



REPUBLIC OF GHANA

Budget Speech

Budget Statement and Economic Policy

Of the

Government of Ghana

For the

2010 Fiscal Year

Presented to **Parliament**

On

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On the authority of

His Excellency John Evans Atta Mills
President of the Republic of Ghana



Theme: **"Growth and Stability"**

The Budget Statement and Economic Policy for Fiscal Year 2010

INTRODUCTION

- 1. Madam Speaker,** I beg to move that this August House approves the Budget Statement and Economic Policy of the Government for the year ending 31st December 2010.
- 2. Madam Speaker,** it is my duty once again, to present to this Honourable House and to the people of Ghana the 2010 Budget Statement and Economic Policy on behalf of His Excellency, President John Evans Atta Mills.
- 3.** With your permission, I would like to present to the House this morning, an abridged version of the full Budget Statement. The Hansard Department is, therefore, kindly requested to capture the entire Budget Statement and Economic Policy tabled and circulated for your information and action.
- 4. Madam Speaker,** His Excellency the President has set out his government's vision of creating a "Better Ghana" through a transformed and prosperous nation providing opportunities for a better life for all Ghanaians. It is this vision and the broad policy framework which defines his economic, social and political philosophy.
- 5. Madam Speaker,** on 5th March this year, I presented to this House the first Budget Statement of the Atta Mills Presidency. The Government was barely two months old and had just begun the process of assessing the true



state of the economy we had inherited. In August, I appeared before this House to present a supplementary budget. The supplementary budget was drawn up against the backdrop of indications based on empirical evidence that indeed showed that all was not well with the economy we inherited on 7th January, 2009.

6. Rather than engage in rhetoric on the state of affairs, we embarked on well thought out policies and actions designed to address the downward trend. In the course of my presentation, I will highlight some of the critical challenges we have faced.
7. **Madam Speaker**, by way of a quick summary, the truth that must be told is that, the Government inherited a distressed economy characterised by huge twin deficits. The fiscal deficit alone stood at GH¢2.6 billion at the end of 2008 when the NPP left office compared with GH¢260 million registered at end 2000 when NDC left office. In addition, by end September, arrears and unpaid bills amounted to GH¢1.7 billion in 2008. Added to the GH¢2.6 billion brings the deficit to almost 22% of GDP.
8. **Madam Speaker**, never in the history of our country have we faced such a huge fiscal deficit in proportion to GDP. Having regard to the significant increases in Government resources between 2005 and 2008, the huge deficit showed a serious failure of expenditure control. We were in deed living beyond our means in a manner that we could not sustain.



9. The accumulation of the huge arrears in 2008 threatened the execution of the 2009 budget since most of the arrears were not detected and budgeted for during the preparation of the 2009 budget. Significantly, a large proportion of these arrears arose from contracts that were in clear breach of the procurement law. The NDC Government has managed to pay a sizeable proportion of the arrears but there are still outstanding ones to be taken care of in the 2010 budget.

10. There is also the possibility of uncovering new arrears which MDAs have not disclosed to Government and these will have to be dealt with as and when they are uncovered. For instance, we have just uncovered a number of outstanding commitments some of which are:-

• Accra Metropolitan	-	GH¢10,061,027.00
• Kwahu West Municipality	-	GH¢1,250,869.00
• Atwima Mponua	-	GH¢1,327,848.00
• Kumasi Metropolitan	-	GH¢6,761,166.00

11. Madam Speaker, one of the burdens that this government has had to carry is huge judgment debts. How did this judgment debt come about? It is the result of the failure of the NPP Government to honour contractual obligations and the flagrant disregard to pay even when judgments had been given by both local and foreign courts and arbitration panels. In the circumstance, at the end of September this year, the judgment debt outstanding was a staggering GH¢560.0 million.



- 12. Madam Speaker,** It was this dire situation that necessitated our 2009 budget focusing on macro-economic stability and fiscal consolidation within the context of our medium-term plans for accelerated and sustained growth.
- 13. Madam Speaker,** restoring discipline in managing our resources, therefore, is an important part of what we have achieved in 2009. Because of our prudent economic management, our target for drastically reducing the budget deficit in 2009 is largely on track. The successes achieved so far have been the result of sound, well-crafted, purposeful policy-making and effective implementation.
- 14. Madam Speaker,** the Government is desirous of preserving these hard-won gains. In doing so we are particularly focused on ensuring equity in the distribution of the wealth of the nation and not concentrating wealth in the hands of a few. Those who suffer most when our economy is badly managed are the poor, the ordinary farmers, and the working people who are severely taxed by inflation even as their income remains stable. Our efforts at stabilizing the economy and preventing run-away inflation have protected the value of the income of the majority of our population.
- 15. Madam Speaker,** with the fiscal consolidation and macroeconomic stability achieved through the implementation of bold and sound economic policies, coupled with the understanding and support of our people, the 2010 Budget ushers in the government's growth and strategy framework towards a **"Better**

Ghana". This framework captioned "**Growth and Stability**" identifies a comprehensive set of policies to support Government's Medium Term Growth Strategy in a manner that will be sustainable. It focuses on a progressive program of development through job creation intended to improve the quality of life of our citizenry.

16. Madam Speaker, the tools for achieving the objectives of this Growth and Stability budget are the following:

- Sustaining the macroeconomic stability and fiscal discipline achieved in 2009;
- Positioning the country for a sustained growth through the modernization of agriculture, provision of key infrastructure development, oil and gas projects, private sector development, ICT; and
- Delivery of social programs targeted at poverty reduction.

WORLD ECONOMIC OUTLOOK

17. Madam Speaker, permit me to reflect more on the developments in the world economy as the impact affects us directly and indirectly. The world economy is facing its greatest challenge in modern times, resulting from the recent global financial crisis.

18. Madam Speaker, it is evidently clear that the financial turmoil has imperilled the world's economy and precipitated a severe decline in both business and

consumer confidence. Indeed, even the once vibrant Asians economies such as China and India have all been affected.

- 19. Madam Speaker,** the majority of countries have faced steep declines in remittances and revenue from tourism; reductions in financing, including foreign direct investment and grants; and rising debt and unemployment.
- 20. Madam Speaker,** following a wide range of interventions, including major fiscal stimulus packages provided by governments and multilateral institutions to address the crisis, there are indications that the global economy is on the verge of recovery. The response has helped reduce uncertainties and increase consumer and investor confidence in world markets.
- 21. Madam Speaker,** the above notwithstanding, it has been projected that global economic activity will contract further this year, but will resume growth next year, although it will be well below the rates experienced before the crisis. The expansion in economic activities is expected to be greater in emerging and developing economies, and moderate in advanced economies.
- 22. Madam Speaker,** Africa has not been spared of the impact of the global economic meltdown. In the last decade, many African countries have put in place sound and sustainable economic policies that have delivered robust growth and low inflation. Together with debt relief, these policies have resulted in low levels of public debt, relatively sound financial systems, and rising living

standards. The continent seemed to have turned the corner from decades of economic stagnation and structural macroeconomic imbalances.

