seek grants and maximum debt relief from all bilateral creditors.

Exchange Rate Outlook

In 1999, Government will continue to pursue a flexible exchange rate policy, with the aim of providing incentives for increased production of exportable goods, as well as enhancing our competitiveness on the international market. It is expected that the continued tight monetary and fiscal policy will contribute to the achievement of a stable exchange rate regime in 1999.

Resource Allocations under the Medium Term Expenditure Framework (1999-2001)

The new budgetary process closely aligns the prospective activities of MDAs to policy directions that have been spelt out by Government for specified periods. In the allocation of resources, allowance is made for statutory and other obligatory payments such as pensions and gratuities, arrears payments, loans and equity, District Assemblies Common Fund, and Social Security contributions. The rest, otherwise known as discretionary expenditures, are allocated to broad sectoral categories based on Government priorities.

The 1999 expenditure estimates are cast within a medium term framework (1999-2001) in which the total resources for 1999-2001 amounts to ¢20,670 billion of which ¢6,744 billion is provided for 1999. Total discretionary envelope is projected to be ¢3,859 billion for 1999, ¢4,280 billion for year 2000, and ¢4,431 billion for the year 2001, totalling ¢12,570 billion for the 3-year period. These budgetary allocations are broad based in the sense that they include funds locally generated by GOG and external sources.

The further breakdown of allocations to individual MDAs under these broad categories are based on a strategic planning process that assesses an MDAs mission, objectives or goals for the period in question, the activities that would be required, and the outputs that would be delivered by the MDA to achieve the stated goals.

Whereas the expenditure allocations for the year 2000 and 2001 are indicative only and are subject to annual revisions, those for 1999 are the commitments for which Parliamentary approval is required.

For the purpose for the MTEF, five broad sectors have been developed under which specific MDAs are classified. These sectors are General Administration, Economic Services, Infrastructure, Social Services and Public Safety.

The share of Government discretionary funding over the medium term is as follows:
Social Services (31.06 per cent), Infrastructure (24.01 per cent), General Administration (22.96 per cent), Economic Services (10.09 per cent), Public Safety
(10.81 per cent) and contingency (1.1 per cent).

For 1999, the breakdown of expenditure is as follows Social Services (30.4 per cent), Infrastructure (21.2 per cent), General Administration (26.89 per cent) Economic Services (10.3 per cent), Public Safety (10.1 per cent) and Contingency (1.1 per cent).

Mr. Speaker, the relatively high share given to the social services reflects Government's commitment to Health, Education, and other initiatives aimed at poverty reduction.

The details of the five sectoral allocations are fully discussed below.

General Administration

141. The General Administration sector under the Medium term Expenditure Framework comprises Local Government and Rural Development, Foreign Affairs, Finance, Parliamentary Affairs, office of Parliament, Public Services Commission, National Electoral Commission, Office of the Administrator of District Assemblies Common Fund, General Government Services, Office of Government Machinery and the Audit Service.

Over the medium term, Government will maintain its drive to ensure transparency, good governance and political stability, through the established institutions of our parliamentary democracy to facilitate foreign and domestic participation in the economy.

Economic management will also be strengthened, and focus will continue to be placed on the formulation and implementation of sound fiscal and monetary policies, as well as agreement of financial resources. Good public financial management and continued promotion of an investor friendly environment for both domestic and foreign investment will also be pursued.

In order to achieve these broad objectives, a total of ¢2,887 billion has been allocated for the administration sector over the medium term. An amount of ¢1,038 billion has been programmed for 1999. Indicative provisions of ¢949 billion and ¢900 billion have been made, for the year 2000 and 2001, respectively.

The allocations to General Administration sector are expected to decline gradually over the years, from 26.89 per cent to about 20.31 per cent of total

discretionary expenditures. The decline in budgetary allocations in 2000 and 2001 will reflect the increased efficiency in public service administration as a result of the reform programmes, which are currently in various phases of implementation.

Programmes and budgetary allocations of specific MDAs classified under General Administration are outlined below.

Finance

The main objectives in the medium term, include the formulation and implementation of sound fiscal, financial and monetary policies, efficient mobilisation, allocation and management of financial resources, and creation of a conducive environment for investment, and private sector growth. These will be done in collaboration with other central agencies like NDPC and BOG.

In pursuance of the above objectives in the medium term, a provision of ¢313.8 billion has been programmed for the Ministry of Finance and its departments and agencies. For 1999, ¢120.8 billion has been provided while indicative amounts of ¢128 billion and ¢144.9 billion have been allocated for the years 2000 and 2001, respectively.

In order to ensure that the main revenue mobilisation agencies are given enough resources to meet their revenue targets, provisions have been made in the budget for the procurement of logistics, equipment and for the rehabilitation and construction of accommodation for the three revenue agencies.

Highlights of 1999

Government has decided to enforce the regulation that the Controller and Accountant-General's Department is the sole authority for the issuance of value

books. To this end budgetary allocations hitherto made to the revenue collection agencies for printing of value books have now been allocated to the Controller and Accountant-General's Department. For 1999, a provision of ¢10 billion has been made.

To ensure a smooth take off of the National Population and Housing Census, an amount of ¢30.2 billion has been provided this year for the on-going preparatory work for the Statistical Service.

Other specific projects targeted to be undertake in 1999 include:

- Continuation of rehabilitation and construction works on semi-detached residential houses of CEPS at Donkorkrom, flats at Kpoglo, and barracks and offices at Paga and Kulungugu as well as staff quarters at Sampa.
- Continuation of rehabilitation of offices of IRS at Takoradi, Koforidua, Somanya and Hohoe and the commencement of the construction of a new IRS office at Mankessim.

Foreign Affairs

In the medium term, Government will continue to pursue a foreign policy that will foster good neighbourliness and closer relations with other countries in order to enhance trade and investment promotion, and also to elicit public understanding. In the light of this, the Ministry of Foreign Affairs proposes to hold a meeting in Accra involving Ghana's Heads of Mission abroad. The purpose will be to use the meeting for exchange of views on the direction of Ghana's foreign policy in the next millennium.

Highlights of 1999

It may be recalled that the President in his Sessional Address last year announced Government's intention to re-open our Mission in The Hague and to open a new Mission in Seoul, Republic of Korea. The Hague Mission was re-

opened in August last year and a budgetary allocation has been made for the purchase of vehicles and vital equipment for the new mission in Seoul, this year.

In order to ensure the provision of efficient Consular services within and outside Ghana, the computerisation of the Passport Office will be completed this year to give that office the capacity of issuing about one thousand passports a day. This year the Ministry will also design new personal data forms for distribution to all Ghanaians overseas for completion. This will enable us update our records on Ghanaians overseas. It will also facilitate the provision of prompt consular service to Ghanaians abroad, especially during emergencies.

To upgrade the Ministry's human and institutional capacity for the efficient execution of Ghana's foreign policy objectives, Government has authorised the training of 200 officers from the Ministry of Foreign Affairs in diplomatic skills. We also intend to re-stock the Ministry's library and install modern information facilities.
An amount of ¢1 billion has also been allocated this year towards the provision of permanent accommodation for the Legon Centre for International Affairs, for the training of newly recruited Foreign Service officers. This is to enable LECIA to have its own buildings and facilities needed to enable it play the role envisaged for it.

To enhance the trade, tourism and investment promotion functions of the Ministry and the various Ghana Missions abroad, the Ministry of Foreign Affairs intends to collaborate actively this year with the relevant MDAs to expand its data base on Ghana's trade, investment and tourism. The Ministry also intends to provide data on export, investment and technological opportunities abroad to private sector organisations on a quarterly basis.

In order to elicit public understanding of Ghana's foreign policy and the work the Ministry does, and also to provide a contact point for various enquiries, the Ministry of Foreign Affairs will during the 1999 fiscal year establish a Public Relations Bureau.

A provision of ¢207.2 billion has been made for the Ministry to achieve its objectives in the medium term. For 1999, an amount of ¢85 billion was provided, while ¢85.3 billion and ¢86.9 billion have been programmed for years 2000 and 2001, respectively.

Local Government and Rural Development

Government will accelerate the implementation of the decentralisation programme, build upon the human resource and institutional capacity of local government institutions, increase the coverage of births and deaths registration and continue with interventions to promote human development and sustain the orderly and healthy growth of rural and urban settlements.

To achieve the above outputs over the next three years a provision of ¢380.4 billion has been programmed. For 1999, an amount of ¢85.8 billion has been provided, while indicative amounts of ¢143.4 billion and ¢151.2 billion have been allocated for years 2000 and 2001, respectively.

Highlights of 1999

Some major initiatives and interventions that will be undertaken are:-

- Establishment of the Local Government Service and the integration of decentralised Departments into District Assemblies and Regional Co-ordinating councils;
- Preparatory work towards the establishment of a Community Population Register System in 16,000 units throughout the country.

- Establishment of the Institute of Local Government Studies to support human resource development within the Local Government System.
- Organising and training women's groups to enhance their economic opportunities.
- Re-launching of Expanded Sanitary Inspection (ESI) to promote enforcement and compliance with sanitation regulations.
- Training young girls and female adults in the Women's Training Institutes (WTIs) to acquire vocational skills.

In addition, implementation of the following programmes will continue.

- Urban infrastructure upgrading projects in 11 Urban areas (Bawku, Bolgatanga, Wa, Techiman, Sunyani, Koforidua, Ho, Keta/Anloga, Agona Swedru, Cape Coast and Elmina as well as preparatory work towards expanding similar interventions to 25 additional urban settlements throughout the country.
- Waste Management Sanitation improvement and drainage works in Accra, Tema, Kumasi, Sekondi-Takoradi and Tamale.
- Improvement of water supply in Ejura, Kintampo, Nkoranza and rehabilitation of market and lorry park in Atebubu.

