



REPUBLIC OF GHANA

**HIGHLIGHTS
OF THE BUDGET STATEMENT AND ECONOMIC POLICY**

of the

GOVERNMENT OF GHANA

for the

2013 FINANCIAL YEAR

presented to

PARLIAMENT

on

TUESDAY, 5th MARCH, 2013

by

**HON. SETH E. TERKPER
MINISTER FOR FINANCE**

on the authority of

**H. E. JOHN DRAMANI MAHAMA
PRESIDENT OF THE REPUBLIC OF GHANA**

THEME OF THE BUDGET:

1. “Sustaining Confidence in the Future of the Ghanaian Economy”

THE GLOBAL ECONOMY AND GHANA

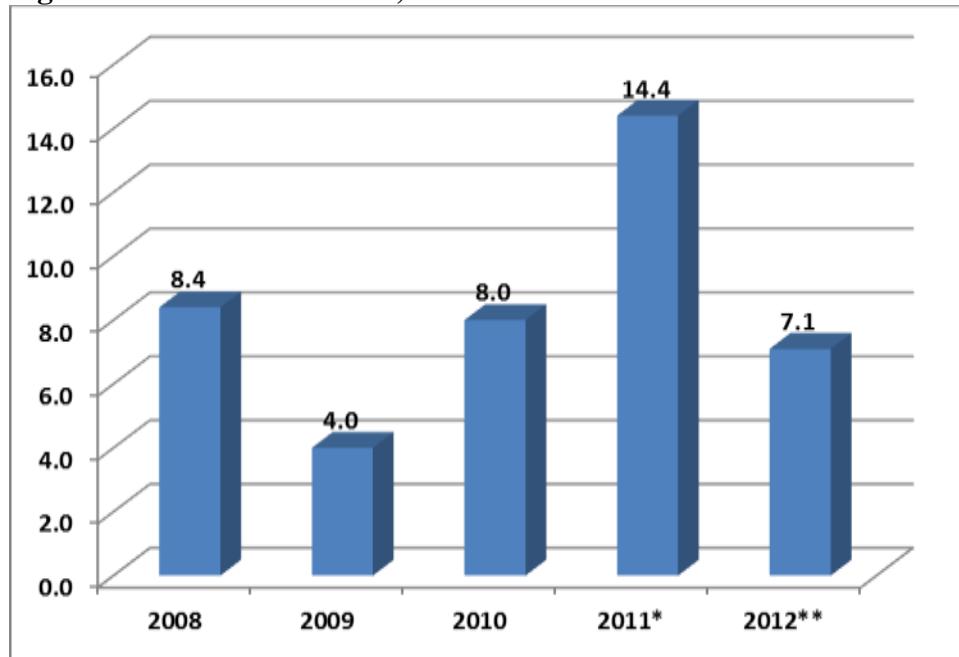
2. In spite of the global challenges, the Ghanaian economy has witnessed relative economic stability and appreciable growth rates since 2008.
3. Government is keenly following the on-going policy debates on how best to design policies that balance the negative short-term effects of fiscal consolidation in the advanced economies as opposed to their favourable long-term effects and their implications on Ghana, in order to fashion out appropriate measures to reduce any negative impacts on our economy.

MACROECONOMIC PERFORMANCE FOR 2012

GDP

4. Ghana recorded a provisional GDP growth of 7.1 percent in 2012, from 14.4 percent in 2011, and 8.0 percent in 2010.
5. The 2012 provisional growth rate of 7.1 percent is still high given that it is on top of the growth rate of 14.4 percent recorded in 2011 when the GDP first reflected the impact of crude oil production in commercial quantities.
6. The 2012 provisional growth rate compares favourably with the global growth of 3.2 percent and sub-Saharan Africa growth of 4.8 percent, according to the IMF's World Economic Outlook (Jan 23rd 2013).

Figure 1: GDP Growth Rate, 2008-2012



Source: Ministry of Finance
Deficit

7. Preliminary data on the implementation of the Budget for the 2012 fiscal year indicates that, total revenue and grants was below the budget target. At the same time, expenditures for the period were higher than the budget estimate.
8. This resulted in an overall fiscal deficit equivalent to 12.0 percent of GDP, against a target deficit equivalent to 6.7 percent of GDP.

Inflation

9. Headline inflation went up marginally from 8.6 percent in 2011 to 8.8 percent in 2012, continuing the record single digit inflation for more than two years.

Interest Rates

10. In the money market, interest rates on 91-day and 182-day bills went up from 10.7 percent and 11.3 percent to 22.9 percent and 22.88 percent, respectively, in December 2011 and December 2012.
11. Similarly, rates on 1-year and 2-year fixed notes increased from 11.3 percent and 12.4 percent in December 2011 to 22.9 percent and 23 percent in December 2012. The long-dated instruments such as 3-year and 5-year bonds also rose from 14 and 14.3 percent in 2011 to 24 percent and 23 percent, respectively, during the period.

Gross International Reserves

12. By end 2012, gross international reserves stood at US\$5,348.9 million, compared to US\$5,474.6 million in 2011 and equivalent to 3 months of import cover.

MAJOR ACHIEVEMENTS OF THE ECONOMY

Real Sector

13. The Agriculture Sector recorded a growth rate of 2.6 percent up from 2012 an actual outturn of 0.8 percent in 2011 as shown in Table 1. It is worth noting that the Fishing sub-sector recovered from an 8.7 percent decline in 2011 to a 2.3 percent growth. However, the Forestry and logging sub-sector continued to decline.