- 23. Madam Speaker,** today, the picture is different. The gains of the past decade are now at risk. The high food and fuel prices that have prevailed until recently have taken a heavy toll on the finances of many African economies. And now the continent is faced with severe uncertainties about its growth prospects and the chances of reaching its development goals.
- 24. Madam Speaker,** in the case of Ghana we had to turn to the IMF/World Bank for financial support due to the huge resource gap in government finances and the balance of payment weakness.

OVERVIEW OF THE MACROECONOMY IN 2009

- 25. Madam Speaker,** in Ghana, the impact of the global financial crisis has been moderate. Indeed, the economy has managed to weather the recession relatively well, supported by the favourable market conditions for our gold and cocoa exports, and on account of good rainfall which have boosted agricultural production. World market prices of cocoa and gold continue to witness favourable upward trends, thereby boosting export earnings.
- 26. Madam Speaker,** the performance in the first three quarters of 2009 suggests that the economy is expanding at a moderate rate. Provisional estimates from the Ghana Statistical Service put the real GDP



growth at 4.7% for 2009. However, the Central Bank has projected a real GDP growth rate of 6% this year. The two scenarios indicate that our 5.9% real growth rate may be achievable by the end of the year.

- 27. Madam Speaker,** inflation which reached a peak of 20.7% in June 2009 on account of a build-up of strong inflationary pressures in 2008 has begun to respond to the tighter monetary policy and fiscal consolidation policies implemented by the NDC government. Consequently, the tempo of increases in the rate of inflation has eased, and has assumed a downward trend, reaching 18.0% in October. The rate is expected to continue to drop in the remaining months of the year.
- 28. Madam Speaker,** developments in the foreign exchange market show that the volatility in the market has eased significantly. In fact, the Cedi has been appreciating against the US dollar in the last three successive months by 1.74% in August, 0.67% in September, and 0.74% in October, and the indications are that it will continue to appreciate through to the end of the year.
- 29. Madam Speaker,** it is interesting to know that research conducted by the Standard Bank Group Limited, UK has rated Ghana as the number one country for “Carry Trade” business out of 24 emerging economies, including that of Russia, Brazil, Mexico and South Korea. The research which was conducted in September this year, shows that the strong positive characteristics of Ghana’s carry trade are directly associated with the

positive economic fundamentals, both short and long-term, that exist in the country, and the balance of payments improvement, as well as the fiscal prudence of the government during the first half of the year.

- 30. Madam Speaker,** the external sector of the economy also witnessed significant improvement during the first three quarters of the year, recording an overall deficit of a mere USD29.5 million compared to the huge deficit of USD716.8 million for the corresponding period of 2008. This turnaround was also largely due to the sound macroeconomic policies of the government.
- 31. Madam Speaker,** the stock of gross international reserves at end September 2009 was equivalent to 2.4 months of imports of goods and services, higher than the 1.8 months of cover for the entire fiscal year 2008.
- 32. Madam Speaker,** on the fiscal side, the performance was even more encouraging. The overall budget deficit for the first three quarters of the year totalled GH¢1.4 billion, equivalent to 6.4% of GDP. This was the result of rigorous management of expenditure in the face of shortfalls in revenue and grants.
- 33. Madam Speaker,** total revenue and grants received during the first three quarters of the year amounted to GH¢4.5 billion, reflecting 11.9% shortfall in the estimated figure of GH¢5.1 billion. For the whole 2009 fiscal year, total revenue and grants are projected at GH¢7.2 billion, also indicating a drop of 3.5% below the original budget estimate. The shortfall is attributed to a 2.8% drop in domestic revenue and 6.5% drop in the

disbursement of grants. The drop in domestic revenue is due mainly to the underperformance of domestic VAT and petroleum taxes.

- 34. Madam Speaker,** total payments (both discretionary and statutory) for the first three quarters of the year was GH¢6.3 billion, showing a shortfall of 12.8% in the original budget estimate of GH¢7.2 billion. The projected outturn for the year is GH¢8.7 billion, showing 13.8% drop in spending. Despite the projected drop in total payments, spending on domestic interest payments are also projected to exceed the budget provision by 20.4% due to the higher than anticipated increases in the interest payments during the year.
- 35. Madam Speaker,** the overall budget deficit for 2009, based on the outturn for the first three quarters of the year, is estimated at GH¢2.2 billion, equivalent to 10.2% of GDP. Financing from domestic sources will account for 6% of GDP and foreign sources, 4.2% of GDP.
- 36. Madam Speaker,** it is important at this juncture to remind Honourable Members of the House that when the Budget for this year was tabled on 5 March 2009, I said that the NDC Government has taken the bold decision to bring down the budget deficit from about 15% of GDP in 2008 to 9.4% of GDP in 2009. Although we have not hit the target of 9.4% of GDP, we are now less than 1% of GDP away from it.
- 37.** Not only that, **Madam Speaker,** but the projected deficit of 10.2% of GDP is nearly 5% less than the deficit posted by the previous government last year. We have

also achieved this impressive performance against the backdrop of declining inflation, appreciating exchange rate, payment of some GH¢625 million to partly liquidate the over GH¢1.7 billion unpaid bills left by the NPP government, and significant improvement in the current account of the balance of payments.

- 38. Madam Speaker,** but for the GH¢625 million we have paid this year to partly liquidate arrears left by the NPP Government, the budget deficit for 2009 would have been less than 9.4% of GDP.
- 39. Madam Speaker,** notwithstanding the impressive performance of the Government in the first three quarters of the year, there are some challenges that need to be confronted if the gains are to be sustained. The first has to do with the unpaid 2008 arrears and judgment debt I had already mentioned. The second relates to the potential increases in world fuel prices.
- 40. Madam Speaker,** an audit investigation has confirmed outstanding claims amounting to GH¢1.1 billion which should have been paid in 2008. This is made up of GH¢830 million for energy, roads and other MDAs projects. Claims in respect of DACF, GETFund, NHIS and Social Security contributions that were not paid by the NPP Government amounted to GH¢293.3 million.
- 41. Madam Speaker,** in addition to the GH¢1.1 billion, there were also energy related expenditures, such as TOR under-recovery and redemption of matured promissory notes totalling GH¢626.7 million that were also left unpaid.

- 42. Madam Speaker,** it is important to let the people of Ghana know the size of these unpaid arrears and judgment debt left by the NPP Government because they have serious implications for efficient and effective management of the 2010 budget and beyond.

