

NDC flays Government over Budget Statement, promises more

The opposition National Democratic Congress has said it was convinced the government's solutions to the wage crisis and the energy shortfalls currently confronting the nation had been lousy.

The NDC said apart from failing to address the issues head-on, the government chose to postpone solving the problems in the hope that Ghanaians would as usual forget about them.

The party said the problems were too grave to be allowed to suffer natural deaths and the government ought to fix the problems.

The NDC held a press conference on Monday to respond to the 2007 Budget Statement and Economic Policy of Government presented to Parliament about a fortnight ago.

The conference was addressed by the party's spokesman on finance, Dr. Benjamin Kumbour.

Read the full text of the press conference

“Ladies and gentlemen of the Media, the NDC registers its appreciation and gratitude to you for taking time off your busy schedules to honour our invitation to our press conference on the

Government's 2007 Budget Statement and Economic Policy presented to Parliament by the Minister of Finance and Economic Planning on 16th November 2006.

Given time constraints, our response would highlight a number of significant areas as our contribution to the debate. Other details would be provided by our relevant Spokespersons in Parliament in the course of the week.

“The 2007 Budget philosophy is Growth within Economic Stability. The Budget is anchored on the premise that Ghana is on the Path of Sustained Economic Renaissance. The 2007 Budget is based on objectives of GPRS I and II, the Millennium Development Goals (MDGs) and the African Peer Review Mechanism (APRM) Report Recommendations on the economy.

The emphasis is on Private Sector Development; Human Resource Development and Good Governance and Civic Responsibility. With the Government believing in the equitable distribution of the wealth created, the Budget Statement entreats Ghanaians to create more and share more.

“The Philosophy of “Property Owing Democracy Government” of the NPP may believe in creating more wealth but it certainly does not believe in sharing the wealth created equitably. Evidence abounds in this country on how social goods and services are distributed based on partisan political considerations.

“Much as we accept that crude oil prices rose during the year as the table below shows, prices of commodities which Ghana trades in also rose significantly. In addition, debt forgiveness under HIPC and MDRI released enormous resources and there can be no excuse for the poor performance of any sector of the economy.

“Commodity Price (2006)

	January	May-July	September
Crude Oil \$/bbl	63.86	74.24	63.49
Gold \$/oz	550.77	673.55	600.49
Cocoa Pound/mt	900.00	933.00	840.00
Diamond \$/carat	31.23	38.33	32.12
Bauxite \$/mt	24.36	25.18	

“GDP growth in 2006 is projected at 6.2% but the growths by sector figures do not confirm this. A comparison of the 2006 performance with 2005 makes this clear.

Table A1: contribution to growth for 2005 and 2006 out-turn

Sector	2005	2006 out turn
(Projection)		
Agric	1.5%	2.1%
Industry	1.5%	1%
Services	5.5%	5.9%

Percentage Growth by sectors in 2006

	Target	Proj. Out turn
A: Agriculture	6.2	5.7
i. Crops & Livestock	6.2	6.0
ii. Cocoa	12.2	8.7
iii. Forestry & Logging	5.6	2.6
iv. Fishing	3.6	3.6
B: Industry	6.4	7.3
i. Mining & Quarrying	6.3	3.0
ii. Manufacturing	5.0	4.2
iii. Electricity & Water	4.0	23.0
iv. Construction	7.5	8.2
C: Services	5.5	6.5
i. Transport & Communication etc	6.0	7.2
ii. Wholesale, retail & trade	6.2	7.5
iii. Finance & Insurance	5.7	7.6
iv. Govt. Services	5.0	5.7
v. Comm, Social & Personal Service	4.2	4.2
vi. Prod. Of private non-profit services	3.8	4.5

“From Table A1, growth rate for the three sectors indicated in the Budget Statement puts the GDP growth rate for 2005 at 5.5% and that for 2006 at 5.9%.