Table 1: Agriculture Sector Growth (percent)

Item	2011*	2012	
		Target	Outturn**
Agriculture	0.8	4.8	2.6
Crops	3.7	5.0	5.0
o/w Cocoa	14.0	4.3	3.0
Livestock	5.1	4.5	5.5
Forestry and Logging	-14.0	5.0	-18.0
Fishing	-8.7	3.0	2.3

Source: Ghana Statistical Service

14. The Industrial Sector, the second largest sector with a share of 27.6 percent, recorded a growth rate of 7.0 percent in 2012 against a target of 15.8 percent and an actual outturn of 41.1 percent in 2011 as shown in Table 2. . The lower performance in 2012, compared to

the actual outturn in 2011, is due largely to the base effect of crude oil production in 2011.

Table 2: Industry Sector Growth (percent)

Item	2011*	2012	
		Target	Outturn**
Industry	41.1	15.8	7.0
Mining and Quarrying	206.5	31.9	5.0
o/w Crude Oil	2,023.4	32.6	-5
Manufacturing	13.0	3.7	4.3
Electricity	-0.8	10.0	12.0
Water and Sewerage	2.9	4.0	0.0
Construction	20.0	14.0	11.8

Source: Ghana Statistical Service

15. The Services Sector, the largest sector of the economy, recorded the highest growth rate in the year under review. The Sector exceeded its 2012 target of 7.7 per cent by 1.1 percentage points to register a growth rate of 8.8 percent.
16. The sub-sectors which contributed to this remarkable performance of the service sector include Hotels and Restaurants (13.6 per cent), Transport and Storage (11.4 per cent), Financial Intermediation (11.4 per cent), Information and Communication (12.1 per cent), and Business Services (13.5 per cent).

Table 3: Services Sector Growth (percent)

Item	2011*	2012	
		Target	Outturn**
Services	8.3	7.7	8.8
Trade, Repair of Vehicles, Households Goods	17.9	7.0	4.1
Hotels and Restaurants	3.6	10.0	13.6
Transport and Storage	3.3	5.5	11.4
Information and Communication	17.0	10.0	12.1
Financial Intermediation	1.0	12.0	11.4
Business, real estate and other service activities	14.0	10.4	13.5
Public Administration & Defence	7.4	8.0	2.9
Education	3.8	8.0	5.6
Health and Social Work	5.0	9.0	2.3
Other Community, Social & Personal Service Activities	13.0	9.6	6.7

Source: Ghana Statistical Service

Fiscal Sector

17. Preliminary data on the implementation of the Budget for the 2012 fiscal year indicates that, total revenue and grants was below the budget target. At the same time, expenditures for the period were higher than the budget estimate. This resulted in an overall fiscal deficit equivalent to 12.0 percent of GDP, against a target deficit equivalent to 6.7 percent of GDP.
18. The deficit was financed mostly from domestic sources, resulting in a net domestic financing equivalent to 9.8 percent of GDP, against a target of 4.0 percent of GDP.

Table 4: Summary of Central Government Operations and Financing, 2012

Description	2012	
	Budget (GH¢ million)	Outturn (GH¢ million)
Total Revenue and Grants	16,927.6	16,668.4
Total Expenditure and Arrears Clearance	21,596.6	25,317.1
Overall Fiscal Balance	-4,669.0	-8,648.7
Total Financing	4,669.0	8,648.7
o/w Domestic Financing	2,760.6	7,018.0

Source: MoF

Revenue and Grants

19. The total revenue and grants for the period under review amounted to GH¢16,668.4 million, against a target of GH¢16,927.6 million. This was 1.5 percent lower than target, but 30.2 percent higher than the outturn for the corresponding period in 2011.

Table 5 : Summary of Central Government Revenue and Grants, 2012

Description	Including Oil		Excluding Oil	
	2012		2012	
	Budget (GH¢ million)	Outturn (GH¢ million)	Budget (GH¢ million)	Outturn (GH¢ million)
Total Revenue and Grants	16,927.6	16,668.4	15,687.8	15,698.4
Domestic Revenue	15,377.9	15,508.1	14,138.1	14,538.1
Tax Revenue	12,584.1	12,517.3	11,963.1	12,247.0
Non-Tax Revenue	2,672.6	2,853.0	2,053.7	2,153.1
Others	121.2	137.9	121.2	137.9
Grants	1,549.7	1,160.3	1,549.7	1,160.3

Source: MoF

Expenditure

20. Total expenditure, including payments made for the clearance of arrears and outstanding commitments, totaled GH¢25,317.1 million, equivalent to 35.2 percent of GDP. The outturn was 17.2 percent higher than the budget target of GH¢21,596.6 million and 64.0

percent higher than the outturn for 2011. The strong growth in expenditure was mainly as a result of higher recurrent spending and increased clearance of arrears.