MEDIUM TERM MACROECONOMIC FRAMEWORK

- 43. Madam Speaker,** over the medium term, non-oil real GDP growth is projected at 8%, while the overall budget deficit is to reduce to 3% of GDP, driven by cuts in low-priority public spending and re-allocation of resources to priority areas. Monetary policy will continue to focus on stabilizing price and exchange rate expectations.
- 44. Madam Speaker,** the goal of monetary policy is to reduce inflation rate to less than 10% over the medium term. With inflation and exchange rate stabilized at acceptable levels, and government deficit significantly reduced to stem borrowing from the domestic banking sector, commercial banks interest rates would assume a downward trend and this will enhance the availability of credit to the private sector to support economic growth.
- 45. Madam Speaker,** the structural reforms that were initiated in 2009 will continue in the 2010 medium term. These reforms are expected to strengthen fiscal management and support the public sector transformation. In the fiscal area, the focus will be on strengthening institutions, enhancing revenue mobilization, and improving expenditure management.

- 46. Madam Speaker,** reform of the tax system will continue in the medium term with the view to plugging loopholes, reducing tax evasion, and fairly taxing rents from natural resources. This will make the tax system more efficient and less dependent on indirect taxes. New taxes and levies will also be introduced to establish the right prices for natural and environmental capital, thus generating more government revenue while providing the right incentives for reducing environmental degradation. Increased emphasis would be placed on the evaluation of tax systems, particularly in documenting tax evasion and efforts to reduce them, and in increasing the base to ensure fiscal sustainability.
- 47. Madam Speaker,** to modernize the Ghana tax system and enhance revenue administration, the management of the three revenue agencies of VAT, CEPS and IRS would be brought under the umbrella of a single Ghana Revenue Authority in 2010 as part of the ongoing e-Ghana Project. Drawing on international experience, legislation to establish the Ghana Revenue Authority has been drafted and approved by Cabinet. The integration of the revenue functions will address the problems of duplication, streamline operational policies and procedures, minimize on administrative costs, reduce compliance cost for taxpayers, and generally improve efficiency.
- 48. Madam Speaker,** the tax administration reform program will continue to focus on broadening the operations of the existing Large Taxpayer Unit (LTU) to ensure that the largest companies receive genuinely integrated, one-stop tax coverage from a restructured

LTU under the Ghana Revenue Authority. The second phase of the reforms would focus on the establishment of Medium Taxpayer Unit. In parallel with these reforms, the VAT threshold will be substantially increased in a phased-in manner.

- 49. Madam Speaker,** cash management has improved significantly with the introduction of frequent and up-to-date monitoring of revenues, expenditures and cash balances. Supported by the establishment of the Treasury Single Account, the setting of monthly cash ceilings for MDAs has improved significantly. The next phase of the reform, which will be implemented next year, will involve improving expenditure projections of MDAs and aligning them with revenue inflows.
- 50. Madam Speaker,** liquidity management of Government will improve significantly if the accounts of the statutory funds, such as DACF and GETFund, are maintained with the Central Bank rather than with the commercial banks as currently is the case.
- 51. Madam Speaker,** discussions on this matter will take place next year with the view to establishing the possibility and mechanics of effecting this change.
- 52. Madam Speaker,** the Budget and Public Expenditure Management System (BPEMS) which came to a halt after being rolled out to some MDAs is being upgraded under the new Ghana Integrated Financial Management System (GIFMIS). The first phase of the project will see the installation of hardware and software in selected MDAs on a pilot basis. The second phase of the project

involves a full implementation of the new system in the pilot MDAs. Integration of the payroll management module with the new system will take place at this stage.

53. Madam Speaker, the headcount of employees in the public sector which commenced in the Ghana Health Service in 2007 followed by the Ghana Education Service in 2009 will be rolled out to the other MDAs next year. Although the migration of 54 remaining subvented agencies onto the computerized payroll database of the Controller and Accountant General's Department has faced some technical and other logistical challenges, efforts would be made to ensure that the migration is completed by the end of fiscal year 2010. This database will be integrated into the GIFMIS by late 2010.

54. Madam Speaker, it is hoped that the weaknesses in the financial management system that have bedevilled the public sector for years would come to an end with the implementation of the GIFMIS.

NEW POLICY INITIATIVES

55. Madam Speaker, fiscal policy is one of the most powerful instruments for maintaining macroeconomic stability for growth, as well as for intra-generational and inter-generational transfers of wealth, and for correcting market failures. Despite its potential for promoting growth, **Madam Speaker,** fiscal intervention, when misguided, can do more harm than good. To this end, government spending in the medium term will need to

be directed to areas considered to be critical to the country's economic growth.

- 56. Madam Speaker,** the key areas that Government will focus on in the medium term to grow the economy at the rate of 8-10% per annum required to move the country to a middle income status by the year 2020 include the oil and gas industry, agriculture modernization, private sector development, provision of key infrastructure, and information and communication technology.

Oil and Gas Industry

- 57. Madam Speaker,** I will like to talk about the issue of oil and gas and Ghana's economic growth and development. Ghanaians are gripped with the expected prosperity that the oil and gas finds would bring to the country and the opportunities that will accompany their exploitation.
- 58. Madam Speaker,** the government believes that simply hoping that the oil and gas resources will bring about prosperity to all could remain a pipe dream. The truth is that, the oil and gas resources need to be carefully managed to bring about accelerated growth and development and create opportunities for all, both present and future generations, to benefit. To this end, the government is working to ensure the timely exploitation of this natural resource, and at the same time working frantically to establish the conditions by which the oil and gas resources will serve as a catalyst for accelerating the growth of the manufacturing and

other sectors, promoting diversification of the economy, creating massive jobs, and stimulating private sector development.

- 59. Madam Speaker,** the vision of the Government with respect to oil and gas is to channel the resources to support the development of petrochemical industries. This oil and gas reserves serve as catalyst for the commercial exploitation of our other natural resources that have either not been exploited, or exploited but not processed into high value products for domestic use and exports. The gas resources will be used to support energy-based industries, such as glass bottles, steel mills, aluminium smelting and rolling mill operations which have faced serious challenges from the high cost and irregular power supply.
- 60. Madam Speaker,** Government also plans to include the exploitation of sea salt, iron ore, bauxite, limestone and silica sand potential in the country for processing once the energy supply and value-added constraints are dealt with using gas as the main source of energy.
- 61. Madam Speaker,** we plan to develop gas turbines with higher energy efficiency, thereby bringing the currently high energy tariffs under control. Methanol, ethanol, ammonia, urea, etc., will be processed out of the gas to produce fertilizers locally to enhance agricultural production and boost exports.
- 62. Madam Speaker,** the most interesting aspect of the downstream effect of the oil and gas is that it would open up many areas of the country that have previously



been left out of industrial development. With oil production coming on stream and the prospects of additional oil refineries looking very certain, oil residue will become available to support the development of petro-chemical products such as PVC and other plastics to expand manufacturing production and create substantial employment opportunities. This will create an opportunity for the locally mined limestone from Buipe and others to be used for domestic production of lime-based cement. It will also attract large scale investment in sea salt production.