For 2006 the Budget’s projected growth rate of 6.2% is attributed to water and electricity sub-sector contribution to GDP, which increased phenomenally from 0.1% in 2004 to 0.3% in 2005 and to 0.7% in 2006. The 2006 Budget estimated electricity and water production growth rates of 4.0%. But the projected out-turn shows a growth rate of 23% and it is this “significant performance from water and electricity” which partly accounts for the increase in GDP growth.

With power cuts, load shedding black outs, coupled with limited or no water supply to most communities in the country we find it difficult to believe that electricity and water production could be the “major contributing sub-sector” to the GDP growth. So far we have not seen the ‘significant Government investment’ in the electricity and water sub-sector which is expected to increase the overall growth in the sector.

Has government investment in electricity and water led to overall growth in the sub-sector or not? Have the populace seen any improvement in the quantity and quality of power and water supply to be convinced that it is one of the major contributory factors to GDP growth?

The Budget Statement as proof of the “robustness of real sector growth and the resilience of the economy” claims that:

- i) SSNIT collections from January-August 2006 increased by 30.5% compared to January-August in 2005 is this phenomenon due to increased employment, increased number of contributors, increased salaries to workers, or improved collection of arrears of SSNIT contributions?
- ii) VELD registered 42,181 new motor vehicles compared to 36,051 in 2005. How does registration of vehicles show robustness and resilience of the economy?
- iii) Cement production increased from 1,276,576 metric tons to 1,349,644 metric tons between 2005 and 2006. How did this translate into accommodation for the low and middle income groups? Did this increase in cement production solve the acute housing problem in the country?
- iv) It is laughable that the Budget Statement uses job vacancy adverts in the “Daily Graphic” as a measurement for increased job offering. How can a Government gloat when only 6,788 jobs are advertised for a whole year?

Receipts

“Revenue expected in 2006 is projected at 43,468.2 billion cedis but out-turn is projected at 41,357.1 or 4.9% below Budget estimates. This is in spite of the windfall receipts of 1,826.4 billion from the MDRI. Domestic tax revenues, with the exception of personal income tax; petroleum tax and export duty all other tax receipts fell below Budget estimates. Why did this happen and what steps is government taking to ensure that targets are met in the future? Grants as receipts for 2006 was 91% of programmed grants in spite of the fact that all HIPC and MDRI programmed grants were fully received. Project and Programme grants fell short by 11%; Loan receipts fell short of projected receipts

by about 14% and Dependence on foreign aid to support budget increased in 2006 as evidenced by 2005 tax revenues accounting for 58.39% of total receipts while tax revenue for 2006 accounted for only 56.39% of total receipts.

Payment:

“Projected external debt service is 3,392.3 billion cedis less than estimated. This is due to debt write off under the MDRI. Payments into the DACF and GETFUND were less than budgeted for, since tax revenue shortfalls were encountered. Personal emoluments projected actuals exceeded Budget estimate of 9,999 billion cedis by 982.5 billion cedis due to as Government would put it, ‘extra-ordinary pressures on the public sector labour market’.

“Net borrowing from domestic sources to finance Budget will amount to 2,216 billion cedis by year end. The Minister of Finance attributes this to “unanticipated transfers to VRA” and “under recovery at TOR” etc. Can the Minister inform us of total transfers to VRA bearing in mind that in the Supplementary Budget, an amount over 350 billion cedis was also transferred to VRA. How does Government intend solving the low tariffs paid to VRA by VALCO? What factors account for the under-recovery at TOR since the NPA is supposed to be fully recovering all ex-refinery costs.

“With the overall Budget balance recording a deficit of 5591.8 billion cedis or 4.9% of GDP as opposed to Budget estimate of 4.5% of GDP, with domestic primary balance showing a deficit of 2.1% of GDP against a projection of 1.4% of GDP and with the domestic debt-to-GDP ratio of 10.1% against the target of 8.7% why are we being told that the economy is on track?

Public Debt

“As at end 2005, the stock of public debt stood at US \$8,382.5 million or 77.96 trillion cedis. As a result of the MDRI and HIPC debt relief, public debt as at end 2006 is equivalent to US \$4,670.59 million or 43.44 trillion cedis.