Table 6 : Total Expenditure and Arrears Clearance, 2012

Description	Including Oil		Excluding Oil	
	2012		2012	
	Budget (GH¢ million)	Outturn (GH¢ million)	Budget (GH¢ million)	Outturn (GH¢ million)
Total Expenditure and Arrears Clearance	21,596.6	25,317.1	20,620.1	24,587.9
Total Expenditure	19,035.7	20,944.7	18,059.2	20,215.5
Recurrent	13,063.3	15,973.4	12,879.0	15,852.8
Capital	5,972.3	4,971.3	5,180.3	4,362.8
Arrears Clearance	2,560.9	3,829.8	2,560.9	3,829.8
o/w wages arrears	-991.0	1,872.0	991.0	1,872.0
Discrepancy	0.0	542.5	0.0	542.5

Source: MoF

Overall Budget Balance and Financing

21. Based on revenue and expenditure outturns for 2012, the overall budget balance on a cash basis was a deficit of GH¢8,648.7 million, equivalent to 12.0 percent of GDP. This was against a deficit target of GH¢4,669.0 million, equivalent to 6.7 percent of GDP. The budget deficit recorded for the corresponding period in 2011 was equivalent to 4.0 percent of GDP.
22. Shortfalls in revenue and grants combined with higher spending were the sources of the fiscal slippage in 2012. The details of the shortfalls in domestic revenue and excess expenditures that contributed to the higher fiscal deficit emanated mainly from the following:
 - Shortfalls in corporate income taxes – GH¢708.2 million (1.0 percent of GDP)
 - Shortfall in grants from our development partners – GH¢389.4 million (0.5 percent of GDP)
 - Implementation of the Single Spine Salary Structure – GH¢1,909.0 million (2.7 percent of GDP);
 - Higher interest cost – GH¢245.0 million (0.3 percent of GDP);
 - Utility and fuel subsidies – GH¢339.0 million (0.5 percent of GDP); and
 - Higher spending on goods and services – GH¢354.7 million (0.5 percent of GDP).

Table 7: Summary of Total Government Financing, 2012

Description	2012	
	Budget (GH¢ million)	Outturn (GH¢ million)
Total Financing	4,669.0	8,648.7
Foreign	1,908.4	1,630.6
o/w CDB Facility	1,381.7	355.0
Domestic	2,760.6	7,018.0

Source: MoF

2012 Petroleum Receipts

23. The fiscal year 2012 experienced an improvement in production of crude oil amidst initial production difficulties in the first two quarters of the year. The total volume of crude oil produced in 2012 was 26,351,278 barrels representing an increase of 8.9 per cent over the 2011 production levels. The GNPC lifted crude oil five times on behalf of the State amounting to 4,931,034 barrels yielding US\$541.07 million (GH¢978.27 million) as shown in Table ***

Table 8: Details of 2012 GoG/GNPC Crude Oil Liftings

Srno	Item	Unit	1 st Qtr		2 nd Qtr		3 rd Qtr		4 th Qtr		Total
			5 th Lifting	6 th Lifting	7 th Lifting	8 th Lifting	9 th Lifting				
1	Date of Lifting	dd/mm/yy	4-Jan-12	3-Apr-12	27-Jun-12	12-Sep-12	12-Nov-12				
2	Volume of Lift	barrels	996,484	997,636	995,247	947,021	994,646				4,931,034
3	Selling Price	US\$	111.63	125.90	90.29	112.56	108.44				
4	Marketing Cost	US\$	79,719	-	-	-	-				79,718.72
5	Value of Lift	US\$	111,157,790	125,598,382	89,863,837	106,592,896	107,858,418				541,071,323
		GH¢	186,678,393	219,809,728	169,878,598	199,659,153	202,245,319				978,271,191

Source: MOF

24. Of the total oil receipts of US\$541.07 million (GH¢978.27 million), Royalties amounted to US\$150.64 million (GH¢272.37 million) and the remaining US\$390.43 million (GH¢705.91 million) represented the State's Carried and Participating Interest. Other sources of petroleum receipts amounted to US\$552,418 (GH¢1,044,290) comprising Surface Rentals of US\$448,225 (GH¢847,324) and Royalties from Saltpond Offshore Producing Company Limited (SOPCL) of US\$104,193 (GH¢196,967).

Monetary Development

25. Provisional monetary data indicated a slower pace of growth in broad money supply including foreign currency deposits (M2+). Broad money supply grew by 24.3 percent in 2012 compared with 33.2 percent in 2011. By the end of December 2012, M2+ stood at GH¢22,620.5 million, compared with GH¢18,195.1 million in 2011.

MACROECONOMIC FRAMEWORK FOR THE MEDIUM-TERM

The Ghana Shared Growth and Development Agenda

26. The Ghana Shared Growth and Development Agenda (GSGDA) is expected to end in 2013 and, it is expected to be replaced by a successor Plan to be ready by the end of July 2013.
27. The vital strength underpinning our National Development Programme will focus on four pillars, namely, **Putting the People First; a Strong and Resilient Economy; Expanding Infrastructure; and Transparent and Accountable Governance.**
28. Government programmes to maintain single digit rate of inflation; ensure exchange rate stability; reduce the deficits significantly; and maintain high annual economic growth rates. Overall average GDP growth will be supported by strong infrastructure development, particularly in the oil and gas sector

Medium-Term Targets for 2013 - 2015

29. The specific macroeconomic targets to be pursued for the medium-term will include the following:
 - an average GDP growth rate of at least 8 percent per annum;
 - a single digit rate of inflation;
 - an overall average budget deficit equivalent to [5 percent of GDP]; and
 - Gross International Reserves that will cover not less than four months of import of goods and services.