Economic Services

The Economic Services sector comprises the Ministries of Food and Agriculture, Lands and Forestry, Mines and Energy, Trade and Industry, Tourism, and Environment, Science and Technology.

The broad objectives of the sector include the following:

- Maintaining a rate of growth in agriculture that will ensure food security and provide the necessary incentives to attract investments to the sector.
- Ensuring the sustainable management and utilisation of the nation's lands, forest, and wildlife resources for socio-economic development.
- Reviewing, updating, consolidating and enforcing the existing legislation affecting the management of land, forest and wildlife.

- Ensuring the judicious exploitation, as well as harnessing and managing of energy resources in an efficient, cost effective, and sustainable manner.
- Expanding the productive base of the economy to make industry competitive and to enable the country to take advantage of the opportunities offered by the new global environment of free trade.
- Improving institutional capacity for quality service delivery, promoting public and private sector participation in tourism investment, increase public understanding of tourism and encouraging greater support for the sector; and
- Establishing a strong national scientific and technological base for accelerated sustainable development of the economy.

To achieve the above objectives in the medium term, a provisional amount of ¢1,269 billion has been programmed while an amount of ¢399 billion has been provided for 1999. Indicative allocations of ¢420 billion and ¢450 billion have been made for the years 2000 and 2001, respectively.

Food and Agriculture

Government continues to view with concern the current growth rate of agriculture outside the cocoa sub-sector and is committed to the pursuit of policies that will ensure food security and sustainable growth and development in the agricultural sector. The Ministry of food and Agriculture will push for greater efficiency in the provision of technical and extension services to prospective and practising farmers, fishermen and agricultural related industries and institutions.

Over the next three years, the main objectives of the Ministry will be to formulate polices that will promote increased agricultural productivity, diversification, as well as facilitate farmers and fishermen's access to credit and market.

Highlights of 1999

In 1999, the following programme of activities is envisaged for the agricultural sector:

- Government will facilitate access to improved local technologies in the food crop and livestock sub-sector, particularly, in respect of the Root and Tuber Improvement Programme, Food Crop Development project, the Northern Region Lowland Rice Development Project and the Coconut Sector Development project. For the Livestock sub-sector, additional 28 stock water facilities will be constructed in the Upper West, Northern, Greater Accra and Volta regions. Forage seed producers in deficient areas will be assisted to produce at least 6,000 tons of forage seed for the cultivation of 3,000 hectares of improved grazing land.
- As part of its Breeding Improvement Programme, the Ministry will embark on an accelerated livestock development scheme for the provision of improved breeds to farmers.
- Under the Agricultural Sector Investment Project (ASIP), a total of 282 projects, made up of 161 markets, 34 roads, seven agro-equipment/structures, and 80 dug out wells that are at various stages of completion will be completed. It is envisaged that the additional 159 projects under ASIP will also begin and be completed by the end of 1999 when the project officially comes to a close.
- The Nucleus Outgrower and Youth in Agriculture Programme as well as programmes to encourage the production and marketing of cotton, inventories of maize and fish will continue to be funded by Agriculture Development Bank and Government of Ghana.

To realise the outputs of the sector, the total allocation is ¢410.8 billion for the medium term. For 1999, an amount of ¢133.7 billion has been allocated with indicative provisions of ¢136 billion in 2000 and ¢141.6 billion in 2001.

Lands and Forestry

Government is dissatisfied with the confusion associated with land acquisition in the country. Over the medium term therefore the Ministry of Lands and Forestry will undertake a number of initiatives to ensure discipline and order in land acquisition and to increase access to land for investment.

A total allocation of ¢147.3 billion over the medium term has been made to enable the Ministry to achieve its objectives. For 1999, ¢43.6 billion has been provided while indicative amounts of ¢48.4 billion and ¢55.4 billion have been made for the years 2000 and 2001, respectively.

Highlights of 1999

Activities for 1999 will include:

- Preparation and updating of a profile of Government lands in the country by the Lands Commission and streamlining and publicising the procedures for granting concurrence to land;
- Start of work on establishing and operating land banks in order to facilitate easy access to land for investment;
- Implementing the provisions of the timber Resources Management Act and the regulations which will increase the stumpage values of timber resources and ensure appropriate economic returns to land-owning communities;
- Increasing timber royalties to reflect the stumpage values as far as possible, and with the sustainability levels of various species;
- Encouraging collaboration between Forestry and Wildlife Departments to initiate programmes to strengthen biodiversity and conservation in some selected forest reserves;
- Establishing a Savannah Resource Management Centre at Tamale to provide technical guidance to communities that will develop and implement their own programmes to promote sustainable savannah resource management; and
- Strengthening the Wildlife Department to promote community involvement in the management of wildlife resources and also ensure that laws are enacted to regulate the development of inland and coastal wetland sites.

Mines and Energy

Government will pursue policies for efficient development and management of mineral and other geological resources.

For the realisation of the outputs of the mines and energy sector in the medium term, a total amount of ¢418.5 billion has been allocated, out of which ¢133.3

billion is to be spent in 1999. Indicative provisions of ¢140 billion and ¢145.3 billion have been made for the year 2000 and 2001, respectively.

Highlights of 1999

Government's primary objectives for 1999 are to put in place a transitional Power System Development Plan that will consolidate the achievements made to eliminate power outages under last year's Emergency Power Supply Expansion Plan, and also to develop and present to Parliament the 'Electricity Regulations' under Section 56 of the Energy Commission, our programme for private investment in the power sector. To ensure that the power crisis of 1998 will not occur again in future, the Government will facilitate the granting of the necessary consents, permits and licences, in line with the appropriate laws and regulations, to enable prospective power supply projects to proceed, including:

- A joint venture involving VRA to add 330 MW to the Takoradi Thermal Power Complex between 2000 and 2001.
- The GNPC Project (Western Power Company) to fully commission and operate by the end of 1999, the 125 MW power barge facility and associated transmission lines that is under construction with funding from the OECF, Japan.
- A joint venture involving ECG to restore 80 MW generation capacity and to upgrade the distribution network within the Tema Industrial Estate before the end of year 2000 when the existing emergency facilities in Tema will be closed down.
- The 220 MW Independent Power Project which is being sponsored by the mining companies to assure themselves of long-term reliable power supply.

As part of the ongoing divestiture programme, Government, will invite the private sector and other institutional investors to acquire shares in the two power utilities. The sale of shares will help with the much needed re-capitalisation of the power utilities so that they can finance, without resort to Government resources, the rapid expansion in power transmission and distribution networks that has become necessary in light of the increasing rate of growth in electricity demand in the country.

Government is also placing a high priority on the development of the West Africa Gas Pipeline Project which will ensure that by the year 2002, the country will have access to long-term supplies of natural gas from Nigeria, and to other sources of supply in this sub-region. This project has a great potential to demonstrate how we in the sub-region can benefit from regional energy integration within ECOWAS, and also form investment partnerships between the public and private sectors to mobilise investment, expertise, and know-how to add value to our economies. Initially, the main benefit to Ghana will be through the reduction in the costs of thermal generation at Takoradi and the other prospective projects. Once the natural gas arrives on our shores, we can also expect that other major value added projects that are envisaged under Ghana Vision 2020 to process industrial minerals such as bauxite, manganese and limestone will take off.

Other activities to be undertaken this year include the following:

- 120 towns and villages will be connected to the national grid by the middle of the year under the on-going National Electrification Project (NEP);
- Additional 400 towns and villages will be connected to the national grid under the Self-help Electrification Project;
- Five villages in the Central, Eastern, Upper West and Volta Regions will be provided with power under the Government's solar energy programme. At the end of this programme about 1600 solar home systems would have been installed in all the 10 villages originally identified for the project; and
- Government will continue to promote a favourable climate which will increase investors' interest in the potential of industrial and other precious minerals so as to diversify the country's mineral production base from its present concentration on gold. At the same time Government will strengthen its supervisory capacity on mining companies to ensure minimum degradation of the environment.

Trade and Industry

The Ministry of Trade and Industry will promote and facilitate enterprise development, internal and export trade diversification and value-addition.
For the period 1999-2001, the Ministry will formulate and harmonise policies, that will ensure inter-sectoral collaboration in the implementation of trade and industrial policies, improved entrepreneurial skills, technological capabilities and accessibility to credit and markets by the informal sector. Local manufactures will be encouraged to gear their products towards meeting local and international market requirements.
In realisation of its objectives a provisional amount of ¢47.6 billion was provided for the medium term. An amount of ¢16.5 billion was allocated for 1999, while for years 2000 and 2001, ¢14.9 billion and ¢16.2 billion have been programmed.

Tourism

Government will continue to create a favourable environment for the sustainable development, marketing and promotion of tourism.

The focus for the medium term will be on the implementation of the 15-year National Tourism Development Plan. During this period, investments in both infrastructure and superstructure will be undertaken, with concentration on heritage, cultural, ecological, recreational and conference tourism. This will be done in collaboration with all identified stakeholders comprising public and private sector institutions, donor agencies, local communities and non-governmental organisations.

A Tourism Development Fund to catalyse growth of the sector is under consideration by Government.
For the realisation of these outputs in the medium term, an amount of ¢17.6 billion has been provided. For the year 1999, ¢5.1 billion was provided. Indicative

provisions of ¢5.8 billion and ¢6.7 billion have been made for the year 2000 and 2001, respectively.

Highlights for 1999-02-15

The following activities will be pursued in 1999.

- Government will source funding to implement the Slave Route Project which is an important theme in developing cultural heritage tourism and for private-sector investment in scuba diving along the coast of Ghana.
- Pre-feasibility studies will be conducted on the use of tourism facilities to generate employment and reduce poverty in selected communities.

In addition there will be collaboration with other institutions to host the following events:

- Joint 34th World Tourism Organisation (WTO) Commission for Africa (CAF) Meeting, and the 24th Africa Travel Association (ATA) Congress, Trade Show and Convocation of African Ministers of Tourism.
- The 2nd Celebration of "Emancipation Day"; and
- The 2nd Inter-Tourism Fair

Environment, Science and Technology

The Ministry of Environment, Science and Technology (MEST) will continue to establish a strong national scientific and technological base for accelerated sustainable development of the country.