This debt stock after the MDRI and HIPC relief is still higher than the 41 trillion cedis debt stock that the NPP Government on assuming power in 2001 claimed and still claims the NDC Government bequeathed to them and for which they have been castigating the NDC Government for creating an ‘economic mess’. The NPP Government

should provide details of all loans they have contracted since they assumed office and the use to which those loans have been put.

Exports and Imports

The country's merchandise exports are expected to fetch US \$385.7 million made up of:-

		US \$(m)
Cocoa	1,269.8	715,660 tonnes
Gold	1,302.1	2,086 mil oz
Timber	196.7	
Other	1,089.1	
O/W VALCO	132.2	
Total	3,857.7	

“Total imports including oil for 2006 are expected to be US \$6,852.4 million. Our merchandise exports, therefore, cover only 56.3% of our total import bill. Unrequited transfers are expected to be US \$8.0m as announced by the President recently.

“The much touted reserves of 3.3 month of imports (US\$1.78 billion) was achieved mainly as a result of HIPC and MDRI debt relief initiatives and not as a result of exceptional export performance.

Outlook for 2007

“For 2007 the following targets have been set:

- GDP growth rate of 6.5% minimum
- Year end inflation of 7-9%
- Average inflation of 8.8%
- International reserves of at least three months' of import cover
- Domestic primary deficit of 0.6% of GDP and
- Overall Budget deficit of 3.2% of GDP

“From 2007, Ghana will wean itself off IMF financial assistance but we will still utilise the Policy Support Instrument (PSI) under which we shall continue to:

- I) Seek policy advice
- II) Seek and obtain technical assistance in the design, implementation and monitoring of economic programmes and
- III) Use the IMF's goodwill to obtain benefits from our relationship with the international community.

“In simple English, the Fund will continue to be our external examiner only that this time it would not grant us balance of payment support. The Government would adhere to the debt sustainability criteria established under the MDRI rules. It would, therefore, not resort to borrowing at usurious rates.

Concessional loan and grant financing would be the financial choice. We endorse this policy since come 2009 the NDC Government would not like to inherit an economy steeped in debt.

2007 resource Mobilisation and Allocation

Resource mobilization is as follows:

	Cedis billion
Total receipts	54,315.9
Domestic revenue (tax & non-tax)	37,532.2
Grants, loans HIPC & Mdri inflows	16,783.7

Allocation of resources is as follows:

	Cedis billion
Total allocation	54,315.9
Statutory payments	14,818.1
Discretionary payments	39,497.8
- o/w i) Personal emoluments	13,167.0
ii) Investments	11,565.2
-o/w a) Domestically financed	2,598.9
b) Foreign financed	8,966.3

“In 2007 about 31% of our budget is to be donor funded. Investment which is to propel growth, accounts for only 21.3% of budgetary expenditure. Out of the Total investment of 11 565.2 billion cedis only 2 598.9 cedis or 4.2% is financed from our own domestic resources.

Wages and salaries

“From the budget statement provision has been made for only 20% increase in salaries. All the talk of enhanced salaries effective January 2007 by ministers and NPP propagandists is only nothing but propaganda. Average salary increases in 2007 cannot exceed 20%. The

Public Sector wage reforms have taken centre-stage since the budget was read.

According to the Finance Minister, the Public Service has 650,000 employees. Out of this number 350,000 are employed by 110 subvented organisations and 300,000 in the civil service. These 650,000 employees' remuneration accounts for 9.5% of GDP.

The minister states that the public sector wage bill of 9.5% of GDP is twice as high as what obtains in Nigeria and the Gambia . In spite of this seeming high expenditure on public sector, the government itself and all Ghanaians agree that basically the public service emolument as a per cent of GDP is high because our

GDP is low. We need to improve on productivity to improve on our GDP.

“The forward to the budget raises the important issue of what is considered problems at the labour front, resulting partly from distorted public sector salary structure which is also poorly administered.