Macroeconomic Targets for 2013

30. The details of macroeconomic targets for 2013 are outlined below:
 - real non-oil GDP growth of 6.5 percent;
 - real overall GDP growth including oil of 8.0 percent;
 - average inflation of 8.9 percent;
 - end period inflation of 9.0 percent;
 - overall budget deficit equivalent to 9.0 percent of GDP; and
 - gross International Reserves of not less than three months of import cover for goods and services

Table 9: Medium Term Real GDP Growth Projections

Item	Including Oil (%)			Excluding Oil (%)		
	2013	2014	2015	2013	2014	2015
GDP	8.0	8.7	8.9	6.5	8.9	9.4
Agriculture	4.9	5.8	5.8	4.9	5.8	5.8
Industry	8.7	9.6	9.2	1.6	10.9	11.8
Services	8.5	8.9	9.4	8.5	8.9	9.4

Source: Ministry of Finance

RESOURCE MOBILISATION AND ALLOCATION FOR 2013

Projection of 2013 Petroleum Receipts

31. Based on an estimated average crude oil price of US\$94.36 per barrel and daily production of 83,341 barrels, the total petroleum receipts projected for the 2013 fiscal year is US\$581.72 million (GH¢1,163.44 million). The breakdown of the 2013 projected petroleum receipts is shown in the Table below.

Table 10: Composition of 2013 Projected Petroleum Receipts

Item	Amount	
	US\$	GH¢
Royalties	143,719,814	277,379,240
o/w Jubilee Royalties	143,516,001	276,985,882
o/w Saltpond Royalties	203,812	393,358
Carried and Participating Interest	371,958,838	717,880,557
Corporate Taxes	55,861,240	107,812,193
Surface Rentals	421,799	814,072
Gas Receipts	9,760,000	18,836,800
Total Petroleum Receipts	581,721,691	1,122,722,863

Source: MOF

Distribution of 2013 Petroleum Receipts

32. It is proposed that an amount of US\$191.441 million (GH¢369.48 million), comprising US\$71.09 million (GH¢137.21 million) as Equity Financing Cost and US\$120.35 million (GH¢232.27 million) as Carried and Participating Interest, be allocated to the NOC as shown in Table below. The remaining amount of US\$390.28 million (GH¢780.56 million) constitutes the 2013 Benchmark Revenue.

Table 11: Distribution of 2013 Petroleum Receipts

Item	Amount	
	US\$	GH¢
Total Petroleum Receipts	581,721,691	1,122,722,863
Transfer to National Oil Company	191,439,452	369,478,143
o/w Equity Financing Cost	71,093,196	137,209,868
o/w 40% share of Net Carried & Participating Interest	120,346,257	232,268,276
Benchmark Revenue	390,282,238	753,244,719
o/w Annual Budget Funding Amount	273,197,567	527,271,304
o/w Transfer to the Ghana Petroleum Funds	117,084,671	225,973,416

Source: MOF

Table 12: Allocation of 2013 Benchmark Revenue to ABFA and GPFs

Item	Amount	
	US\$	GH¢
Benchmark Revenue	390,282,238	753,244,719
o/w Annual Budget Funding Amount	273,197,567	527,271,304
o/w Ghana Petroleum Funds	117,084,671	225,973,416
o/w Ghana Heritage Fund	35,125,401	67,792,025
o/w Ghana Stabilisation Fund	81,959,270	158,181,391

Source: MOF

Resource Mobilisation Initiatives

Tax Revenue

33. Domestic Tax Effort as measured by the Tax/GDP (non-oil) ratio improved from 15.1 per cent in 2011 to 16.0 per cent in 2012. However, the Tax/GDP ratio including oil (excluding exemptions) increased from 15.4 per cent in 2011 to 16.3 per cent in 2012.
34. Government has revised the income tax thresholds and brackets as follows:

35. Table 13: Tax Bands

	Income Band (GH¢)	Rate (%)
First	1,584	Free
Next	792	5
Next	1,104	10
Next	28,200	17.5
Exceeding	31,680	25

Vehicle Income Tax and Tax Stamps for the Self-Employed

36. In the last revision of vehicle income tax, existing quarterly rates were increased for vehicles of all categories except trotros and taxis. It is only fair that we adjust these rates that have not changed since 2005. For example an owner of a 33-seater commercial vehicle is paying only GH¢15 per quarter (GH¢ 5 per month) as compared to rates paid by public servants and other workers in the formal sector. It is to be noted that the incidence of this tax is not on the drivers of these vehicles but on the owners.

Environmental tax on Plastic

37. Environmental taxes have been introduced on plastics at a rate of 15 percent with exemptions for pharmaceuticals and agricultural sectors. Also, plastic for water sachets were exempted. In this respect, the Ministry of Finance (MoF) and the GRA will later in the year submit proposals for the review of the tax regime.

Increase in VAT threshold

38. The VAT registration threshold which is currently GH₵ 90,000 will be increased to GH₵ 120,000 in fiscal year 2013. This proposal which was announced in the 2012 Budget Statement was not implemented for technical reasons. Businesses with turnover of less than GH₵ 120,000 over a twelve month period will pay a presumptive tax of 6 percent of

turnover. Other businesses that do not deal in goods on which VAT can be applied will pay a flat rate of 3 percent.

Capital Allowances

39. The maximum cost base of road vehicle other than commercial vehicle is currently pegged at GH₵25,000 for capital allowance purposes. The amount was last reviewed in 2004 per Act 669 from GH₵ 15,000. It is proposed that a new amount, not exceeding GH₵70,000, will apply in 2013 due to the rising cost of vehicles. This will be restricted to brand new vehicles with capacity not exceeding 1.8 cc acquired by a business.