Over the period 1999 to 2001, MEST will intensify work on the application of safe and sound environmental practices, promotion of research and development activities, and commercialisation of research findings. It will also promote a more

efficient and effective partnership between the agencies under the Ministry and its clients, especially the private sector and ensure the intensification and dissemination of various appropriate technologies in rural areas.

For the realisation of these and other outputs, a provision of ¢227 billion has been programmed in the medium term. An amount of ¢67 billion will be spent in 1999 while indicative amounts of ¢75 billion and ¢85 billion have been allocated for the year 2000 and 2001, respectively.

Highlights of 1999

The following programme of activities are envisaged to be undertaken:

- Completion and commissioning of a second Radiotherapy Centre in Kumasi.
- Establishment of a National Radioactive Waste Management Centre.
- Development of action plans for the implementation of the National Science and Technology Policy.
- Continuation of training, technology transfer, client and customer services to about 15,000 people nation-wide by GRATIS.
- Extension of Rural Enterprises Project to five more districts.
- Appointment of Environmental Inspectors to ensure effective compliance with national environmental regulations.
- Intensification of technologies for water harvesting for irrigation purposes.
- Undertaking of active adaptive research to develop indigenous farm machinery to gradually replace the hoe and cutlass.
- Promotion of the commercial efforts of the agencies under the Ministry to make them less dependent on Government subvention and also more responsive to their customer needs.

Other investment activities that have been earmarked to be undertaken during the year are as follows:

- Construction of Administration Block for the CSIR Head Office;
- Completion of the Intermediate Technology Transfer Unit's projects located in Bolgatanga, Wa, Tamale, Sunyani, Takoradi, Cape Coast, Koforidua, Ho and Tema;
- Rehabilitation of guest houses, offices and bungalows of CSIR;

- Rehabilitation of the Mathematics and Seminar Halls as well bungalows and offices of the Atomic Energy Commission;
- Rehabilitation of offices and bungalows of the Savannah Agriculture Research Institute; and
- Supply of research and scientific equipment to various research institutes under the Ministry, including the Forest Research Institute, Atomic Energy Commission Secretariat, National Nuclear Research Centre, Bio Nuclear Agricultural Research Institute and Crop Research Institute among others.

Infrastructure Services

Government, in its determination to attract more investments remains dedicated to providing adequate infrastructural services for accelerated growth and development. The organisations charged with the efficient delivery of these services are the Ministry of Works and Housing, and the Ministry of Roads and Transport.

An amount of ¢3,019 billion has been programmed for the medium term. Out of this amount ¢819 billion was for 1999, with indicative provisions of ¢1,080 billion and ¢1,120.2 billion for 2000 and 2001, respectively.

In line with the above, Government will actively pursue the following policies and programmes over the medium term.

- Completion of district water supply schemes;
- Expansion of major treatment plants;
- Rehabilitation of water supply systems and promotion of the development of housing infrastructure.
- Formulating and implementing measures that are responsive to changing transportation needs;
- Institution of measures that promote private sector participation in the transport sector;
- Institution of standards to ensure safety, reliability and efficiency of the transport system in order to meet national and international requirements;
- Review and development of policy regulations and laws that conform to the changing trends and needs of stakeholders in the transport sector of the nation;

- Strengthening the institutional capacities in the management of transport systems; and
- Provision of transport infrastructional services at optimal cost throughout the country based on sound socio-economic principles while ensuring cost recovery.

Roads and Transport

The strategy of Government is to provide an efficient inter-modal transport service. This task calls for systematic deregulation of institutions and the creation of an enabling environment to attract and maintain the private sector to participate in the development of the rail, maritime and aviation transport modes while Government continues to spearhead the development and maintenance of road infrastructure for the private sector to service the dominant mode of transport in Ghana.

In order to protect and consolidate the gains made with the support of donors in the reconstruction and rehabilitation of some of the deteriorated sections of our road network, the thrust of Government investment priority in the road sub-sector is to sustain maintenance to ensure the provision of effective, efficient and reliable road transport service.

The Bridge and Road Tolls Regulations have been amended. These amendments enable Government to extend tolling to newly reconstructed or rehabilitated roads and bridges.

To cope with increased traffic volumes and correct major road failures, a number of roads will continue to be re-constructed and upgraded.
In an effort to demonstrate the feasibility of private sector financing of toll roads in the country and for the purposes of improving cost recovery, a number of roads including the following have been earmarked for tolling after rehabilitation and upgrading in the medium term under a phased programme:

- Tema-Akosombo; Yamoransa-Takoradi

- Yamoransa-Anwiankwanta
- Accra-Yamoransa;
- Accra-Kumasi
- Kumasi-Dunkwa;
- Tema-Aflao
- Kumasi-Kintampo

A provision of ¢2,300 billion has been programmed for the sector in the medium term. An amount of ¢603.5 billion has been allocated for 1999, while indicative amounts of ¢832.7 billion and ¢863.9 billion have been provided for 2000 and 2001, respectively.

Highlights of 1999

The following roads have been earmarked for tolling this year.

- Kumasi-Sunyani-Berekum-Dormaa Ahenkro;
- Kumasi-Mampong-Ejura
- Kintampo-Tamale; Tamale-Paga

Upgrading and/or reconstruction will begin or continue on portions of the following roads:-

- Bawdie-Asankragwa;
- Tamale Town Roads;
- Tamale-Yendi;
- Bolga-Bawku;
- Sogakope-Nkwanta;
- Kpando-Worawora-Dambai;
- Kete-Krachi Town Roads;
- Chuchuliga-Sandema;
- Twifu Praso-Dunkwa;
- Ningo Bridge;
- Odumasi-Oterkpolu;
- Dodowa Junction-Trom;
- Awaso-Nobekaw-Bediakokrom;
- Sefwi-Wiawso-Buaku;
- Kumasi-Anyinam;
- Sawla-Bamboi;

- Nakpanduri-Bunkprugu;
- Wa-Tumu;
- Wa-Hamile;
- Winneba-Swedru-Akim Oda;
- Denu-Ho-Ajena;
- Kpong-Koforidua-Asesewa;
- Mamfe-Koforidua; and
- Inchaban-Sekondi.

With respect to feeder roads the following periodic maintenance activities will be undertaken.

- Regravelling 1,118 km;
- Resurfacing 127 km;
- Rehabilitation 2,498 km;
- Spot improvement 960 km.
- About ¢15 billion will be committed to routine maintenance.

About 24 km of urban roads, will be regravelled, 42km resealed and 54km resurfaced while 39km will be rehabilitated. Drainage works of 12.4km will be undertaken while drainage structures will be maintained in the Ga District and the five major cities Department of Urban Roads operates in.
The following maintenance programme will be implemented by the GHA:-

- Regravelling 589km;
- Resealing 615km;
- Upgrading 89km;
- Rehabilitation of 281km and Asphaltic Overlay of 7.50km.

About ¢30 billion will be devoted to routine maintenance while ¢5.55 billion will be committed to drainage works.
We expect work to commence in 1999 on the following major road projects for which we have obtained donor financial commitment:

- Takoradi-Agona Junction;

- Tema-Sogakope;
- Kumasi-Anwiankwanta;
- Gyato Zongo-Atebubu-Yeji; and
- Accra-Anyinam.

The procurement processes for Accra-Yamoransa road will be completed in 1999 for actual construction to start early in the 2000.
As Government continues to improve its responsiveness to the needs of the people through the decentralisation programme, the Ministry of Roads and Transport is decentralising the management of roads maintenance activities to metropolitan, municipal and district assemblies.

Indiscipline and safety of road users are now matters of grave concern to Government. National Road Safety Committee (NRSC) and the Vehicle Examination and Licensing Division (VELD) of the Ministry of Roads and Transport are being restructured to be more proactive.

In order to promote higher standards of vehicle inspection and driver testing, VELD will be restructured to make it a more efficient public sector organisation. The new arrangement will be implemented with the amendment of the Road Traffic Regulation LI 954 and the enactment of the VELD Law. The bill to establish the new Driver and Vehicle Exams and Licensing Authority (DVELA) is before Parliament for enactment.

In order to provide a focal point for the organisations involved in road safety, legal backing is being sought to upgrade the NRSC into a Commission vested with statutory powers to set road safety standards and undertake road safety campaigns, educational programmes for schools and road accident prevention schemes to effectively ensure safety on our roads. The Government has put before Parliament a new road safety Bill for promulgation.

The Ghana Railways Corporation will be converted into a limited liability Company with objectives that will pave the way for the concessioning of its operations and the establishment of new business units with the private sector. GRC is collaborating with ALCAN Chemicals Limited to acquire suitable wagons to improve the freighting of bauxite from Awaso to Takoradi to fully utilise the Ghana Bauxite Company's (GBC) newly installed tippler and meet the GBC's export programme.

Works and Housing

Highlights of 1999

In 1990, the following activities will be carried out:

- Major works will be undertaken to improve public buildings including rehabilitation of over 200 bungalows.
- The Hydrological Services Department will establish early warning systems for flood along flood-prone river banks.
- Construction of Keta Sea Defence Wall.
- Rehabilitation of the Castle and Peduase Lodge.

The community Water and Sanitation Agency will drill a total of 700 boreholes distributed as follows:

- 400 in Ashanti, Northern, Western and Brong Ahafo Regions;
- 200 in Volta, Eastern and the Greater Accra Regions;
- 100 in the Upper East and West Regions.

In addition to these, over 5000 boreholes will be rehabilitated countrywide; Three hundred and seventy hand dug wells have been programmed to be constructed in the rural areas as follows:

- 150 in Ashanti, Northern, Western and Brong Ahafo Regions;
- 120 in the Volta and Eastern Regions.