“To this government intends to use the budget to implement a new comprehensive public sector pay reforms that emphasises equally pay for work of equal worth. This issue is not new. It was the central theme of Ghana 's income policy prepared as far back as 1997. This policy is contained in the “final report of Technical Assistance to Facilitate the Development implementation of the medium to long term public sector salaries and wages policy”, as at December 1997, price waterhouse.

“The main report is 210 pages. Since 2001 we have not been told what is deficient a report, what steps have been taken to correct or review it for implementation. What is going to be new in the budget ‘fair wage commission’? Would it be based on the price waterhouse report or a “new comprehensive public sector pay reform” as the budget suggests? I entreat you ladies and gentlemen of the media to invest some time reading the said report and see whether we are simply re-inventing the wheel or inventing new issues in the public sector wage policy debate?”

“Sectoral performance

Agriculture

“There is no new thinking in the agricultural sector. The vast Accra and Afram plains remain unutilised. The downstream waters of the Volta, Pra, Tano, Bia rivers just flow into the sea. No effort is made to utilize these water resources to produce food to feed the people. The agric sector statements in the budget are business as usual, full of unsubstantiated statistics on roots and tubers, ruminants, cereals and legumes.

Cocoa

“Cocoa production for 2005/2006 is projected in para, 167 to be 715 of the budget to be 660 metric tonnes whilst in para 310, the projection is 740,458 metric tonnes. For 2006/7 cocoa production is projected to be 600,000 metric tones. Unfortunately no explanation is given or this low production projection inspite of the on-going hi-tech programme designed to increase production every year. Could this be attributed to the disincentive producer price paid to the farmer?”

“Producer price paid to the cocoa farmer has been as follows:

2003/2004	9,000,000/mt
2004/2005	9,000,000/mt
2005/2006	9,000,000/mt
2006/2007	9,150,000/mt

“The Budget Statement in para 312 states that “farmers producer price have increased threefold since 2001” the Minister was being economical wit the truth and mischievous by using 2001 as the base year. He did not state that for three years the farmers’ producer price was kept at 9 million cedis per tonne and that after keeping the cocoa farmers income fixed for 3 years all that the hard working cocoa farmer gets a \is an increase of only 150,000 cedis mt in 2006/7. The cheating of the cocoa farmer is taking place at a time when the minister himself admits that FOB cocoa prices in 2006 averaged 900 pounds mt or US\$ 1 620mt.

“Having borrowed the Cocoa Farmers Housing Scheme idea from the NDC’s 2004 manifesto, it is unfortunate that the NPP Government sets this fund up with a mere five billion cedis as see fund as stated in the 2006 budget and repeated in the 2007 Budget. It is worth noting that to date only 1 billion cedis has been released to only 33 farmers. Meanwhile the Energy commission can spend 15 billion cedis renting its offices in Accra for only a 5-year period.

Energy

The NPP has allowed a 10 year Volta Lake drought cycle to wreak havoc on the country. Until the water level hit the 236.5ft level the repair of the generating equipment at Aboadze Thermal plant was at a “slow track” speed. It was after the lake sank to the very low level of 236.5 ft that this project was as the minister puts it, “fast tracked”. For 5 ½ years, the government never increased the power supply capacity by even 1kw. For over 2 years the Osagyefo Barge has been sitting on the seas not producing a kwhr of energy.

“The Government says it is relocating the Osagyefo Barge from Effasu to Tema at a cost of \$50 m. the government says “VRA is procuring this year” a 126 MV power plant. We hope that provisions precedent to the success of this project have been made in terms of location and other infrastructure decisions if both the Osagyefo Barge and the VRA’s 126 MW plant are to supply power by August 2007 as stated in the Budget.

“The Budget statement indicates that a 300mw thermal plant is to be installed and commissioned in 2009. Further more, that discussion are on-going with the Chinese Government for implementation of the 400 MW Bui Dam project. We note that both of these projects will provide medium term solutions to our energy problem. However, to propel the country into a middle income economy by 2015, the additional electric power needs of the country run into 2000-3000mw. This calls for a long term integrated national electrification plan.