SECTORAL PERFORMANCE AND OUTLOOK FOR 2013

Economic Sector

Ministry of Food and Agriculture

Performance

40. To improve the performance of livestock in the country, livestock stations under the Ministry produced 460 improved stocks of various species of livestock and supplied 206 breeding stock to farmers to increase productivity. One hundred grand-parent pigs were imported for multiplication and subsequent distribution to pig farmers nationwide.
41. Under the Fertilizer and Seed Subsidy Programme, 300,000 farmers have so far benefitted from 170,000mt of fertilizer and 20,000kg of improved seeds of maize, rice and soybean.
42. Agriculture Mechanization Service Centres (AMSEC) have been established in 62 districts. Each centre has been supported with 5 tractors on average with matching implements, maize shellers and water pumps.
43. Two harbours at Elmina and James Town and 9 landing sites at Axim, Discove, Moree, Mumford, Winneba, Senya Breku, Gomoa Fete, Teshie and Keta are being developed.
44. The Youth in Agriculture Programme, (YIAP) was introduced as an intervention to create jobs and ensure food security. Under this programme, 45,000 hectares of land was cultivated in 2012 out of which 210,000mt of grains was produced.

Outlook for 2013

45. The number of Agricultural Mechanization Service Centres (AMSECs) will be increased to cover at least 170 districts in order to provide mechanization services to farmers who cannot afford their own machines.
46. Government will also coordinate the procurement and distribution of 180,000mt subsidized fertilizer to farmers.

47. As part of efforts to enhance the adoption of good husbandry practices, 10 livestock Demonstration Centres will be established in 30 livestock dominant districts to benefit 50,000 livestock farmers annually.
48. As part of the Youth in Agriculture Programme, Government will continue to pursue the Block Farm Programme, with a target of 60,000ha for the production of maize, cassava, rice, yam, sorghum and cowpea by 60,000 farmers under METASIP.
49. Under the livestock programme, 100,000 birds and pigs will be purchased and distributed to 60,000 young farmers. Also under the agribusiness sub-programme 700 women will be trained and equipped to process farm produce.

Cocoa Performance

50. For the 2012/13 crop year, an amount of US\$1.5 billion was raised in the syndicated loan market but US\$1.3 billion was drawn, as compared with the US\$2.0 billion raised and drawn during the 2011/12 cocoa season. This is expected to facilitate the implementation of COCOBOD's programmes and activities over the current cocoa crop season.
51. In fulfillment of Government's commitment to cocoa farmers, the producer price of cocoa was reviewed upward in October 2012 to GH¢3,392.00 per tonne (i.e. GH¢212.00 per bag) from GH¢3,280.00 per tonne, indicating an increase of 3.4 percent over the previous year. This new price was 78.36 percent of the net Free On Board (FOB) price.
52. With the support of Government, COCOBOD continued the implementation of the Cocoa Farmers Housing Scheme which was initiated in 2004. An amount of GH¢868,000.00 was released in 2012 to the Department of Rural Housing for the construction of houses for farmers.
53. The Cocoa Roads Improvement Programme (CRIP) has progressed steadily leading to the upgrade of several roads in cocoa growing areas. This helped the evacuation of cocoa from up-country to take-over centres. In addition, it has enabled school going children to benefit from the free bus services provided by Government and the evacuation of other agricultural products.

Outlook for 2013

54. The CODAPEC Programme will continue to be pursued to mitigate the risk associated with the incidence of disease and pests that attack cocoa. For the 2012/2013 cocoa crop year, a provision of GH¢44.9 million has been earmarked for the project.
55. The Hi-Tech Programme will continue to encourage fertilizer application and the use of improved planting materials by farmers. For the 2012/2013 cocoa crop year, a provision of GH¢50 million has been earmarked for the project.
56. The Government will continue to boost cocoa consumption through promotional programmes, by sensitizing the citizenry on the health and nutritional benefits of cocoa.

Performance

57. The on-going construction work on the 400MW Bui Power Project is progressing satisfactorily. One unit of 133MW is to be commissioned by end of the first quarter and the other 2 units by the fourth quarter of 2013, respectively.
58. The construction of a 161/34.5kV substation at Buipe to serve a new cement factory, the Buipe township and its environs has been completed and is in commercial operation. Transmission lines for power evacuation for Bui-Sawla; Bui-Kintampo and Bui-Techiman are 98 percent complete.
59. Construction of 5 primary substations for ECG in Accra and Tema under the Ghana Energy Development Project and various 33kV and 11kV feeders required to interconnect the 5 new primary substations into the grid have been completed and commissioned.
60. The implementation of the National Electrification Scheme continued with 466 communities connected to the national electrification grid in all 10 Regions under the Self Help Electrification Programme (SHEP).
61. A total of about 26.4 million barrels of crude oil was produced from the Jubilee field in 2012 up from 24.2 million barrels produced in 2011. The Ghana Group lifted a total of 4.9 million barrels in 2012.
62. The construction of a 59km offshore pipeline for the Gas Infrastructure Project continued with a pre-lay activity completed and tie-in to deep water pipeline, 25km of offshore pipeline was installed in addition to the 14km laid by GNPC.

Outlook for 2013

63. The Bui Hydroelectric Power Project would come online with the full capacity of 400MW by December 2013. The installed capacity of 2,312MW will increase by 532MW by the end of 2013.
64. The Ghana Energy Development and Access Project will complete the construction of a 161/33kV Second Bulk Supply Point in Kumasi (k2BSP) by the end of the first quarter, of 2013.
65. All the 464 outstanding communities under the SHEP in all 10 regions will be connected to the national electricity grid by the end of December 2013.
66. The completion of the Gas Infrastructure Project for the onshore/offshore pipeline in respect of the regulatory and metering station and the gas plant is scheduled for completion in the third quarter of 2013.
67. The Bulk Oil Storage and Transportation Company (BOST) will commence the construction of a petroleum terminal to store petroleum products and LPG at Pumpuni in

the Western Region. The project involves petroleum and LPG storage tanks, pipeline and Conventional Buoy Mooring (CBM) and allied facilities.