One thousand, five hundred wells will be rehabilitated within the period throughout the country.

Mr. Speaker, the following projects have also been programmed for the year:

- Treatment plant expansion will be undertaken at the Kpong, Weija, Wa, Barekese and Abesim water works.
- The Akwapim Ridge water supply rehabilitation will begin, while additional five water systems at Koforidua, Nsawam, Anum Boso, Nkawkaw and Asamankese will also be rehabilitated. An emergency water supply for Cape-Coast will also commence.
- Reclamation and restoration of the Korle Lagoon will take off.
- A total of about ten kilometres of seriously affected coastline is programmed to be protected with either a system of groynes or combined amour rocks and gabions revement structures by the Hydrological Services Department.
- Furthermore, a total of 60 kilometres of drainage channels have been programmed to be deepened, widened and retained. These include: Odaw, Onyasia, Nima, Odorkor, Osu Klottey, Mallam and some selected primary drains.

1. Additionally, some critical regional and district drainage works will be undertaken throughout the country.

2. Support will also be provided to both the private and public sectors for the development of 2,500 serviced plots, 20,000 rental units and about 10,000 home ownership countrywide. To this end, the Ministry is assisting in the acquisition of land and financing for the programme.

For the realisation of these and other outputs a provision of ¢719.3 billion has been programmed for the sector in the medium term. An amount of ¢215.4 billion was allocated for 1999 while ¢247.6 billion and ¢256.3 billion have been provided for 2000 and 2001, respectively.

Social Services

The Social Services Sector comprises the Ministries of Education, Employment and Social Welfare, Youth and Sports, Health, and Communication; National Commission for Civic Education, National Commission on Culture, and National Media Commission.

The broad objectives over the medium term include the following:

- Improving access and participation as well as equity in Education;
- Increasing geographical access to health services for all;
- Providing quality health services that are affordable;
- Promoting productive and sustainable employment opportunities;
- Promoting the evolution of an integrated national culture;
- Improving infrastructure for sports and providing adequate sporting equipment;
- Develop policies that will promote ready access to news; and
- Providing information on Government policies and activities.

For the realisation of the social services sector objectives, a total amount of ¢3,905 billion has been allocated to the sector in the medium term. For 1999, ¢1,174 billion has been provided, while indicative amounts of ¢1,318 billion and ¢1,413 billion have been made for the year 2000 and 2001, respectively.

In the medium term, the social sectors have comparatively higher and progressively increasing budgetary allocations than the other sectors. Their proposed share of total discretionary expenditure is expected to rise from 30.4 per cent in 1999 to 31.88 per cent in 2001.

Education

In the medium term, Government will pursue the objectives of efficiency; decentralization; increased access and participation; quality of teaching and learning; promoting functional literacy; and access to science and technical education and training.

The programme for Free, Compulsory and Universal Basic Education (FCUBE) initiated in 1996 will be the focus of attention during the period 1999-2001.

Training of head teachers and circuit supervisors to ensure quality of basic education will be continued in the medium term, and the functional literacy programme will also be continued. In this connection, about 200,000 learners will be trained annually in basic literacy.
Government will also focus attention on the provision of infrastructural facilities such as workshops, laboratories, furniture and equipment for Senior Secondary Schools in the rural areas so as to reduce pressure on schools in the urban centres.

A programme has been designed to increase the annual intake into technical and vocational institutions. There will be particular emphasis on access of girls to non-traditional technical courses.

The policy to convert the Universities at Legon, Kumasi, Cape Coast and Winneba from single-mode institutions with only on-campus students to dual-mode ones with both on-campus and off-campus/distance education students will continue in the medium term.

A provision of ¢2,481 billion has been made for the education sector to achieve its medium term objectives. An amount of ¢768.9 billion has been programmed for 1999, while indicative allocation of ¢813 billion and ¢899.3 billion have been made for the year 2000 and 2001, respectively.

Highlights of 1999

An amount of ¢97 billion out of the 1999 budget has been programmed for Basic Education. In order to increase access to Basic Education under the FCUBE, on-going work on the construction of 150 classroom blocks, 300 four-unit teachers residential accommodation, 150 KVIP toilets and rehabilitation of 2,000 classrooms distributed throughout the 110 districts will be completed during the year.

This year, 6,000 head teachers and about 200 circuit supervisors will be trained in school management and supervision.

The programme to improve school management will be continued in 1999. About 240 heads of Senior Secondary Schools will be trained in school management techniques, and workshops will also be organised for science teachers and personnel manning the science resource centres.

This year, the remaining three science resource centre including the national resource centre will be completed and equipped.

The annual organization of science and mathematics clinic for girls which has been very successful and popular will be provided with additional funding to enable it cover more girls.

The increase in access to basic education will generate additional requirements for senior secondary schools. In order to increase enrolment, 10 new Senior Secondary schools in various locations in the country will be established this year. These include Wenchi, Kpeve, Sokode, Kwahu Bepong, Bekwai, Biadan Berekum, Ahwiren, Tema and Tamale. In addition ¢21.4 billion has been

allocated for rehabilitation of buildings and infrastructure and completion of on-going suspended building projects of second cycle institutes.
For 1999, a total provision of ¢44.9 billion has been made available to implement the investment programme for the Senior Secondary Schools.

Work will continue on the establishment of 20 Technical/Vocational Resource Centres in 14 districts namely, Kpando, Afram Plains, Abura-Asebu-Kwamankese, Nzema, Accra, Hohoe, Keta, Kwahu South, Kwaebibirem, Bawku East, Shama Ahanta East, Kumasi, Wa and Tema, to address the problem of modern equipment and plant facilities for the institutions.

A total provision of ¢44.2 billion has been made to provide additional facilities for tertiary institutions to enable them increase their intake of students. Special attention will be given to the Dental School building and Medical School Library Building at Korle-Bu. Additionally, amounts of ¢6.8 billion and ¢2.6 billion have been allocated for improvement of facilities in the Polytechnics and the University for Development Studies respectively.

It is hoped that the Universities at Legon, Kumasi and Cape Coast will enroll their first batch of distance education students. The University College of Education at Winneba started a similar programme in 1998 with 198 teachers.

The Bill on the Educational Fund mentioned by the President in his Sessional Address will be laid before the House for the consideration of honourable members in the course of the year.

Health

Significant progress has been made over the years to increase physical access to health care delivery facilities and to improve the quality of health care throughout the country. Government in its efforts to bring health care to the

doorstep of its citizens, will continue to implement programmes and projects that will ensure the realisation of these goals.

Expansion of basic health services and infrastructure and provision of modern equipment will receive special attention in the medium term.

To be able to achieve its medium term objectives, the health sector has been allocated an amount of ¢1,187.9 billion. For 1999, ¢325 billion has been programmed, while for years 2000 and 2001, indicative provisions of ¢426.8 billion and ¢436.2 billion respectively have been provided.

Highlights of 1999

For 1999, programmes and projects that have been earmarked for implementation in the health sector have been outlined below.

The construction of 16 new health centres in various locations in the country which could not take off last year will be undertaken. These are Old Ningo, Jukwa, Teshie, Adutor, Mpaha, Prang, Sameyi, Kumawu, Aperade, Kologo Abromase, Essiema, Agona Nsaba, Dromankese, Agbogba and Chinderi.

Construction of the new Ada Hospital will commence while rehabilitation of 32 district hospitals will be continued. The programme to upgrade one health centre in each district to a hospital will continue with 10 health centres including Ejura, Juabeso, Nkwanta, Bimbila and Kumasi Metro. An amount of ¢14.2 billion will be spend on rehabilitation and expansion of the Koforidua regional hospital while ¢20.4 billion is programmed for the Tamale regional hospital to be upgraded to a teaching hospital. A provision of ¢3.4 billion has been made available for the rehabilitation of four other regional hospitals at Wa, Bolgatanga, Effia-Nkwanta and Ridge to continue. The construction of the new regional hospital at Sunyani is also expected to be completed this year.

An amount of ¢10.8 billion has been allocated for the on-going rehabiliatation and expansion works at the Korle-Bu and Komfo Anokye Teaching Hospitals, and the psychiatric hospitals at Pantang and Ankaful. The programme to expand and upgrade facilities of polyclinics in Accra, Kumasi and Sekondi-Takoradi in order to help to decongest the specialist hospitals, especially, Korle-Bu and Komfo Anokye Teaching Hospitals will continue. Furthermore, 12 health training institutions will be rehabilitated. In addition, a number of units of residential accommodation will be acquired or renovated for use by health personnel in selected health facilities throughout the country this year.

The on-going programme to equip or re-equip all health facilities in the country will be continued.

This year, 54 district hospitals and 8 polyclinics will receive full sets of operating theatre equipment. A new CT Scanner and MRI Equipment will be supplied to the Radiology Department of the Korle-Bu Teaching Hospital. The new Renal Dialysis Unit at Korle-Bu will also be fully equipped. Five polyclinics including Kwesimintsim and Manhyia will receive new Dental Units. Maternity units in selected urban centres will also by fully equipped.

Six regional hospitals including those in Bolgatanga, Effia-Nkwanta and Tamale will be supplied with specialised equipment in the areas of Ophthalmology, Urology, ENT, Orthopaedics and Maxillo-facial surgery to provide specialists with the essential tools to enable them to perform specialised operations at the regional level.

The community-based epidemic surveillance system will be extended from the Northern Region to all regions. The MOH will continue to build upon the improved surveillance and epidemic prevention and management capacity and at the same

time play a lead role in galvanizing inter-sectoral action for environmental sanitation as a means to prevent outbreak of diseases.