63. Madam Speaker, it is estimated that over one million tons of salt can be produced from the Keta and Songhor Basins alone if improved land-use policies and design and operating technologies are introduced. The eastern coastal areas stretching from Keta to Ada and Prampram as well as the western coast from Sekondi-Takoradi to Axim will all be opened up for heavy industrialization. It is also expected that further up country, notably Kibi in the Eastern Region, Nyinahini in the Ashanti Region, and Buipe in the Northern Region, Opon Manso and Aboso in the Western Region, where deposits of bauxite, limestone, silica sand, iron ore exist can soon become sites for heavy industries once the energy, transport and other infrastructural constraints are removed.

64. Madam Speaker, during the fiscal year 2010, Government will develop Oil and Gas Industrialization Plan. Feasibility studies will also be undertaken to establish the commercial viability and funding mechanisms for investment in the strategic oil and gas opportunities. It is expected that through such strategic



oil and gas driven industrialization program, the manufacturing sector of the country will receive a significant boost, which in turn will contribute to a rapid and sustainable growth of the economy.

- 65. Madam Speaker,** the accelerated rate of growth coupled with strategic diversification that will come out of this program is what the economy has been lacking. The projected 8-10% economic growth accompanied by massive job creation is what will break the back of poverty and move fast our desire to become a middle-income country by the year 2020.

Modernizing Agriculture

- 66. Madam Speaker,** Government's agriculture development strategy is premised on the knowledge that agriculture has significant potential to grow beyond the levels experienced in recent years; that the high agriculture growth can only materialize through modernization and diversification, driven by public investment and productivity; and that modernizing agriculture can change the face of rural Ghana and poverty. The overall objective of the agriculture modernization is to significantly increase the scale of production and productivity, enhance food security, create employment opportunities, and cut down on the use of foreign exchange for food imports.

- 67. Madam Speaker,** the agricultural sector's modernization and diversification commenced last year and will continue in 2010 and the medium term. We will intensify the promotion of crops, such as mango,



pineapples, cashew, sheanuts, and soya beans through large-scale commercial farming.

- 68. Madam Speaker,** Government will also promote large-scale public-private commercial farming; provide agriculture machinery and equipment and enhance their distribution; and provide resources to rehabilitate irrigation schemes, particularly Tono and Vea Irrigation Schemes and breached dams.
- 69. Madam Speaker,** this will be supported by the standardization and improvement in the quality of seeds, double the production of millet and sorghum by 2012, double cropping of vegetables, and provide training to increase technology and knowledge content of all aspects of the food crop value chain. The strategy to replace hoes and cutlasses as the main implements of production with tractors, power tillers, and bullock ploughs will continue.
- 70. Madam Speaker,** Government will continue to provide subsidized fertilizers to enable farmers improve upon their yields.
- 71. Madam Speaker,** Government is aware of the threat of indiscriminate dumping of goods and services in the country, thus making domestic production uncompetitive. Even in sectors, such as food and agriculture where the country has competitive advantage, indiscriminate importation has robbed the country of the benefits of domestic production.



Rice Production

72. Madam Speaker, To this end Government will support local production of rice, fish and chicken. Currently, total rice consumption in the country is about 500,000 tons, of which more than 350,000 tons costing over US\$600 million are imported. Domestic production accounts for less than 30% of the total supply and increasing at a very slow rate. The projection is that total demand for rice will reach 820,000 tons very soon. This means that if domestic production continues to grow at the current slow pace, the country will never become self-sufficient in rice production for a very long time.

73. Madam Speaker, Government's interaction with the Rice Farmers Association has revealed that four key factors have been working against increases in domestic rice production. These are:

- Lack of standardisation and quality of rice seedlings;
- Inadequate machinery and equipment;
- Inadequate chemical and fertilizers; and
- High cost of production attributable mainly to high interest rates charged by commercial banks.

74. Government will introduce appropriate interventions to address these bottlenecks. Government will also continue to dialogue with the Rice Growers Association

with the view to finding lasting solutions to all the grievances.

Fishing and Poultry

- 75. Madam Speaker,** the story with fish and chicken imports is not different from that of rice. Lack of critical inputs, feed, storage facilities, chemicals, and credit has been mentioned as the major factors contributing to the inadequate local production.
- 76. Madam Speaker,** Government will support fish production by constructing fishing landing sites and cold-stores in the main fishing towns along the coast. High-powered outboard motors will also be supplied to fishermen.
- 77. Madam Speaker,** Government will also assist poultry farmers to acquire equipment, chicken feed, chemicals, and other inputs to enable them undertake large scale chicken production in the country. Government will engage the Poultry Farmers Association on this matter.
- 78.** Government will also levy duties to cut down imports of poultry and fish into the country and to support local production. The target is that Ghana should be able to meet the domestic demand for fish and poultry by the year 2012.

Cocoa Production

- 79. Madam Speaker,** Government will continue to support the cocoa industry to enable it increase production to



1,000,000 metric tons by the year 2012. To this end, Government is paying 71.1% of the net fob value of cocoa exports to the farmers for the 2009/2010 season. This translates to GH¢2,208 per tonne, compared to the GH¢1,632 per tonne paid during the NPP administration in 2008/2009 season.

- 80. Madam Speaker,** Government has also directed that bonuses totalling GH¢50 million for the 2008/2009 main crop season be paid in two instalments to the farmers: 50% in November 2009 and the remaining 50% in April-May 2010. Government has also provided seed money of GH¢15 million for the establishment of the Cocoa Farmers Social Security Fund.
- 81.** In addition, Government will continue to support the implementation of the Special Cocoa Farmers Housing Scheme; intensify the mass spraying of cocoa farms; improve roads condition in cocoa growing areas; replant and rehabilitate old cocoa farms in the Eastern, Ashanti and Western regions. These interventions, we hope would provide enough incentives for farmers to step up production to meet the target of 1,000,000 tons in the year 2012.
- 82. Madam Speaker,** Government has been informed of a Memorandum of Understanding signed between Ganges Jute West Africa Limited and COCOBOD for the establishment of a jute factory in Kumasi. Government will give COCOBOD and Ganges Jute all the needed support to enable them to establish this joint-venture project without delay.

Cocoa Processing

83. CALF Cocoa, a cocoa processing factory located in Tema, the largest processing plant in the country, with the capacity to employ hundreds of Ghanaians was left to rot over the eight years of the NPP administration. It is our determination to support this and other such worthy processing plants to take off and contribute to the economic growth of the country.

Private Sector Development

84. Madam Speaker, the need to develop the private sector to serve as the engine for growth is imperative if Ghana is to make headway in addressing a number of key growth challenges including equity and sustainability. To this end, Government will continue create an enabling environment, including putting in place the necessary programs, incentive packages, and appropriate legal, social and regulatory framework, for private sector investment in the country.

85. Madam Speaker, our strategies for developing the private sector include the following:-

- Promoting public-private partnerships (PPP) to accelerate the development and implementation of policies as well as the necessary legal and technical standards to support widespread implementation of e-commerce;
- Creating a diversified, innovative and fully integrated industrial sector with active participation of the private sector;

- Reducing the economic and non-economic cost of doing business to enable the private sector to flourish; and
- Enhancing the quality of dialogue with the private sector on macroeconomic policy.