Ministry of Roads and Highways

Performance

68. Under the Trunk Road Development Projects, the following major roads were completed during the period: Achimota-Ofankor, Nsawam Bypass, Nkawkaw Bypass 1, Akatsi-Akanu, Akatsi-Agbozume and Techiman–Apaaso. In addition, contracts were also awarded for the following major trunk road projects and works are in progress: Asikuma Junction–Hohoe, Dodo-Pepesu Nkwanta, Nkwanta–Oti Damanko, Fufulso-Sawla, Ayamfuri-Asawinso and Agona Junction to Elubo.
69. The Ministry improved revenue generation into the Road Fund for the maintenance of the road network. Toll collection commenced at New Offinso (Kumasi-Techiman), Kubease (Nkawkaw-Kumasi) and Sawla (Bole-Wa). The total revenue generated in 2012 was about GH¢235 million which is GH¢26 million more than the total revenue that accrued in 2011.
70. The Ministry has registered the following PPP projects with the Ministry of Finance: Dualization of the Accra–Kumasi and Accra-Takoradi Highways, Refurbishment and expansion of Accra-Tema Motorway, Construction of Overpass at Teshie Link, and Western Corridor roads Phase 1 (Elubo-Sunyani).

Outlook for 2013

71. Government's overall objective under the road sector is to achieve a preferable road condition mix in line with the GSGDA. Some road projects to be undertaken to achieve this objective include: Nsawam-Suhum-Apedwa road, Tetteh-Quarshie-Madina road, Madina–Pantang road, Berekum–Sampa road, Kpando–Worawora–Dambai road (PhIII), Wenchi–Sampa road (PhII), Bomfa Junction–Asiwa–Bekwai road, Sefwi Bekwai–Eshiem–Asankragwa road (km 10-56), Asankragwa–Enchi road, Navrongo–Tumu road and the Sofoline Interchange in Kumasi.
72. Other major on-going projects that will achieve significant progress in 2013 include: Buipe–Tamale road project, Eastern corridor roads (Asikuma Junction–Have, Nkwanta–Oti Damanko), Ayamfuri-Asawinso road, Agona Junction-Elubo road, Giffard and Burma Camp roads, Tarkwa–Bogoso road and Awoshie–Pokuase road and community development project.

Transport

Performance

73. Re-construction of Net-Mending Wharf for the canoe basin (Tema Fishing Harbour) is about 70 percent complete. This will support the local artisanal fishing industry at the Tema Community.
74. The construction of 4 ferries for cross ferry services on the Volta Lake and 2 new cross ferry vessels and landing site, under the Millennium Development Authority (MiDA), were completed and currently in operation at Adawso-Ekye Amafrom and Kete Krachi.
75. The rehabilitation and extension of the Accra-Tema sub-urban railway line from Tema Harbour to Japan Motors (Community 1) including the construction of a new station has been completed and ready for commissioning. Rehabilitation works on the Sekondi-Takoradi via Kojokrom sub-urban railway line has also started.
76. The Driver and Vehicle Licensing Authority (DVLA) introduced digitization of documents to reduce faking of Driver and Vehicle Licensing Registration documents. The DVLA has acquired modern mobile testing equipment to conduct random checks of roadworthiness of vehicles to eliminate the use of unsafe vehicles on our roads.
77. A Perishable Cargo Centre was completed and commissioned to facilitate the export of perishable goods from the airport.
78. Feasibility study and design for the expansion of the KIA terminal building has been completed. Parliament also approved a credit facility of \$100 million for the upgrading of the Tamale Airport.
79. Under the CDB facility, contract was awarded for construction of 12 fishing landing sites and harbours at Tapa Abotoase, Dzemeni, Jamestown, Teshie, Axim and Discove. The rest are Elmina, Mumford, Moree, Gomoa Fete, Senya Bereku and Winneba, all along the coast and the Volta Lake.

Outlook

80. Takoradi Port Development Project will commence to upgrade the port to meet the demands in the emerging oil and gas industry.
81. The main focus for the railway sub-sector for 2013 will be the rehabilitation and modernisation of the existing lines as well as the development of the needed regulatory framework for the sub-sector. These include the:
 - completion of the railway master plan and continuation of the works on the Sekondi-Takoradi via Kojo-Krom railway line; and
 - continuation of construction works on the Western Line under the China Development Bank (CDB) facility and rehabilitation of the existing Achimota-Asoprochona & Accra-Nsawam railway lines to provide safe sub-urban rail services.

82. The Airports Company will complete the evaluation of various financial offers and commence works on the expansion of the KIA Terminal building including the installation of aerobridges. These will improve the delivery of services and restoration of KIA to Federal Aviation Administration (FAA) Category One (1) status.
83. The Ministry will submit a bill to Parliament to establish a National Road Transport Authority to regulate the operations of road transport services. In order to meet international standards, there will be reforms in the vehicle registration processes and procedures.