Polio, guinea worm and leprosy are targeted for elimination. For polio, the target eradication year of 2000 is on schedule, and the surveillance system for acute flaccid paralysis will continue to be strengthened and maintained in 1999. The reward system for case finding of guinea worm has been extended to all regions. For leprosy, the prevalence levels are now very low, and efforts are to continue in 1999 to detect the few remaining cases.
Malaria, tuberculosis, yaws and Buruli ulcer will continue to attract special attention. A mass vaccination campaign against yellow fever will be carried out this year in the northern sector of the country.

Implementation of the cost recovery programme and exemptions policy will be further streamlined and exemptions policy will be further streamlined to ensure that the adverse effects on patients are minimised.

To increase the financial base of the health sector, risk-sharing schemes will be promoted and expanded beyond the regular health insurance to include various forms of community-based financing schemes.

Youth and Sports

In the medium term Government will continue to improve sport infrastructure by providing equipment and training and re-training technical staff to maintain high standard in service delivery.

Emphasis will also be on the provision of equipment and training of staff in youth training institutes to enhance youth development. A new national youth policy will also be introduced.

A provision of ¢58.9 billion has been programmed for the sector to achieve its medium term objectives. An amount of ¢22.5 billion has been made to the sector for its activities in 1999, while indicative amounts of ¢17.1 billion and ¢19.3 billion have been programmed for the years 2000 and 2001, respectively.

Highlights of 1999

During the year, Ghana will host the XIth Africa Under-20 Youth Soccer tournament scheduled for February and March, 1999 and participate in the following sporting activities:

- Women Soccer World cup;
- Preliminary series of the Africa Cup of Nations and the

  U-17 World Cup; and

- All Africa Games.

On youth development, emphasis will continue to be in the area of improvement of basic infrastructure, provision of equipment and training and retraining of the technical staff.

Employment and Social Welfare

Government will continue to initiate actions aimed at promoting employment opportunities and finding workable solutions to industrial unrest through consultations and negotiations.

In the medium term, policies will be pursued to promote investments through congenial industrial atmosphere.

Government will promote Government/NGO relations to enhance service delivery to the poor and other disadvantaged groups in society.

The programme to reduce graduate unemployment will be pursued through training in entrepreneurial skills while special apprenticeship programmes will be provided for the youth.

Labour laws will be codified and policies on employment will be reviewed.
An amount of ¢45.8 billion has been programmed for the sector to achieve its objectives in the medium term. In 1999, ¢14.5 billion has been allocated, while indicative provisions of ¢14.9 billion and ¢16.3 billion have been provided for the year 2000 and 2001, respectively.

Communications

Over the medium term Government will continue to support and implement policies that will ensure integration of communication technologies and public information systems and also to harness the full potential of resources within the sector for accelerated and sustainable national development.

As a result, rehabilitation of the various institutions within the sector will receive special attention.

A provisional amount of ¢76.7 billion has been allocated to the ministry for the medium term. For 1999, ¢22.6 billion has been provided, while indicative amounts of ¢29.9 billion and ¢24.2 billion have been programmed for the year 2000 and 2001.

Activities for 1999 will include:

- Rehabilitation and provision of modern equipment to the Information Services Department (ISD) to enable it to improve upon its performances.
- Plants and modern equipment will also be provided for the National Film and Television Institute, Ghana News Agency and the Ghana Institute of Journalism.
- Rehabilitation and re-equipping of some regional and district information centres.

Poverty Reduction

This year, Government's attention at poverty reduction will continue to be focused on areas such as food security particularly as they relate to the needs of children and women:

- Under the FCUBE, Government will facilitate the widening of access to, and participation in basic education, especially for the girl-child, and facilitate public and private sector collaboration in designing a day care support programme to improve on early childhood development;
- To complement the efforts of NGOs and Donors, the Ministry of Food and Agriculture will under its Women in Agricultural Development Programme consider training more women in extension techniques including agro-forestry; and
- As part of improving employment generation and provision of productive assets the National Board for Small Scale Industries will in co-operation with financial institutions improve on access of women, particularly those who are in co-operative societies to institutional credit.

Expanding access to basic social services, the major component in the poverty reduction initiatives, for some time to come will be a continuous strategy to achieve sustained economic growth through human capital development and poverty reduction.

For this year, Central Government budgetary allocation for basic services is ¢305 billion, double last year's ¢150 billion in nominal terms. In addition to this the

District Assemblies will also utilise about half of the projected ¢165 billion of the DACF for basic services while 20 per cent of this will also be utilised for the creation of employment schemes for the poor.

Attention will also be paid to the health of vulnerable groups of the society. Government plans to focus more on direct intervention by spending ¢10 billion as compared to ¢4.8 billion last year on free medical care for infants, the aged and pregnant women.

Public Safety

It is the Government's objective to ensure good governance and enhance sustainable socio-economic development. Government will therefore pursue policies that will enhance the public safety organisations. The institutions covered under the public safety sector are: the Ministry of Justice, Judicial Service, the Commission on Human Rights and Administrative Justice, the Ministry of Interior and the Ministry of Defence.

For the realisation of its objectives in the medium term, a provision of ¢1,360 billion has been allocated. For 1999, an amount of ¢390.4 billion has been allocated, while indicative amounts of ¢469.9 billion and ¢500 billion have been provided for the year 2000 and 2001, respectively.

Over the medium term, Government will aim at achieving the following:

- Improving efficiency, delivery and access to justice by increasing access to legal services;
- ensuring accountability and efficient management of public resources, and improvement in the availability of legal information to the public;
- ensuring adequate protection of life and property, prevention and detection of crime;
- strengthening disaster prevention and response mechanism;

- maintaining the security agencies in a high state of preparedness for the promotion of peace and stability in the country;
- strengthening human resource capabilities of agencies charged with public safety; and
- promoting fairness, efficiency and transparency in the protection and enforcement of human rights.

In 1999, about 90 per cent of expenditure programmed for Public Safety will be allocated to the security agencies for the maintenance of law and order, the protection of life and property and crime prevention, while 10 per cent will support the administration of justice.

Justice

In the medium term, we will continue to deliver efficient and effective legal services to ensure a conducive atmosphere for socio-economic development.

During this period, the following outputs are expected to be produced:

- the operational capacity of legal institutions will be strengthened to support private sector activity;
- an appropriate performance management and incentive system will be designed and put in place by 2000 for the Ministry of Justice;
- activities aimed at appreciably reducing economic crimes and serious fraud will be pursued; and
- Departments and units under the Ministry of Justice will be strengthened and provided with adequate logistic support.

In order to realise the above objectives, a total amount of ¢92.9 billion is programmed to be spent by the Ministry in the medium term. Out of this amount, ¢11.6 billion will be spent in 1999. Indicative amounts of ¢42.7 billion and ¢38.7 billion are programmed for 2000 and 2001, respectively.

Highlights of 1999

In 1999, Service and Investment expenditures will amount to ¢1.264 billion and ¢4.912 billion respectively.

Some projects to be implemented include:

- Construction of office and residential accommodation at Kumasi and Koforidua;
- Construction of office and residential accommodation at Sefwi-Wiawso, Tarkwa, Dunkwa-On-Offin, Swedru, Obuasi, Goaso, Nkawkaw and five other district capitals for the Attorney-General's Department.
- Refurbishment and extension of offices for

  Registrar-General's Department in Accra.

- Construction of a Library Complex for the Law School in Accra.

Additionally, the following construction works will be continued:

- The office block for the Council for Law Reporting;
- The head office block for the Legal Aid Board; and
- The new head office Complex for the Serious Fraud Office.

Judicial Service

The Judicial Service will continue to promote the smooth and efficient administration of justice to ensure that democracy thrives in Ghana.

In order to achieve the above objective, the following activities will be carried out in the medium term: five commercial courts and ten tax courts as well as additional community tribunals will be established the programme for computerization of courts will be pursued vigorously: court buildings and residential houses will be renovated and equipped.

The budget outlay for the Judicial Service for the medium term amounts to ¢97.7 billion, out of which ¢36.2 billion and ¢40.1 billion will be spent in 2000 and 2001, respectively.

Highlights of 1999

Highlights of some of the activities to be undertaken include the following:

- construction of High Court Complex at Tema;
- renovation of Supreme Court Buildings in Accra;
- renovation of Ho High Court Complex;
- rehabilitation of Kumasi High Court complex and Judicial Service building;
- construction of Sunyani and Cape Coast High Court buildings;
- construction of a new administrative block for Accra;
- construction of Bungalows at Tamale.

Commission on Human Rights and Administrative Justice

The Commission on Human Rights and Administrative Justice (CHRAJ) will in the medium term, continue to promote, protect and enforce fundamental human rights and administrative justice.

Activities that will be undertaken in the next three years include:

- extension of the presence and services of CHRAJ to all the regions and districts in the country;
- institutional strengthening through recruitment and training of additional staff and provision of needed logistics support; and
- increasing the level of awareness of fundamental human rights through public seminars, campaigns etc.
- To support the attainment of the above objectives, a total amount of ¢21.6 billion will be spent in the medium term, out of which ¢6.2 billion will be spent in 1999. Indicative amounts of ¢6.9 billion and ¢8.5 billion have been programmed for 2000 and 2001, respectively.

Highlights of 1999

- completion of two residential accommodation,
- rehabilitation of Accra offices of CHRAJ
- purchase of vehicles and forty motor-bikes,
- purchase of furniture, fittings and office equipment

Interior

To improve efficiency of delivery over the medium term, a three year programme, aimed at removing operational bottlenecks has been designed.

Activities under the programme include the following:

- Review of organisational structures within the various agencies; and
- Provision of additional equipment/logistics and accommodation facilities.

To support the realisation of the above objectives during the medium term, an amount of ¢638.2 billion is programmed for the Ministry of Interior. For 1999, ¢193.2 billion was provided, while indicative amounts of ¢213.4 billion and ¢231.6 billion has been allocated for years 2000 and 2001, respectively.

An amount of ¢15.7 billion has also been allocated to the Ministry of Interior for the purchase of disaster relief items.