86. Madam Speaker, Government will develop and implement training programs for key decision makers and policy formulators in Government on the role of private sector in the country. This will enhance the capacity of the public sector to make effective pro-private sector and pro-market decisions to support private sector development.

87. Madam Speaker, Government will continue to undertake initiatives to enhance competence and capacity at the firm level. This will include the provision of business support and training, extension of micro-credit, venture capital and export credit facilities to small, medium and micro-businesses.

88. Madam Speaker, Government will also complete and launch an Industrial Policy in 2010 which will focus, amongst others, on the development of small, medium and micro-enterprises that would ensure that Ghanaian entrepreneurs perform to the best of their abilities.

Provision of Key Infrastructure

89. Madam Speaker, Government is aware that inadequate infrastructure hinders development. Indeed

the scale and speed of the economic growth envisaged in the medium term cannot take place without the necessary modern physical infrastructure. The Strategy of the Government in the medium term therefore is to expand and complete key infrastructure in the country, including power, transport, and information and communications technology.

Roads

90. Madam Speaker, work on the following highways will continue:-

- Anwiankwanta – Yamoransa;
- Tetteh Quarshie – Madina;
- Pantang – Manfe Dual-Carriage Road;
- Bamboi – Tinga;
- Ho – Fume;
- Sogakope – Adidome – Ho;
- Asankragwa – Enchi;
- Berekum – Sampa;
- Kpandu – Worawora – Dambai phase 3;
- Wenchi–Sampa phase 2 and Nsawkaw– Namase section
- Bomfa Junction – Asiwa – Bekwai
- Sefwi Bekwa – Eshiem – Asankragwa
- Anyinam – Konongo Bypass
- Achimota – Ofankor
- Nsawam – Apedwa and Nsawam Bypass (Accra bound)
- Kwafokrom – Apedwa Dual carriageway

91. Madam Speaker, the following feeder roads will also be completed in the fiscal year 2010.

- Bortianor – Kokrobitey



- Abrem-Agona – Essiam Effutu Phase 1
- Wegbe – Alavanyo – Nkonya
- Akropong – Tumfa – Ekorsu
- Tankro – Fiema
- Bunkrugu – Tongo Zuarungu
- Asankragwa Town Roads

92. Madam Speaker, the Ghana Highway Authority will also initiate the construction of seven bridges with the support from the Arab Bank for Economic Development in Africa. The bridges include the following:-

- Birim River Bridge;
- Ochi River Bridge;
- Asuboni River Bridge;
- Amenfineso River Bridge;
- Sissily River Bridge;
- Pra River;
- Kalangmua River Bridge.

Railways

93. Madam Speaker, the Asaprochona to Tema portion of the suburban rail line will be completed in 2010 to make diesel multiple units to operate to improve commuter rail services between Accra and Tema.

94. The Accra-Nsawam, Kumasi-Ejuso, and Takoradi-Kojokrom lines will also be rehabilitated, modernized to extend the rail network to improve suburban rail service in those relevant urban areas.

- 95. Madam Speaker,** the ongoing feasibility study on the Western Corridor Railway Line will be completed in 2010 to enable private sector funding to be sought to rehabilitate the line.
- 96.** Feasibility studies will also be conducted on the Central and Eastern rail lines as well as new commuter services between Accra-Winneba (with a branch line to Dansoman), Accra-Madina, and Accra-Jamestown.
- 97.** The rehabilitation of locomotives and rolling stock for the Ghana Railway Company will be undertaken to improve operations on the Western Corridor and suburban rail service operations.
- 98. Madam Speaker,** the rehabilitation of the Kotoka International Airport which commenced this year will be completed next year to improve facilities and operations at the airport.
- 99. Madam Speaker,** new methods of road building such as concrete block-paved roads, known for their durability, cost efficiency and huge employment generation potential, will be used to construct community roads across a number of districts.

Water and Sanitation

- 100. Madam Speaker,** Government will commence the construction of a number of major water supply systems in the country beginning in 2010. These include the following key urban water projects:-

- Kpong Water Expansion II;
- Abesim water project;
- Koforidua water project;
- Bolgantanga water project;
- Wa water project; and
- Damango water project

Work on the Berekum water supply and Winneba water distribution network will also continue.

101. Madam Speaker, Government is also desirous to achieve 60% coverage of safe and potable water in rural communities in fiscal year 2010. To this end, Government will sink 1,474 new boreholes, rehabilitate 225 boreholes, dig 1,093 hand dug wells, construct 34 small town pipe systems and construct 134 small community pipe systems.

102. Madam Speaker, the implementation of the Integrated Odaw Basin Development Project will continue. The relocation of commercial and industrial activities from the KLERP area to Adjen Kotoku will also continue.

103. Government will also construct a number of storm water drainage and sanitation systems in all the regional capitals to improve sanitation and ensure sustainable environment.

Petroleum

104. Madam Speaker, the Minister of Energy approved the Phase 1 Plan of Development for the Jubilee field in July 2009 after it was submitted in mid-April by the



consortium of companies that are in partnership with the Ghana National Petroleum Corporation (GNPC) in the Deep Water Tano and West Cape Three Points Contract areas. It is worth noting that as a result of intensive negotiations by GNPC, with the support of the Government, the partners agreed that the first 200 billion cubic feet of gas that will be produced in association with the oil and that would be the share of the partners of gas produced from the field will not be sold at US\$4 per thousand cubic feet, as had been envisaged as of December 2008. It will be delivered free of charge to GNPC which has the responsibility to develop the infrastructure for gas gathering and processing not only for the Jubilee field but for gas from other fields nearby.

- 105. Madam Speaker,** this means that a value of US\$800 million will be realized for the nation. In addition, before approval of the Phase 1 Plan of Development important modifications were made by the Minister of Energy to the draft that was submitted by the Consortium to ensure maximization of value to the nation from the development of the Jubilee Field.
- 106.** Approval was also given by the Minister of Energy to a Unitization and Unit Operating Agreement which addresses the situation arising from the Jubilee field straddling two Contract Areas and there being significant differences in the provisions in the two Petroleum Agreements.

107. Madam Speaker, the development of the Jubilee field is on course and production of oil and gas is to commence in the last quarter of 2010.

108. Key projects and activities will be:-

- Start-up of oil production from the Jubilee field and continued steps of appraisal of the two other fields in the Deep Water Tano and West Cape Three Points Contract Areas with a view to development of those fields as well;
- Establishment of gas gathering and processing infrastructure to ensure optimization of natural gas resources not only from the Jubilee field but also from other fields in the Tano/Cape Three Points Basin;
- Establishment of a framework for ensuring transparency and accountability in relation to oil and gas revenues and compliance with the Extractive Industry Transparency Initiative (EITI) principles;
- Local skills development to meet the requirements of the oil and gas sector;
- Support for local industry to participate increasingly in producing requirements of oil and gas development activities;



- Development of a strategic plan for improving infrastructure for the benefit of communities near the oil and gas fields; and
- Development of Environmental Protection Plans for the oil and gas sector.