* “The stability, reliability, and un-interruptibility of power is an imperative for competitive business environment if we hope to retain existing investors and attract new ones into the country.

* “Improvement to the current power capacity and delivery systems can reduce costs considerably to industrial, commercial and residential consumers. The frequent outages of power, brownings, light outs, power fluctuations are not attractive to business and investors.

Renewable Energy

The Government has not paid much attention to renewable energy. The pilot Appolonia Biogas Project has been made to go to waste. Lip service has been paid to the solar energy project. The LPG project has been priced out of the market. The savannah forest is being denuded to provide fuel wood and charcoal for cooking. In short the government has no renewable energy policy. The government’s energy budget is

almost wholly donor funded. Out of 956,690 million cedis budget only 51,824 million cedis or 5.4% is funded by GOG.

Trade, Industry, PSD And PSI

“With only two years of its eight year term mandate, remaining, the Government says it’s “National Industry Policy ... will be competed”. When/ We are not told. Instead of fashioning a well thought out industry policy, Government intends to implement what it calls District Industrialization Programme (DIP) under which each of the 138 districts would be allocated unspecified seed capital to establish a “flagship industrial project”. It is instructive that the entire budget document is silent on the much touted PSI on cassava starch to which so much resources have been spent. That the Ayensu Starch Company has collapsed and with it the PSI on cassava project, is now a certainty. The NPP government must account fully to the people on this cassava PSI and use whatever lessons learnt from the initiate for the District Industrialization Programme. The Trade and Industry component of the budget offer nothing new but business as usual.

Tourism

“This sector is supposed to be the major foreign exchange earner within the next couple of years. Unfortunately, what is supposed to be done in 2007 is nothing to write home about. Not much thinking has gone into the development of tourism in Ghana. The Budget Statement is also very silent on Diasporan affairs for which a whole Ministry has been set up.

Fisheries

“The Minister states in the budget that we are to await the “Fisheries Policy and Management plans to be finalized, gazzetted and implemented in collaboration with District Assemblies” before we can experience “sustainable increases in fish production”. In the meant time for our fish protein we have to rely on imported fish at the expense of our local fishing industry.

Housing and Water

“The priority of this government is to house the Upper Class. To this end all the in-filling plots at Cantonments, Ridge, Roman Ridge , and Airport Residential Area gave been transformed and very plush expensive houses to be aquired and inhabited by the Upper Class have been built on them.

“The low cost houses for the poor to cost less than 10,000 dollar promised in the 2001 budget are yet to see the light of day. For 2006, government states that “It continues the construction of 1,138 flats at Borteyman, Nungua and that construction of 1,400 flats at Kpone all in Greater Accra Region and 192 flats at Asokore Mampong, Ashanti Region were started” Rather surprisingly, for 2007 “the Ministry will contract 20,000 housing units annually over the next five years”. The Government wants us to believe that whereas it has taken over two years to construct about 3,730 flats, it can construct 20,000 in only one year.

“The annual ritual of giving a list of boreholes, hand dug well etc. without indicating locations has become boring. We also hope that urban water projects which have featured in the last three budget statements will finally be completed. We need to be told, the cost of the Peduase Lodge rehabilitation, the contractors and material and equipment suppliers.

Policy Initiatives for 2007 Budget

“The setting up of the Private Funding Initiative (PFI) to design, finance, build and operate schools, offices and residential building, etc. is a laudable idea but nothing new. The private sector virtually builds and operates all the pre-school and some basic schools. Private initiatives are fast growing at the tertiary education level. The residential housing sector is largely private sector funded whilst office buildings are also largely private sector run.

“We believe that PFI participation in road construction, health facilities is an ideal way to improve the roads, health, energy and railway sub-sector. But we do not have to set up another public body (Ghana Investment Corporation) to oversee this activity or invest in overseas multinationals to hedge against falling commodity prices etc. This is another job for the boys venture.