Ministry of Water Resources, Works and Housing

Performance

84. Construction works to expand the Kumasi water supply from the current production capacity of 24mgd to 30mgd is 90 percent complete, while the Mampong water supply project to add 1.76mgd of water to the supply is on-going.
85. As part of government commitment to the Rural Water Supply project, a total of 1,000 boreholes were drilled and fitted with hand pumps.
86. Under the Kpong Water Supply Expansion project, substantial works had been completed on the booster station and reservoir at Dodowa, while works on the Treatment Plant at Junior Staff quarters had also been completed. Thirty-seven kilometres out of 73km transmission pipelines had been laid while work on the Water Treatment Plant is 45 percent complete.
87. Following Government policy to increase the use of local building materials in the construction industry to 60 percent, the department developed a manual for performance standards and specifications for local building materials production, use and construction techniques training.
88. The Government, acting through the Public Servants Housing Loan Scheme Board, contributed to the housing stock by providing funding for the purchase, completion, and development of housing projects to Public and Civil Servants through-out the country.
89. Government released an amount of Two Million Ghana Cedis (GH¢2,000,000.00) in addition to the revolving fund of One Million Ghana Cedis (GH¢1,000,000.00) which enabled public sector workers purchase 41 SSNIT Flats/Estates, complete 60 houses and initiate works on 180 houses.

Outlook 2013

90. Under the SRWSP, 1,200 new boreholes, 400 old boreholes, 40 Limited mechanised water facilities and 29 Small Town Systems are to be developed in the Upper West, Upper East, Northern, Brong-Ahafo, Central and Western Regions of Ghana. The five

year (2010-2015) Project is targeted to improve access to water and sanitation for 600,000 people in the above mentioned regions.

91. The Department of Rural Housing will construct 17 Cocoa Farmers' Houses in selected districts. In addition, 3 regional bungalows and the headquarters will be rehabilitated and a local building material bank established.
 92. Government will continue to provide adequate funds to enable 200 public sector workers complete their houses while 50 others are assisted to purchase Estate Houses.
 93. Preparatory works will also commence on the Madina reservoir, Boi booster station and the Asofaa booster renovation. In addition, work will continue on the Kpong intake rehabilitation to replace existing intake pumps and install 15,000m³/day unit water treatment plant.

Ministry of Education

Performance

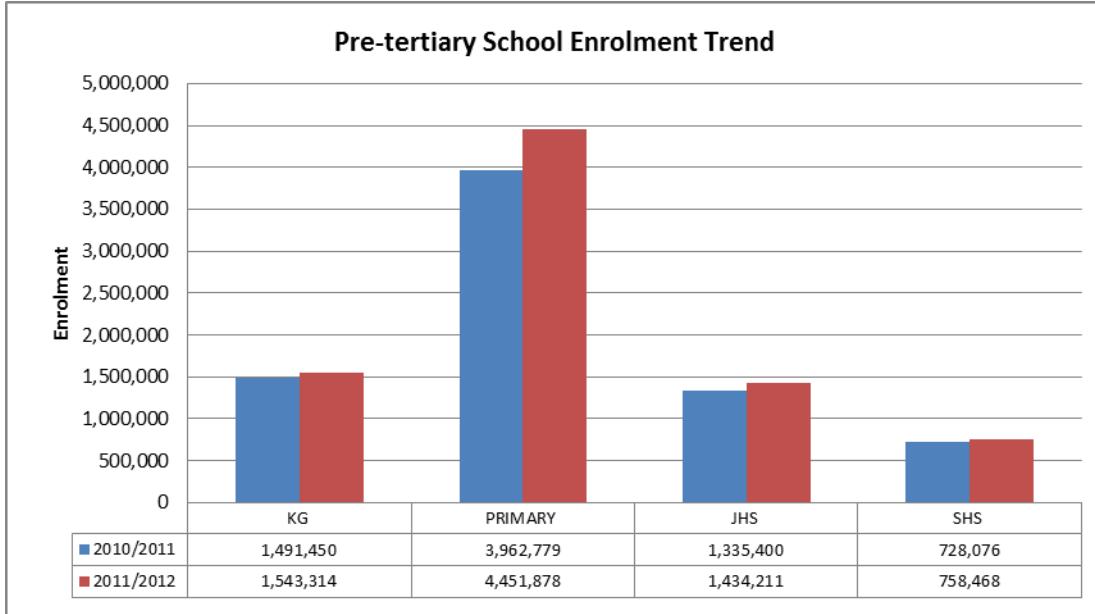
94. Government continued the implementation of the Capitation Grant to support access, participation and quality in basic schools. An amount of GH¢32.1 million was released during the year for the payment of Capitation Grant for 5,467,808 pupils in all public basic schools for the second and third terms of the 2011/2012 academic year.
 95. Additionally, Government subsidized the conduct of the 2012 Basic Education Certificate Examination (BECE) to the tune of GH¢7,518,157. Also, 1.6 million pupils in deprived communities received free school uniforms.
 96. In line with Government policy to eliminate to the barest minimum the incidence of schools being operated under trees or temporary structures, a total of 1,683 schools are being constructed. Forty-two percent of the schools have been completed and handed over to the beneficiary schools while 20 percent are at advanced stages of completion. The remaining 38 percent are at various stages of completion.
 97. As a result of the above interventions, enrollment in each stage of pre-tertiary education increased between 2010/11 and 2011/12 as shown in the table and graphs below.