109. A National Liquefied Petroleum Gas (LPG) Programme will also be developed to ensure nationwide availability of LPG at reasonable prices to reduce reliance on fuelwood. Bulk Oil Storage Depots will be expanded to store and secure petroleum products. The Rural Kerosene Distribution Improvement Project will be continued and expanded.

110. Madam Speaker, ensuring transparent and accountable government was one of the pillars of the NDC's promise to the people of Ghana. To this end, the Government will ensure that oil and gas revenues are properly managed, utilized and accounted for in a transparent manner. Government will also embark on initiatives to facilitate efficient and effective delivery of gas and petroleum products to the public.

Information and Communication Technology

111. Madam Speaker, for the 2010 fiscal year, Government will implement the following key ICT projects to turn our weak industry and subsistence agriculture based economy into an information and knowledge economy:-

- Develop a business and performance based framework, known as the Enterprise Architecture,



to support cross-agency collaboration and transformation of government-wide network and other public sector improvement in pursuit of a vibrant e-government service delivery.

- Complete the second phase of the National Optic Fibre Communication Backbone, involving the extension of connectivity from Tamale to the rest of the northern parts of the country and the neighbouring countries;
- Develop a comprehensive and reliable electronic database to facilitate crime investigations and policing research ; and
- Implement the e-Government Project to provide broadband connectivity to link all district capitals to the national high speed broadband.

112. There has been increased application of ICT in many areas of economic activity, such as trade, commerce, agriculture, banking, and even in government. Government will use its regulatory role to improve the operating environment to attract more investment in ICT, promote innovative applications, and bring the cost of services down.

113. Madam Speaker, Government also recognizes the importance of ICT in the auto mechanics business. In this business, vehicles and machinery are electronically engineered and thus require ICT knowledgeable auto mechanics to provide the support services. As an initial response, Government will establish an Automatics and Technical Institute in Suame Magazine, Kumasi, to



introduce modern automatic engineering into their industrial operations.

New Pension Scheme

114. Madam Speaker, on 16 September this year, His Excellency the President launched the new Pension Scheme to be implemented in January next year. While the main beneficiaries of the new Scheme are employees who will be contributors to the Scheme, the Ghanaian economy as a whole will be stimulated with an injection of over GH¢1 billion of pension contributions.

115. Madam Speaker, the Scheme will enhance domestic savings, thereby making available long term funds for investment, which will support economic growth and development. The pension contributions will add further impetus to the development of the Ghanaian financial markets. And as a long-term investment fund, the Scheme will lead to increased demand for quality bond, equities and other investment products.

116. Madam Speaker, under each of the three tiers of the new Pension Scheme, Government as the employer will have to increase its contribution from the present 12.5% to 13% of an employee's salary, which will greatly increase the benefits to the employee.

National Greening Program

117. Madam Speaker, Government has given approval for the establishment of a National Plantation Development Program (NPDP) that seeks to increase the forest cover,



promote employment, and contribute to the fight against rural poverty.

- 118.** Under this Greening Program, 100 District Assemblies will actively be involved in the planting of trees in off-reserves areas beginning in the year 2010. Each District Assembly will employ 300 workers for the plantation program. Together, this is expected to create 30,000 jobs in fiscal year 2010. And by the end of 2011, more than 51,000 jobs are expected be created.

Tourism

- 119. Madam Speaker,** tourism sector continues to be one of the most important and fastest growing sectors of the Ghanaian economy. Government seeks to use tourism as a vehicle for poverty reduction in view of its significant economic potential.
- 120.** Realizing the potential of tourism to create jobs and tourism related industries in communities with tourist attractions, Government will expand the construction of Tourist Receptive Centres for the provision of information, catering services, places of convenience etc. The seven centres currently under construction will be completed in 2010.
- 121.** In addition, **Madam Speaker,** three new Tourist Receptive Centres will be constructed at Paga, Axim and Kpetoe to enhance the attraction of the Paga Crocodile Pond, Axim Transit Point and Kpetoe Kente Craft Village, respectively.

Women Empowerment

122. Madam Speaker, Government will formulate and coordinate policies to promote gender equality and equity; empowerment of women, particularly the vulnerable; rural and urban poor, as well as facilitating the survival, protection and development of children. In addition, Government will continue to support the training of Gender Desk Officers in all MDAs.

BUDGET FOR FISCAL YEAR 2010

123. Madam Speaker, I will like to move to the Budget for fiscal year 2010, beginning with the receipts side. Total revenue and grants for fiscal year 2010 is estimated at GH¢9.6 billion, equivalent to 37.1% of the projected GDP for the year. This amount reflects an increase of 33.4% over the projected outturn for 2009.

124. Madam Speaker, domestic revenue will increase by 37.8% over the projected outturn for 2009, and grants by 12%. This will bring total domestic revenue to GH¢8.3 billion, equivalent to 31.9% of the projected GDP for the year. Grants will amount to GH¢1.4 billion, equivalent to 5.3% of the projected GDP for the year.

125. Madam Speaker, tax revenue will increase by 20.2% over the outturn in 2009 to GH¢6.1 billion. This figure represents 23.4% of the projected GDP. Non-tax revenue will amount to GH¢1.9 billion, representing 7.4% of the projected GDP and an increase of 157.6% over the 2009 outturn.



- 126. Madam Speaker,** total expenditure for fiscal year 2010 is estimated at GH¢10.8 billion, representing 22.8% increase over the projected outturn for 2009, and equivalent to 41.6% of the projected GDP for the year. Of this amount, GH¢7.6 billion, representing 70.8% is proposed for recurrent spending and GH¢2.8 billion for capital expenditure. The allocation for the recurrent spending is equivalent to 29.4% of the projected GDP for 2010, and that for capital expenditure, 11.0%.
- 127. Madam Speaker,** wages and salaries for fiscal year 2010 are estimated at GH¢3.1 billion, equivalent to 12% of GDP. This amount represents 28.9% of total expenditure for fiscal year 2010, and 40.8% of total recurrent expenditure for the year.
- 128. Madam Speaker,** transfers to households covering pensions, gratuities, social security contribution and national health insurance, all of which are considered as statutory obligations are estimated at GH¢1.1 billion, or 9.9% of the total budget for 2010. Interest payments will amount to GH¢1.3 billion, representing 12.5% of the total budget, or 5.2% of the projected GDP for 2010.
- 129. Madam Speaker,** it is important to note that the three items I have just outlined – wages and salaries, transfers to households, and interest payments - all of which are contractual obligations to the Government, constitute over 51% of the total budget, making the budget more rigid and more vulnerable to shocks, as necessary adjustments in them become difficult to effect.