“We believe that state-owned enterprises properly resourced both financially and in terms of human capacity, can be vehicles for growth. The Chinese companies which are winning road, building and stadium contracts in Ghana are all state-owned. The proposal to prepare public sector entities to long-term funding on domestic capital markets is laudable and we hope it can be actualized.

“We endorse the issue of the golden jubilee bonds but we think the amount targeted is too small. We must through this bond issue undertake specific infrastructural work as a reminder to what the present generation did to remember our golden jubilee.

“It is a pity that in spite of all past initiatives such as paying all public servants through the banks, the Akafofo Cheque System etc, still “only 10 percent of the bankable population has bank accounts”. The public’s trust in the banking system is still far from satisfactory. Our economy is too much a cash-based economy. To buy a set of furniture one must have the full amount. There are no credit facilities to cover such activities. The latent demand can only be realised if one has the cash.; the credit system must be used to stimulate demand and drive supply also.

“The Government has been trumpeting all over the place how it has reduced interest rates because the Bank of Ghana Prime Rate is less than 15 percent and the base rate of the banks hovers around 20 percent. Unfortunately the actual lending rate of the banks which is between 25 percent and 30 percent is what is of interest to the borrower and in the ECOWAS sub-region, Ghana ’s interest rates are too high and make our products uncompetitive.

“Since Prof. Soto came to Ghana and made reference to the “Deal Capital” in Ghana , no concrete steps have been taken to actualize the “Soto” concept. In fact, of late the banks in demanding immovable properties as collateral also demand other additional security. In fact, some banks demand collateral which is more than 100 percent the value of the project.

“The capitalization of the banks in Ghana is a major drawback to our march towards middle income status. The example in paragraph 1262 of the Budget Statement brings to the fore the problems our banks pose. The capitalization of the 7th biggest bank in Nigeria is bigger than that of all the banks in Ghana . Our banks cannot be used to achieve any growth targets beyond what we are experiencing now. In 2007 we must start to improve our banks capitalization to provide the fuel to drive the growth vehicle.

“Revenue Enhancement Measure

“The proposed flat registration of land fees is discriminatory. Land at Bunkprugu is worth much less than East Legon land and charging a flat 350,000 cedis registration fee for up to an acre of land anywhere in Ghana is unfair. We believe that the 3% timber export levy has killed the industry and the earlier it is reviewed the better.

“Reducing the excise duty on cigarettes can reduce smuggling but the movement from ad valorem to specific excise may not necessarily make locally produced alcoholic and non-alcoholic excise duty lower.

“The NPP collapsed some businesses as a result of the ill-advised imposition of a National Reconstructive Levy. If it now has realised that this levy must be removed no praises are required. Is it not a pity that with all the noise the NPP made about broadening the tax net after six years in office, we are being told that only 20% of potential tax payers do pay income tax and that only 350,000 employees in the private sector pay income tax. The government’s “innovative” tax collection measure linking income tax collection to registration of vehicles will not cure the disease. We recall that past governments made tax clearance certificates a requirement for various transactions. We must determine why some of these measures were abolished before we reintroduce the same measures in the current limited proposal on cars only.

“The tax relief proposed in Section 1301 is laudable. Since 50,000 cedis per annum increases in reliefs are insignificant.

“It is amazing how the NPP Government always wants to put more money in the pockets of the rich in society. Which people enjoy furnished accommodation, vehicles with fuell and drivers, etc. in our society? The reduction of taxes of benefits in-kind from 15% to 10% for accommodation and 12.5% capped at 3.5 million cedis per month for vehicles can only benefit the Upper Class.

“After amending the vehicle importation laws to allow the old rickety right-hand drive double-decker buses to be imported into the country, the NPP Government deliberately opened the floodgates for our country to be flooded with all kinds of over-aged vehicles. We note with concern that all the double-decker buses have broken down. We hope the Government has now recognised the folly in its policy. We

will wait for the Bill to be laid in Parliament on this issue before commenting further.

“The reduction in its final withholding tax is a step in the right direction. Similarly the VAT Clearance Certificate introduction is also laudable.