Police Service

Despite the efforts made in previous years to solve some of the problems facing the Police Service, the growing crime rate imposes a tremendous burden on the Ghana Police Service. Government will in the medium term, allocate a lot more

resources to the Service in order to reduce some of the problems confronting the Police.

Some specific activities planned for the medium term include the following:

- the Police Service will recruit and train 6,000 additional policemen to augment their current strength and organise command upgrading courses for relevant ranks on a yearly basis especially in the vital areas of crime detection and prevention and criminal investigations;
- as part of its programme to ensure adequate protection of life and property, the Police Service will continue to acquire patrol and riot control vehicles with water canons, and other vital crime detection equipment;
- community watchdog committees will be established in each district;
- police patrol duties will be increased in all urban centres.

For the realisation of its medium term objectives, ¢354.3 billion is provided. An amount of ¢105.6 billion representing 55.0 per cent of total planned expenditure for the Ministry of Interior in 1999 has been allocated to the Ghana Police Service in line with the central role they play in the maintenance of public safety and Government's commitment towards improving service delivery by the Police. This amount shows a 75 per cent increase over last years allocation to the Police Service. Indicative budgetary outlays for the year 2000 and 2001 amount to ¢116.7 billion and ¢132.1 billion respectively.

Highlights of 1999

The following construction projects will be undertaken:

- Construction of various structures in 23 Police stations and barracks;
- completion of 3No. 8-unit block of flats at Mile 7;
- construction of Sowutuom Police Complex;
- construction of accommodation and other facilities in northern conflict areas; and
- construction of Madina Police Station.

On-going rehabilitation works in 30 Police stations and barracks will continue with a programmed outlay of ¢6.1 billion. Some of the beneficiary stations and barracks include Mobile Force barracks, Cantonments barracks, Takoradi Central Police Station, Kumasi Central Police Station, and Police Training Depot. In addition, an amount of ¢5.4 billion has been programmed for the purchase of equipment including vehicles, Trojan riot control vehicles, accessories and communication gadgets.

Prisons Service

During 1999-2001, the Prison Service will

- retrain existing staff and recruit and train more professional staff;
- improve medical care for prison officers;
- create recreational and sports facilities for use by both officers and inmates;
- provide library service and facilities for prisoner's education;
- re-organise and re-equip the industrial wing to cater more adequately for trade training;
- procure additional vehicles and operational equipment to improve efficiency;
- establish 3 more camp prisons and construct 2 medium security prisons by 2001 to reduce overcrowding; and
- provide residential accommodation for 3000 officers by 2001.

Highlights of 1999

Specific investment activities for 1999 include;

- Construction of Cape Coast Prisons;
- Construction of 2No. flats at Maamobi;
- Reconstruction of Cantonments Barracks roads;
- Rehabilitation of selected prisons across the country;
- Construction of prisons settlement camps;
- Purchase of vehicles; and
- Purchase of communications equipment.

In all, a total of ¢32.2 billion has been allocated to the Prisons Service for 1999 to cover its expenditure.

Fire Service

For 1999, a total amount of ¢30.4 billion has been allocated to the Fire Service, out of which ¢7.8 billion will be spent to meet administrative and service costs.

Highlights of 1999

Investment programmes planned by the Fire Service include:

- Completion of Fire stations at Koforidua and Mankesim, and continuation of construction of Fire Stations at Assin Foso, Swedru, Sunyani and Wa among others;
- Construction of additional facilities at the training school;
- Extension of head office building and construction of residential accommodation at Alajo and Cape Coast among others, and
- The purchase of fire fighting equipment and accessories as well as other operational equipment worth ¢2.6 billion.

Immigration Service

In 1999, a total amount of ¢6.073 billion has been allocated to the Ghana Immigration Service.

SECTION 5

1999 POLICIES AND INITAITIVES

Mr. Speaker, as noted earlier, the central objective of fiscal policy this year is to strengthen the financial basis of Government's medium term goal of creating conditions for sustainable economic growth. To build on the policies and initiatives that helped stabilise the macroeconomic environment in 1998, the fiscal efforts in 1999 will focus on ensuring that the newly adopted VAT is firmly established, weaknesses in the revenue mobilisation environment are rectified, and the administrative framework for expenditure control is further strengthened.

It is the intention of Government that all efforts will be concentrated in ensuring the smooth implementation of the Value Added Tax. We shall monitor the implementation of this tax on a continuing basis and if there are any changes that may be required to the law, appropriate proposals will be brought to this House.

As part of our continuing tax rationalisation programme, we propose to recommend to this House to abolish the special tax of 17.5 per cent on imports. As a consequence of this measure, we have proposed some changes to realign the import duty rates on imported motor vehicles. It is proposed to reduce the 25 per cent duty on imported computer software and accessories and communication equipment of 10 per cent. We propose to adjust duty rates of some selected goods in order to:

- enhance the competitiveness of our local industries;
- harmonise our rates with sub-regional rates to check and reduce the incidence of smuggling; and
- remove any other distortions that might have arisen as a result of the re-introduction of the value added tax.

In the last fiscal year, the Internal Revenue Service introduced a pilot scheme to test the self-assessment system on a number of large taxpayers. Following the success of this test we will extend self-assessment to cover all other categories of taxpayers. A comprehensive review of the Income Tax Decree SMCD5 was

commenced last year and on completion, a draft bill will be laid before this House after consultations with stakeholders including the private sector.

Mr. Speaker, filing of tax returns continues to be a problem with a very large number of taxpayers either refusing or neglecting to file their tax returns. Obviously this poses a problem for tax administration in many ways including the unavailability of statistical data for planning and decision making. A bill will be placed before this House to tighten sanctions on both the defaulting taxpayers and any IRS official who neglects to impose appropriate penalty without reasonable justification.

Mr. Speaker, you will no doubt recall that in the last budget statement, I indicated that we shall commence the issuance of Taxpayer Identification Numbers (TINs) for common use among revenue collecting agencies. I am happy to inform the House that we successfully introduced the first phase of the TIN project last year. This phase concentrated on VAT registered tax traders and as at January 30 of this year all the 11,214 traders who applied for registration had been issued with their TINs.

With the completion of this phase we shall now extend the TIN registration to cover the remaining categories of taxpayers. Those next in line to be issued with TINs are importers and clearing agents. It has therefore been decided that importers and clearing agents will now require TINs in order to clear goods from every port of entry. In addition all applicants for tax clearance certificates from the IRS will require TINs with effect from 1st May. All the necessary measures have been put in place and a detailed programme for registering the remaining taxpayers will be announced in due course.

Last year we carried out a number of integrated tax audits and the results have confirmed the need to institutionalise this type of Audit. With the re-introduction of

the VAT it has become imperative to continue the integrated audit and thereby reduce the number of visits paid by the revenue collecting agencies to each taxpayer. Presently, each revenue agency pays independent visits to the same taxpayer. Apart from the waste of resources this entails, it also takes too much of the taxpayer's time and therefore does not enhance their preparedness to collaborate with the agencies. Under the auspices of the Revenue Agencies (Governing) Board's secretariat, integrated audits will be stepped up to address the matter.

The installation, testing and commissioning of the Budget and Public Expenditure Management System (BPEMS) will begin in eight pilot ministries by the end of the year.

The Bank of Ghana has instituted measures to facilitate and encourage the use of cheques and other payment instruments other than cash in the Ghanaian economy. To allow the electronic processing of cheques, and reduce the clearing cycle, the Magnetic Ink Character Recognition (MICR) cheques were introduced under the Interbank Automated Cheque Project. In this regard the Bank of Ghana will continue with its programme of modernising the payments system. An on-line clearing system for cheques will be introduced during the course of the year, with the aim of eventually attaining real-time gross settlement by the year 2000. A draft bill to back the electronic transfer of funds will be placed before Parliament during the second meeting of the current session.

The Government will place before the House a new Bank of Ghana draft bill that will strengthen the independence of the Bank of Ghana in the formulation and implementation of monetary policies. The bill will also aim at strengthening the authority of the Bank as the supervisor of the entire financial system. In return for this greater autonomy, the Bank of Ghana will be expected to continue to pursue

sound and transparent policies. It will also be expected to be more accountable for the results of its policies.

Government recognises the need for a sound and competitive banking system. This is essential for financial inter-mediation in particular and for the development of the economy in general. To this end, Bank of Ghana will streamline regulations on entry into and exit from the industry.

Government during the 1998 financial year established the Securities Regulatory Commission to ensure the orderly growth and development of the Securities Industry. In furtherance of the above, and the recognition by Government that a substantial amount of money is still being held outside the formal financial sector, as well as Government's commitment to the development of collective investments schemes and encouragement for large institutional investors with capacity to mobilise and invest large amounts of investible funds, Government has adopted the following measures:

- that a Legislative Instrument on Mutual Funds and Unit Trusts to govern the establishment and operation of these investment schemes will be laid before Parliament before the end of March this year;
- that all pending applications properly lodged before the Securities Regulatory Commission for licence to operate Mutual Funds and Unit Trusts will be processed and disposed of before the end of June this year; and
- that exemption on capital gains tax on Securities traded on the Ghana Stock Exchange will be extended for at least another 5 years after the expiration in the year 2000 of the current exemption.

The implementation of the Government's Medium to Long Term Public Sector Salaries and Wages Policy which has been delayed several times in the past mainly due to under estimation of the technical work involved, will start as soon as the negotiations between the Central Management Board (CMB) and the Stakeholders are completed.

As a result of the preparatory work, including the conference of all stakeholders held at Sogakope in 1998, the appointment of the CMB and the completion of the "off loading" exercise, we are now in a better position to conclude successful negotiations. Provision has been made in the budget for the implementation of the new policy.