- 130. Madam Speaker,** the high proportion of the budget devoted to the payment of wages and salaries, in particular, underscores the need to take the wage and employment reforms in the public sector very seriously.
- 131. Madam Speaker,** pensions, gratuities, social security and national health contributions are all closely linked to wages and salaries and employment numbers. The issue of wages and employment in the public sector will therefore be dealt with carefully, so that it does not undermine the country's fiscal sustainability.
- 132. Madam Speaker,** Government will continue to have discussions on the wages and employment issue with organized labour in a frank and transparent manner so that lasting solutions to the problem can be found. We appeal to organized labour to lend their support to this endeavour.

REVENUE MEASURES

Permits and Exemptions

- 133. Madam Speaker,** current permits and parliamentary exemption regimes have tended to erode the tax base and undermine the effective progressivity, fairness and efficiency of the tax system. In the process, significant revenues have been lost to the Government. Beginning in fiscal year 2010, the exemption regime will be reviewed and streamlined to ensure fairness and also avoid revenue losses.

Import Duties

- 134. Madam Speaker,** the global food price hikes of the 2007-2008 led to the removal of duties on some staple food import to cushion the impact. Unfortunately, this has opened up the flood gate for dumping of foreign food items in the country.
- 135. Madam Speaker,** the government has restored duties on imported rice, wheat, yellow maize and vegetable oil that were done away during the crisis period of 2008 to encourage local production, create jobs and conserve foreign exchange. Already, a Bill was introduced in this Honourable House in March, 2009 and a report presented to the Finance Committee. I now wish to prevail on the House to proceed with its consideration and passage.
- 136.** Further revenue measures to be introduced in the fiscal year include:-
- Reduction in import exemptions by at least 20 percent from its 2009 level;
 - Shift from specific to ad-valorem excise taxes on selected commodities;
 - Increase the minimum mineral royalties to 6 percent. In addition, Government will engage all mining companies on the issue of dividend payment, exemptions and the whole mining sector fiscal regime;
 - Enhancement in tax compliance, notably self-employed persons;



- Strengthen the effectiveness of the VAT regime; and
- Revise upwards rates, fees and user charges that do not reflect the cost of public goods and services rendered.

137. Madam Speaker, discriminatory imposition of duties calls for honest custom officials to enforce compliance and collect same and account to government from those who choose to import what is otherwise locally available. To this end, the government has mounted a surveillance that will bring culprits to book to ensure that officials do not enrich themselves at the expense of the nation. This also calls for all of us to be committed to a high sense of probity and accountability in our actions.

Vehicle License Plate Renewal

138. Madam Speaker, beginning in 2010, the Driver Vehicle and Licensing Authority will introduce a bi-annual registration of vehicles as a means of validating and updating all genuinely registered vehicles. The exercise would thus provide information for efficient planning of road use and monitoring of security threats posed by criminal use of discarded licensed number plates.

EXPENDITURE MEASURES

Single Spine Pay Structure

139. Madam Speaker, as part of the wage policy reform, Government has agreed with labour on the

implementation of the Single Spine Pay Policy, effective January next 2010. A Government White Paper on the Policy would soon be published.

Special Social Interventions

Schools under Trees

140. Madam Speaker, a number of very important initiatives will be undertaken in the social sector beginning in 2010 to improve the quality of life of our people. As I am speaking now there are 2,349 Kindergarten Schools, 2,502 Primary Schools, and 376 Junior High Schools in the country for which classes are held under trees.

141. Madam Speaker, there are also 43 Kindergarten Schools, 382 primary Schools and 99 Junior High Schools in the country that are still running the shift system.

142. Madam Speaker, when we talk about investment in people, we are essentially referring to investment in education and health. Education is essential in any society and any institutional arrangement for basic education should be judged by its production of high-quality learning and equitable distribution. It is unacceptable that kids are studying under trees in 21st Century Ghana.

143. Madam Speaker, effective solution to the education problems require more resources to be directed to the sector. And to learn effectively, children need affordable



access to decent classroom and laboratories, learner and teacher support materials, and quality instruction.

- 144. Madam Speaker,** in the next three years, Government will provide permanent buildings for every school currently operating under a tree and also expand facilities in schools running a shift system. Provision has also been made for the construction and furnishing of 165 school buildings to accommodate Primary and Junior High schools under trees and 250 permanent structures for Kindergartens.
- 145. Madam Speaker,** this initiative will be linked to job creation in the deprived communities where these under-tree schools are found. Construction of these schools will be localized and undertaken by the communities themselves. It is expected that this initiative will provide some 14,700 jobs for masons, carpenters and other artisans whilst providing better school facilities to some 45,000 pupils.
- 146. Madam Speaker,** Government will also continue to pursue policies that will protect the vulnerable and disadvantaged in society and give them equal opportunities in education. Beginning in fiscal year 2010, Government will provide free education to all disabled children of school going age.
- 147. Madam Speaker,** Government also recognizes the need for quality education for all children irrespective of where they reside. But the quality of an education system cannot exceed the quality of its teachers. The only way to improve educational outcomes is to improve

instructions. This means choosing the right people to become teachers, paying a good salary, and carefully managing the status of the teaching profession.

148. Madam Speaker, the challenge confronting the country is getting teachers to deprived areas of the country in pursuit of this objective. In fulfilment of the President's pledge to the people of Ghana, modalities for rewarding teachers who accept posting to deprived areas are being worked out for implementation in the 2010 medium term.

149. Madam Speaker, for the health sector, Government will focus on scaling up all the existing interventions to improve access to health, particularly the Community Based Health Planning and Services (CHPS) Compound Program. To this end, the CHPS Program will be expanded by constructing additional 29 compounds to provide health services to additional 14,500 people.

150. Madam Speaker, the establishment of new ambulance stations and procurement of modern ambulances for each district in the country is being given a serious attention. The idea of bringing all ambulance services under a National Ambulance Service is also receiving serious consideration by government.

Spending on Poverty

151. Madam Speaker, for the 2010 fiscal year, spending by Government from the Consolidated Fund on pro-poor activities is estimated at GH¢2.3 billion, reflecting an increase of 28% over the projected end year figure of



GH¢1.8 billion. This amount will go to support basic education, primary health care, poverty-focused agriculture, provision of rural water, construction of feeder roads and rural electrification.

- 152. Madam Speaker,** an amount of GH¢25.9 million has also been provided to support electricity consumption by poor households, popularly known as the Electricity Lifeline Payments. For the safety net programs, GH¢41.5 million has been provided by the Government from the Consolidated Fund.
- 153. Madam Speaker,** planned HIPC Funds for fiscal year 2010 will amount to GH¢261.6 million, of which GH¢52.3 million has been allocated for domestic interest payments, and the remaining GH¢168.9 million for sectoral programs.
- 154. Madam Speaker,** as part of its commitment to equity and balanced regional development, the NDC made a commitment in its manifesto to adopt special measures that will accelerate the pace of development of the most deprived areas of the country and to narrow the development gaps between those areas and the rest of the country.
- 155.** We have therefore expanded the geographical coverage of the Northern Development Fund to include the entire Northern Savannah parts of the country. Government is also setting up an authority, the Savannah Accelerated Development Authority (SADA), to coordinate and facilitate the implementation of a comprehensive



development framework for the Northern Savannah region.