“An Endowment Fund for science and technology research being set up is a good idea but the seed capital of 5 billion cedis is grossly inadequate. The seed fund for this project must be increased.

“The incentives granted to local pharmaceutical industries are welcome.

“What the local rice and poultry industries need is not only for schools, hospitals and security agencies to be forced to buy local rice and poultry but to ensure that that the duties and taxes on imported poultry and rice are reviewed to make locally-produced rice and poultry competitive to all customers.

“The problems facing the NHIS are now legendary. By end 2006, only 34% of the population would have been registered and only 18% would have been issued with ID cards. The problems anticipated by the NDC in Parliament and which the NPP ignored and single-handedly passed the NHIS Law are being experienced now. The Scheme is simply not working; the “obnoxious cash and carry” system is still operative. In the 2007 Budget, “Internally Generated Funds” of the Ministry of Health which is a euphemism for “cash and carry” accounts for about 9% of the sector’s funding. This NHIS has become an albatross. We accept the programme to annually renew vehicle registrations.

“Ladies and Gentlemen of the Media, in sum we say that the two issues that the budget seeks to address, namely the public sector wage crisis and the energy crisis have not been addressed frontally by the budget. All it seeks to do is to postpone them, hoping the good people of Ghana would in no time forget or as usual allow sleeping dogs to lie. However, it is our considered opinion that the two issues are too important to die because they have been created by the Government where for over five and a half years they allowed the problems to fester and get compounded.”

Thank you (end full text).

Government is serious about National Shelter Policy - President Kufuor

President John Agyekum Kufuor has announced that the government was reviewing the National Shelter Policy as part of its drive to secure the needed partnerships and resources for the supply of more affordable housing is.

This is to ensure that long-term mortgages for commercial estate development became the main mechanism to deliver affordable housing for the lower income groups in the society.

President Kufuor, who was addressing the opening of the "West Africa High Level Peer Exchange on Investments on Affordable Housing" at the La Palm Royal Beach Hotel in Accra on Tuesday, said the problem with acquisition and registration of land title was also being addressed through a radical policy reform to assure investors of security of their investments.

As a first measure, the government was putting together a land bank, which already covered an area totalling 20,250 hectares (50,000 acres) to support commercial estate developers.

Participants at the four-day conference are from Ghana, Liberia, Nigeria, Senegal, Mali, Mozambique, Benin and Cape Verde.

There are also representatives from the United States Department of Housing and Urban Development, the United Nations (UN) Habitat, the World Bank, International Finance Corporation and other international agencies.

Organised jointly by the Government of Ghana, the UN Habitat and the US Department of Housing and Urban Development, it would find new ways of helping the 72 per cent urban poor in Africa, who lived in slums and informal settlements to get decent dwelling places.

President Kufuor said urban slum upgrading has been identified as a priority intervention area to improve the lives of the urban poor in line with the Millennium Development Goals.

Together with Indonesia, Sri Lanka and Tanzania, the country has been selected by the UN-Habitat to implement the Slum Upgrading Facility on pilot basis.

He said the main objective was to mobilize domestic capital for slum improvement projects and activities, by packaging the financial, technical and political elements in a way that would attract commercial finance.

Ashaiman, near Tema, Kumasi and Takoradi, were the three areas where the SUF was being piloted.

Mr Alphonso Jackson, US Secretary for Housing and Urban Development, said President Kufuor had brought honesty and reform to Ghana and that, the US was determined to support the country to succeed.

"You have a friend in the United States of America and that we are going to work with you."

He noted that housing formed a major portion of the Gross National Product and called on the government to work in partnership with the private sector in that area.

Mr Jackson said to make this happen the laws guiding financial transactions must be dependable and transparent.

Mrs Anna Kajumulo Tibaijuka, Under Secretary-General of the UN and Executive Director of UN-Habitat, said urbanisation was irreversible in democracies and that it would be futile for anyone to think that people would remain and passionately reside in the countryside.

She said new approaches were therefore necessary to finance housing and basic services in the cities.

Source: GNA