Government has taken due cognisance of the millennium bug problem and its potentially negative impact on the national economy in particular and the world economy in general. In this connection, Cabinet in June, 1998 directed the setting up of a national office under the Ministry of Communications to work out and co-ordinate strategies for dealing with the problem. MDAs will be responsible for ensuring the compliance of their computer systems. Government has however set aside funds to supplement the resources available to the MDAs in view of the magnitude of the problem and its ramifications on computer systems and equipment in the public sector. The national office will also provide advice to the private sector where appropriate on how the crisis can be handled in the most efficient manner.

With the view to encouraging the banks to increase their loans granted to farmers and entrepreneurs in the agro-industrial sector, Government reduced the tax payable by banks on incomes derived from lending to the agriculture sector from 35 per cent to 20 per cent last year. We are currently reviewing and assessing the impact of this policy initiative on appropriate policy follow-up action.

Government recognises that a key constraint to increased agricultural output and productivity is the lack of access to credit to farmers in the rural communities. Financial institutions have indicated that they were prepared to lend more to farmers if they were organised into groups. Government has therefore decided that there is the need to revitalise co-operative production and marketing

societies to facilitate this access to credit and thus provide the impetus for raising output in the agricultural sector. In pursuance of the policy on co-operatives, Government has set aside a seed capital for ¢5 billion which is to be lodged with the Agricultural Development Bank for on lending to co-operative societies in the agricultural sector. Considering the need to modernise agricultural practices and reduce unemployment, graduates of agricultural institutions will be encouraged to form co-operative societies and companies to enable them benefit from the scheme.

In addition, the Youth in Agriculture Programme (YAP) under which Government and the Agricultural Development Bank have put together ¢5 billion to support young people in the production of selected crops, poultry and livestock will take off this year as mentioned by His Excellency the President in his Sessional Address.

On cocoa, as an initial step towards enhancing the contribution of the sector to overall national economic effort, a draft report of the cocoa sector development strategy was prepared and discussed at a stakeholders workshop held a fortnight ago.

The recommendations of the workshop on areas such as increasing production, reduction of tax levels, and efficiency in the marketing of cocoa through the provision of appropriate infrastructure are being studied by the Government.

In the meantime, Government remains committed to sustaining its direct and indirect support to cocoa farmers. We intend in the short to medium term, to accelerate the rate of increase in the percentage of the world market price paid directly to cocoa farmers.

As indicated by the President in his Sessional Address, Government intends to use the tariff regime to ensure that Ghanaian manufacturers become efficient and competitive.

The establishment of the Export Development and Investment Fund (EDIF) as a guarantee scheme to provide long-term investment finance for industry to retool and re-equip operations should, when approved by Parliament, provide important support to Ghana's industry.

The Ghana Trade and Investment Gateway project will commence this year. The project will help modernise the equipment and raise the human capacity base of the Customs Excise and Preventive Service, the Ghana Ports and Harbour Authority, the Ghana Investment Promotion Centre, the Ghana Immigration Service and the Free Zones Board for prompt handling of investors and the provision of offsite infrastructure to the export processing zone enclaves.

To address the perennial problem of arrears owed to contractors as well as to streamline ongoing contracts and improve management of the entire portfolio of contracts, the Ministry of Roads and Transport has conducted a review of some of our major road works.

As part of our objective to achieve cost effectiveness and efficiency in the road programme and particularly leverage our limited resources with donor funds to undertake more works, Cabinet has decided that these contracts be terminated in an orderly fashion and re-awarded after open tendering. In the implementation of this decision, the Ministry of roads and Transport has been directed to ensure that there is minimum disruption in the construction of the affected roads.

Future contracts will continue to be awarded on the basis of open tendering and where contract have to be negotiated or sole-sourced because they are tied to

donor funds or concessionary facilities they would be subjected to value for money assessment before being awarded.

SECTION 6

CONCLUSION

Mr. Speaker, since the inauguration of the Fourth Republic, the programmes we have presented to this House have begun to yield positive results. The national economy has become stronger and resilient as was demonstrated during the energy crisis. We have always pointed out that the best incentive for the enterprising people of Ghana is a stable macroeconomic environment.
As inflation and interest rates continue to decline and the cedi stabilises, we are in the process of delivering on our promise. We are confident that as we enter the new millennium, our people will rise up to the challenges that lie ahead and provide us with the requisite momentum towards Vision 2020.

Mr. Speaker, I beg to move.

APPENDICES

Table A 1: Selected Economic Indicators, 1994-2001 (per cent of GDP, unless otherwise indicated)

	1993	1995	1996	1997	1998*	1999**	2000**	2001**
Real GDP Growth (1993=100)	5.0	4.0	4.6	4.2	4.6	5.5	6.0	6.0
Agriculture	2.5	3.7	5.2	4.3	5.3	5.6	5.2	5.2
Industry	4.3	4.1	4.8	6.4	2.5	6.3	6.2	6.7
Services	7.0	4.7	4.2	6.5	6.0	5.3	7.0	6.3

GDP at Current market prices

Consumption	93.4	88.3	88.1	96.7	90.1	91.0	92.0	90.0
Investment	22.2	20.0	21.5	17.6	18.9	19.0	20.0	22.0
Exports	17.9	24.5	24.9	24.0	25.9	26.0	27.0	29.0
Imports	33.5	32.8	34.5	38.3	34.8	35.0	35.5	36.0
GDP Deflator	24.3	19.5	33.1	25.4	17.0	11.0	9.0	9.0
Inflation								
Annual average	25.0	59.5	46.5	27.9	…	…	…	…
End of period	27.7	70.8	32.7	20.8	15.7	9.5	6	5
Primary balance (billions of cedis)	-125	118.7	33.8	549.7	630.9	741	584	945
Per cent of GDP	- 3.4	1.6	0.3	3.4	3.8	3.8	2.6	3.8

Source: Ministry of Finance & Ghana Statistical Service

* Provisional Figures
** Projections
... Figures are not available. The annual average figures based on the new series can only be computed after 24 months starting from the base month, i.e, September 1997

Table A2: Summary of Central Government Budget, 1999 (in billions of cedis)

1. 1998

Revenues	Estimates	Prov. Outturn
Total revenue & grants	3,821.0	3,338.5
(per cent of GDP)	21.6	20.1
Total Revenue	3,272.0	3,176.5
Tax revenue	2,834.0	2,728.5
Taxes on income	784.0	760.7
Of which companies	451.0	378.6
Taxes on domestic goods	851.0	823.6
Of which petroleum Tax	371.0	383.8
Taxes on international trade	1,199.0	1,144.1
Imports	809.0	743.7
Exports	390.0	400.5
Non-tax revenue	**438.0**	**448.0**
Grants	549.0	161.9
Project grants	444.0	62.7
Program grants	105.0	99.2
i. EXPENDITURE		
Total expenditure	**5,005.0**	**4,383.2**
(per cent of GDP)	28.3	26.4
Recurrent	**2,834.0**	**2,861.7**
Non-interest	1,832.0	1,785.3
Personal emoluments	940.0	956.8
(per cent of GDP)	5.3	5.8

Goods & services	390.0	368.6
Subventions	290.0	257.3
Transfers	212.0	202.6
Interest Payments	1,002.0	1,076.4
Interest (domestic)	705.0	861.4
Interest (external)	297.0	215.0
Capital (domestic financed)	**739.0**	**759.9**
Development	760.0	786.4
Net lending	-21.00	-26.44
Capital (foreign financed)	**1,432.0**	**761.5**
Overall bal. (commitment)	**-1,184.0**	**-1,044.7**
(per cent of GDP)	-6.7	-6.3
Domestic arrears (net change)	-48.0	-103.6
Overall bal. (cash)	-1,232.0	-1,148.3
(per cent of GDP)	-7.0	-6.9
Divestiture receipts	200.0	99.6
Overall balance (inclu. Divestiture)	**-1,032.0**	**-1,048.7**
Financing	**1,032.0**	**1,048.7**
Foreign (Net)	**576.0**	**376.1**
Borrowing	1255.0	914.1
Project loans	988.0	698.8
Programme loans	267.0	215.3
Short-term borrowing (net)	0.0	0.0

Amortization	-679.0	-538.0
Domestic (Net)	**456.0**	**672.6**
Banking	210.0	308.3
Bank of Ghana		-357.0
Comm. Banks	665.3	
Non-Bank	246.0	364.3

Source: Ministry of Finance

Table A3: Central Government Revenue & Grants, 1998 (in millions of cedis)

1. 1998

	Estimates	Prov. Outturn
TAXES ON INCOME & PROPERTY	**784,000**	**760,681**
Personal	227,000	226,720
Self-employed	59,000	39,994
Companies	451,000	378,644
Others	47,000	115,323
TAXES ON DOMESTIC GOODS	**851,000**	**823,642**
Excise duty	180,000	159,161
Sales tax/Value added tax	300,000	280,660
Petroleum tax	371,000	383,821

TAXES ON INTERNATIONAL TRADE	**1,199,000**	**1,144,145**
Imports	809,000	743,659
Import duty	406,000	383,435
Sales tax on imports/Value added tax	300,000	275,367
Special tax	20,000	19,792
Other taxes	83,000	65,065
EXPORTS (cocoa duty)	390,000	400,486
TAX REVENUE	**2,834,000**	**2,728,468**
NON-TAX REVENUE	438,000	448,041
Income and fees	128,000	218,674
Other revenue	310,000	229,367
Grants	**549,000**	**161,941**
Project grants	444,000	62,722
Program grants	105,000	99,219
TOTAL REVENUE & GRANTS	**3,821,000**	**3,338,450**
Memorandum items (in % of GDP)		
TAXES ON INCOME & PROPERTY	4.4	4.6
TAXES ON DOMESTIC GOODS	4.8	5.0
TAXES ON INTERNATIONAL TRADE	6.8	6.9
NON-TAX REVENUE	2.5	2.7
GRANTS	3.1	1.0

TOTAL REVENUE & GRANTS	21.6	20.1
GDP (Nominal) (millions of cedis)	17,655,000	16,590,000