156. Madam Speaker, total MDRI spending for 2010 is projected at GH¢103.8 million. This amount is allocated as follows:-

- Livelihood Empowerment against Poverty Program (GH¢12 million);
- Savannah Accelerated Development Authority is allocated (GH¢25million);
- Rural Electrification Program, SHEP4 (GH¢30 million);
- Scholarships for students from deprived regions (GH¢21.8 million); and
- National Youth Employment Program (GH¢15 million).

OTHER INITIATIVES

Multi-Donor Budget Support

157. Madam Speaker, the Government will strengthen its ownership of the MDBS program. This would be achieved through a number of interventions, including the following:-

- Implementing policies to govern the engagement with our development partners and to improve the effectiveness of aid;



- Dealing with the issues of predictability of donor funds and flexibility of the MDBS Assessment Framework to improve disbursement and reduce transaction costs;
- Reconstituting the Sector Working Groups to allow senior government officials to take charge of the process and to ensure regular dialogue on strategic, technical and policy issues;
- Improving domestic accountability by strengthening the public finance management systems as well as the Controller and Accountant General's Department and the Audit Service; and
- Formulating a Progress Assessment Framework to assess the performance of our development partners.

Code of Corporate Governance

158. Madam Speaker, it has long been recognized that weak corporate governance has been responsible for many of the corporate failures in the country. In order to improve corporate governance, the Government will establish a National Committee to develop a comprehensive Code of Corporate Governance for public entities to address the weaknesses and to improve the mechanism for its enforceability.

159. Madam Speaker, the Committee will be given the mandate to identify weaknesses and constraints to good corporate governance and also examine and recommend ways of effecting greater compliance. The Committee will also advice on other issues that are relevant to promoting good corporate governance practices by



public entities in the country, and for aligning it with international best practices.

Improving the National Statistical System

160. Madam Speaker, a key tool for national planning, monitoring, and evaluating policy effectiveness is the availability of timely and credible data. The efficiency with which data is collected, collated, analysed and presented is an exercise which all efficient and successful companies, governments, and nations attach great importance to. The national statistical system has somehow lagged behind in the nation's need for quality statistical information.

161. Madam Speaker, beginning in fiscal year 2010, government will move to enhance the capacity of the National Statistical Service and implement the Statistical Service Development Plan that have been on the drawing board for many years.

Public Safety and Security

162. Madam Speaker, one major achievement of the NDC government is the fight against crime, particularly armed robbery and narcotics related crimes. I am happy to announce that the overall crime rate in the country, especially violence and narcotics related, has reduced considerably. This achievement has been the result of measures instituted by the security agencies that include, among others, close monitoring of suspected robbery activities and the use of crime intelligence,



crime profile and other scientific and investigative devices.

163. Government will continue to assist the security agencies with the right logistics and motivation to facilitate the fight against crime in order that citizens and non-citizens can be guaranteed a safe environment for the discharge of their duties without fear.

164. Madam Speaker, beginning in the fiscal year 2010, the following interventions will be implemented to enhance safety and security in the country:

- Complete 38 units of uncompleted housing units across the country, for the police service. This will house 570 police officers at the cost of GH¢5.4 million;
- Introduce a new community policing intervention, where 250 police personnel will be made to patrol the commercial and residential areas of our communities to interact with the people, educate them on security issues whilst at the same time gathering intelligence;
- Build 50 pre-fabricated houses at hot crime spots across the country to be known as "TENT CITIES" to house well-trained and well-equipped patrol police officers to reduce materially the police response time and bring the police closer to the communities in need of its service;
- In addition to sourcing for funds to provide more logistics for the police service, efforts will be made to



accelerate the acquisition of equipment, especially fire tenders for the Ghana National Fire Service. In the light of recent incidents and in anticipation of long term needs, Government will improve the operational capacity of the Ghana National Fire Service;

- Improve upon the combat readiness of the Army, the Navy and the Air Force through the provision of major and strategic equipment and logistics;
- Conduct intensive sea and air patrols in the country's territorial waters and air space especially the fisheries grounds and the newly discovered oil fields to protect the nation's maritime assets;
- Re-equipping and resourcing the Engineer Corps of the Ghana Armed Forces (GAF) to include the establishment of an additional Regiment in the Northern Sector to help with the infrastructural development of the country, especially in the rural areas;
- Fully equip and deploy an average of 1,500 all ranks on internal security operations and 5,000 all ranks on external peacekeeping operations; and
- Continue with the GAF Housing and Office Accommodation projects.

CHALLENGES

165. Madam Speaker, despite the significant improvement made in stabilising the economy and consolidating



finances of the government, there remains some downside risks, both domestic and external, which can delay the growth and stability process. These risks relate to the possible rise in crude oil prices and discovery of new arrears.

- 166. Madam Speaker,** on the issue of crude oil price hikes, Government will consider taking insurance against such price increases. With respect to new arrears, Government will liquidate them over the medium term through the issue of bonds and securities.

CONCLUSION

- 167. Madam Speaker,** the budget I have tabled before this Honourable House gives effect to the NDC Government's commitment to create a "**Better Ghana**" for growth equity and sustainable development for all.
- 168. Madam Speaker,** the theme of this year's budget, "**Growth and Stability**" epitomizes the NDC Government's resolve to grow the Ghanaian economy in a sustainable manner to achieve a middle income status in an environment of stability and hope for the people of Ghana.
- 169. Madam Speaker,** I would like to assure fellow Ghanaians that our foundation is much stronger than it was in 2008, and, most importantly, we remain endowed with abundant natural and enterprising human resources. What we now need is to gather courage, adopt a positive attitude, and commit ourselves to moving forward in the right direction. It is only through



our resolve and sustained commitment to tackling these challenges that we can bring our economy back to a higher and sustained growth trajectory and eliminate poverty among our people.

- 170. Madam Speaker,** to achieve these goals, we intend to broaden economic opportunities for all; significantly reduce youth unemployment and poverty, and deal comprehensively with regional imbalances. We are also determined to confront head-on the governance challenges that continue to hold back our growth and development agenda.
- 171. Madam Speaker,** we must realize that we have no option but to collectively rise above our perceived inadequacies and stimulate our potentials with renewed commitment and determination to move our economy up the ladder of prosperity.
- 172. Madam Speaker,** these challenges must be tackled now, and we must do so urgently, recognizing that our economy and Ghanaians in general cannot afford any further delay.
- 173. Madam Speaker,** I will like to thank my fellow Ghanaians for their patience and understanding during this trying period and their confidence in the policies of the NDC government to deal with the challenges to create a “**Better Ghana**” for all.
- 174. Madam Speaker,** I beg to move.