Table14. Gross Enrollment Rates at Pre-Tertiary Education

	2010/11	2011/12

KG	98.4	99.4
Primary	96.4	96.5
Junior High School	79.6	80.6
Secondary High School	36.5	36.9

Figure 2: Pre-tertiary School Enrolment Trend



Source:

98. Government demonstrated its commitment to improve the quality of teaching and learning through the distribution of 28.4 million free exercise books to Basic Schools. Further, to make the most of opportunities with ICT, 53,555 laptop computers were distributed to 2,000 schools.
99. Government is committed to the strategic goal of providing education for those with physical and mental impairments, orphans and those who are slow or fast learners. This means including them wherever possible, within the mainstream formal system or, only when considered necessary, within special units or schools. Twenty-five Trainer of Trainers and 180 resource teachers were trained for this purpose.
100. In line with Government policy of expanding access to and participation in quality education at all levels, 2 new universities namely the University of Health and Allied Sciences and University of Energy and Natural Resources in Ho and Sunyani, respectively were established.

Outlook for 2013

101. Government will continue to provide free uniforms for children in basic schools in deprived districts. In addition, Capitation Grant and free exercise books will be provided to about 5.5 million children as well as subsidy for 400,000 BECE candidates.
102. The Ministry will continue to provide infrastructure such as classrooms, teacher's accommodation and toilet facilities for public basic schools as well as appropriate infrastructure for communities by eliminating the remaining schools under trees.

103. In order to increase accessibility to secondary education, Government will continue to provide subsidies to students in all public Senior High and Technical Schools. In addition, funds will be made available for the completion of remaining emergency classrooms and dormitory blocks.

104. The on-going Scholarship programme will be extended to cover 15,715 girls through the Girls Participatory Approaches to Student Success (PASS) Programme as a step towards bridging the gender gap. In addition, provision has been made for the Take Home Rations for girls in the northern regions. Programmes to incentivize girls into scientific and technical training will also be expanded.

Ministry of Health

Performance

105. The Ministry developed a comprehensive MDG 5 accelerated framework (MAF) to improve the country's maternal health and assist in attaining the MDG 5 target, also, 911 trained certificate and diploma midwives passed out during the year 2012.

106. The Ministry completed the following projects: 5 polyclinics (phase II) in the Upper West Region (Wechau, Babile, Lambussie, Ko and Hain), office complex for the Food and Drugs Authority, rehabilitation and upgrading of Tamale Teaching Hospital (phase I), Eye Centre at Komfo Anokye Teaching Hospital, water improvement projects in selected health facilities in Brong Ahafo Region and the installation of new MRI and CT scan equipment in Korle-Bu, Komfo Anokye and Tamale Teaching Hospitals. In addition, the Children's Ward, Theatre for Kidney Transplant and Neurosurgery were also rehabilitated at the Korle-Bu Teaching Hospital.

Outlook

Government will continue to focus on the following Priority areas:

- bridging equity gaps in access to health care and ensure sustainable financing arrangements that protect the poor.
- retraining the existing staff, engage local government and develop an additional 450 functional Community -based Health Planning and Services(CHPS) zones based on population to Community Health Nursing Officer (CHO) ratio;
- assess the cost of care in the public and private sector to inform the setting of tariff levels and undertake a sustainability analysis of the National Health Insurance Scheme;
- complete the development of a health financing and resource mobilization strategy;
- disseminate and implement the recommendations of the internally generated funds' study ; and
- revise staffing norms, and complete the development of the Human Resource deployment plan and implement it.

POLICY INITIATIVES

Infrastructure Development through Public Private Partnership (PPP)

107. A national infrastructure plan is being finalized that will align key components of the economic expansion with optimum access to needed infrastructure. In order to maximise private financing to reduce the infrastructure gap, it is the expectation of government that all Ministries, Departments and Agencies (MDAs) undertaking investment projects will do so within the framework provided the Public Investment Plan (PIP); and use a more diversified financing space provided through the Public Private Partnership (PPP) option.

Millennium Challenge Account (Compact 2)

108. With the successful completion of the Compact I, Ghana was selected as one of the four countries to submit proposals for Compact II. Taking cognisance of the critical energy requirement of the country, the Compact II has been entirely earmarked for the energy sector. It is expected that the implementation in the Compact will make Ghana self-sufficient in Energy generation

“Girls in ICT” Programme Nascent

109. To increase the interest of girls in ICT knowledge, the Ministry of Communication will collaborate with the Ministry of Gender Children and Social Protection to initiate the celebration of girls in ICT Programme as part of the activities marking the annual commemoration of the World Communication and Information Society Day.

Water for Schools

110. As part of efforts to address the deficit in water provision, Government has decided, as a priority over the medium term, to ensure that all primary, junior and senior high schools in the country have access to clean and potable water.

111. Government will also implement the following measures to improve efficiency in the delivery of services in 2013. They include:

- A temporary freeze on the creation of new GYEEDA models and the recruitment of additional new beneficiaries in pursuance of government policy of reviewing and re-aligning GYEEDA activities;
- A review of the allowances of Chiefs to include judicial allowances in response to their adjudication role;
- The provision of GH₵10,000,000.00 to furnish the Parliamentary Tower Block and GH₵10,000,000.00 for the construction of MPs Constituency Offices;
- The registration of all government Vehicles with GV Number Plates.
- The introduction of a hire purchase plan for the acquisition of Vehicles by government officials;
- Taking of inventory of all government Vehicles in all MDAs and MMDAs will be undertaken;
- The standardisation of allocation of fuel coupon for official use across Ministries;

- The piloting of electronic toll collection on the Tema Motor-way and other road networks;
- The Media Development Facility will be resourced with additional GH₵2,000,000.00;
- The promotion of the use of Solar Energy and portable Gas stoves;
- The restructuring of the National Board for Small Scale Industries (NBSSI) into an umbrella supervisory body for SMEs; and
- The consolidation of the role of National Identification Authority (NIA) to be responsible for the compilation and management of all primary Biometric data for official use.