Source: Ministry of Finance

Table A4: Economic Classification of Central Government Expenditures, 1998 (in millions)

1. 1998

Estimates	Prov. Outrun
II. EXPENDITURE	
Recurrent	2,834,000	2,861,706
Non-Interest expenditure	1,832,000	1,785,308
Personal emoluments	940,000	956,849
Goods & services	390,000	368,564
Items 2 - 5	390,000	368,564
Environ. & Emergency Fund	0	0
Subventions	290,000	257,292
Transfers	212,000	212,000
Pensions	80,704	79,535
Gratuities	57,372	50,186
Social security	69,735	72,118
Redeployment & ESB	4,189	764
Interest payments	1,002,000	1,076,398

Domestic	705,000	861,369
External	297,000	215,029
Capital (domestic financed)	739,000	759,922
Development	760,000	786,358
Cash expenditure	618,250	696,232
District Assemblies Common Fund	141,750	90,126
Net lending	-21,000	-26,436
Net loans	0	0
Loan recoveries	-21,000	-26,436
Capital (foreign financed)	1,432,000	761,522
TOTAL EXP. & NET LENDING	5,005,000	4,383,150
Memorandum items (in % of GDP)		
RECURRENT	16.1	17.2
GOODS & SERVICES	2.2	2.2
SUBVENTION	1.6	1.6
TRANSFERS	1.2	1.2
INTEREST PAYMENTS	5.7	6.5
CAPITAL	4.2	4.6
TOTAL EXP. & NET LENDING	28.3	26.4
GDP (nominal) (in millions of cedis)	17,655,000	16,590,000

Source: Ministry of Finance

Table A5: Medium-Term Expenditure Framework and Budget, 1999-2001 (in billions of cedis)

	1999	2000	2001
	Budget	Indicative	Indicative
Total expenditure	6,744.0	6,972.0	6,954.0
Statutory payments	2,885.0	2,692.0	2,523.0
External Dept	1,150.0	1,114.0	983.0
Principal	879.0	865.0	707.0
Interest	271.0	279.0	276.0
Domestic debt	1,405.0	1,075.0	1,011.0
Principal	668.0	474.0	421.0
Interest	271.0	279.0	276.0
District Assemblies Common Fund	165.0	188.0	208.0
Transfers to households	165.0	285.0	321.0
Discretionary expenditure	3,859.0	4,280.0	4,431.0
Functional classification	3,859.0	4.280.0	4,431.0
General Administration	1,038.0	949.0	900.0
Economic Services	399.0	420.0	450.0
Infrastructure	819.0	1,080.0	1,120.0
Social Services	1,174.0	1,318.0	1,413.0

Public Safety	390.0	470.0	500.0
Contingency	39.0	43.0	48.0
Economic classification	3,859.0	4,279.0	4,431.0
Personnel emoluments	1,299.0	1,445.0	1,496.0
Administration	381.0	496.0	514.0
Service	278.0	370.0	383.0
Investments	1,901.0	1,968.0	2,038.0
Domestic financed (escl. DACF)	708.0	872.0	903.0
Foreign financed	1,121.0	1,096.0	1,135.0
Total receipts	5,395.0	6,343.0	6,940.0
Revenue and Grants	4,112.0	5,008.0	5,744.0
Divestiture receipts	80.0	75.0	50.0
Project loans	972.0	937.0	940.0
Program loans	231.0	323.0	206.0
Total receipts	5,395.0	6,343.0	6,940.0
Overall cash balance	-1,005.0	-550.0	-32.0
(as a percentage of GDP)	-5.2	-2.5	-0.1
Primary balance 1/	741.0	584.0	945.0
(as a percentage of GDP)	3.80	2.64	3.84
Nominal GDP	19,493.0	22,098.0	24,620.0

1/Excludes provision for arrears clearance

Source: Ministry of Finance

Table A6 : Functional Classification of Discretionary Expenditures, 1999-2001 (in billions of cedis)

	1999			2001	2001
	GOG	Donor	Total	Proposed	Proposed
MDA				Amount	Amount
General Administration					
Ministry of Local Government & Rural Dev	42,255	43,475	. 85,730	143,405	151,242
Office of Government Machinery	124,251	0.000	124,251	128,040	135,296
Ministry of Foreign Affairs	85,052	0	85,052	85,360	86,976
Ministry of Finance	113,005	7,787	120,792	128,040	144,960
Ministry of Parliamentary Affairs	0.386	0.190	0.576	0.662	0.834
Audit Service	11.503	0.000	11.503	13.954	14.759
Public Services Commission	1.327	0	1,327	1.450	1.477
National Electoral Commission	15.456	0	15.456	37.519	18.599
Office of Parliament	11.958	0	11.958	17.072	19.328
General Government Services	370.604	210.606	581.210	393.400	326.280
Office of the Dis. Assem.Com. Fund Adm	0.308	0	. 0.308	0.337	0.389
Sub-total Administration	776.105	262.058	1,038.163	949.239	900.140

Economic Services					
Ministry of Food & Agriculture	43,593	90,101	133.694	136.060	141.000
Ministry of Lands & Forestry	29.842	13.712	43.554	48.350	55,400
Ministry of Mines & Energy	26.000	107.266	133.266	140.000	145.279
Ministry of Trade & Industry	11.496	5.025	16.521	14.926	16.187
Ministry of Tourism	5.060	0.000	5.060	5.819	6.692
Ministry of Environment Sci. & Tech.	52.742	14.239	66.981	75.020	85.023
Sub-total Economic Services	168.733	230.343	399.076	420.175	449.581
Infrastructure					
Ministry of Works & Housing	65.465	149.969	215.434	247.562	256.250
Ministry of Roads & Transport	302.000	301.468	603.468	832.686	863.867
Sub-total Infrastructure	367.465	451.437	818.902	1,080.248	1,120.117
Social Service					
Ministry of Education	678.550	90.340	768.890	813.054	899.290
Ministry of Employment & Social Welfare	14.524	0.000	14.524	14.938	16.328
Ministry of Youth & Sports	22.456	0.000	22.456	17.072	19.328
Ministry of Communication	22.643	0.000	22.643	29.876	24.160
National Commission for Civic Education	7.728	0.000	7.728	8.536	9.664
National Commission for Culture	11.593	0.000	11.593	6.878	7.367
Ministry of Health	218.090	106.807	324.897	426.800	436.200
National Media Commission	0.734	0.000	0.734	0.666	0.598

Sub-total Social Service	976.318	197.147	1,173.465	1,317.820	1,412.935
Public Safety					
Ministry of Justice	11.592	0.000	11.592	42.680	36.656
Ministry of Defence	158.060	0.000	158.060	170.720	183.280
Commission on Human Rights	6.182	0.000	6.182	6.876	8.467
Judicial Service	21.351	0.000	21.351	36.200	40.080
Ministry of Interior	193.189	0.000	193.189	213.390	231.276
Sub-total Public Safety	390.374	0.000	390.374	469.866	500.059
Contingency	38.640	0.000	38.640	42.680	48.320
Total Discretionary Expenditure	2,717.635	1,140.985	3,858.620	4,280.028	4,431.152

Table A7: Ghana's Balance of Payments 1997-1999 (millions of US dollars)

Outturn

	1996	1997	1998	1998	1999
Outturn			Projections	Provisional	Projections
Merchandise Exports (f.o.b.	1571.2	1489.9	1625.2	1830.4	1885.5
Merchandise Imports (f.o.b.)-	1937.0	2128.3	1978.9	2214.2	2267.8
Non-Oil	1677.9	1894.0	1764.0	2006.9	2087.0
Oil	259.1	233.9	214.9	207.3	180.8
Trade Balance	365.8	365.8	353.7	383.8 -	382.3
Services (net)	438.6	471.4	480.4	496.4	472.5

Of which Interest Payments-	151.7	145.4	166.2	153.1	132.5
Private Transfers (net)	276.1	359.9	304.6	378.0	385.4
Current Account (excl. official transfers)	528.3	749.9	529.5	502.2	469.4
Official transfer (net)	205.6	159.7	218.4	230.1	213.3
Current Account (incl. Official transfers)	322.7	590.2	311.1	272.1	256.1
Capital Account	285.5	492.7	391.1	371.4	316.0
Official Capital	351.2	499.3	268.1	317.7	259.5
Private Capital	70.0	55.4	123.0	53.7	56.5
Short-term Capital	135.7	62.0	0	0	0
Errors and Ommissions	18.3	122.2	0	0	0
Overall Balance	18.9	24.7	80.0	99.3	59.9

Table A8: List of Loans guaranteed by Government in 1998 (in millions of U.S. Dollars)

1998 Concessional Loans USD

	Amount	**Date**	**Creditor**
Achimota-Anyinam Road	14.08	5/29/98	ADF
Poverty Reduction Project	15.49	5/29/98	ADF
Small Scale Irr. Dev. Project	21.13	5/29/98	ADF
Food Crop Dev't Pj	14.08	5/29/98	ADF

Economic Reform Support	19.15	1/3/98	ADF
Rehab of Gyato-Zongo Yeji Rd	9.60	8/19/98	ABN
Rehab of Gyato-Zongo Yeji Rd	16.23	07/12/98	MPLC
Bolgatanga Hospital Rehab Pj	4.10	6/8/98	BADEA
Economic Reform Support	52.25	03/03/98	I.D.A
Health Sector Program Support Proj	7.04	4/3/98	I.D.A
National Resource Management Project	9.72	2/9/98	I.D.A
. Health Sector Program Support Pj	35.35	5/3/98	NDF
Rural Electrification	5.00	6/18/98	MPLE
Rural Electrification	5.00	10/14/98	SPAG
Purchase of Goods from China	19.16	10/14/98	EXIC
Root and Tuber Improvement Prog	9.22	11/14/98	IFAD
Sub-Total-Concessional	**256.60**		

Source: Ministry of Finance

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