

IN THE FIRST SESSION OF THE SIXTH PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA

REPORT OF THE COMMITTEE ON WORKS AND HOUSING ON THE 2014 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF WATER RESOURCES, WORKS AND HOUSING

1.0 INTRODUCTION

- 1.1 The Budget Statement and Economic Policy of the Government for the fiscal year ending 31st December 2014 was presented to Parliament by the Hon. Minister for Finance, Mr. Seth Terkper on Tuesday, 19th November, 2013 in fulfillment of article 179 of the 1992 Constitution.

In accordance with Order 140(4) of the Standing Orders of Parliament, the Rt. Hon. Speaker referred the Annual Budget Estimates of the Ministry of Water Resources, Works and Housing to the Committee on Works and Housing for consideration and report.

- 1.2 Subsequently, the Committee met on Wednesday, 4th December, 2013 and considered the referral. The Hon. Minister for Water Resources, Works and Housing, Alhaji Collins Dauda, his Deputy, Hon. Vincent Opong-Asamoah, officials of the Ministry of Water Resources, Works and Housing and the Ministry of Finance attended the Committee's sitting to provide clarifications on the Estimates.

The Committee is grateful to the Hon. Minister and his team and officials of the Works and Housing for their assistance during its deliberations.

2.0 REFERENCE DOCUMENTS

The Committee made reference to the following documents during its deliberations:

- a. The 1992 Constitution of the Republic of Ghana.
- b. The Standing Orders of the House.
- c. The Budget Statement and Economic Policy of the Government for the 2013 Financial Year.
- d. The Budget Statement and Economic Policy of the Government for the 2014 Financial Year.
- e. Report of the Committee on Works and Housing on the 2013 Annual Budget Estimates of the Ministry of Water Resources, Works and Housing.

3.0 MISSION STATEMENT OF THE MINISTRY

The Ministry of Water Resources, Works and Housing exists to formulate and implement policies and programmes which will ensure efficient management of the country's water resources, provision of adequate, safe and affordable water; the delivery of decent and low income affordable housing; promoting sustainable delivery of various urban and rural physical infrastructure facilities, as well as the provision of basic social services.

4.0 OBJECTIVES OF THE MINISTRY

The following are the broad sectoral policy objectives outlined by the Ministry for the attainment of its Mission:

- a. Water and Sanitation Management Programme
 - i. To ensure efficient management of water resources.

- ii. To accelerate the provision of adequate, safe and affordable water.
 - iii. To accelerate the provision of improved environmental sanitation.
 - iv. To ensure the development and implementation of health education as a component of all water and sanitation programmes.
 - v. To adopt a sector-wide approach to water and environmental sanitation delivery.
 - vi. To improve institutional capacity of the Sector.
 - vii. To ensure secure, adequate and sustainable financing.
 - viii. To adopt integrated water resources management.
- b. Infrastructure Management Programme
- i. To enhance capacity to mitigate and reduce natural disasters, risks and vulnerability.
 - ii. To increase resilience of coastal settlement and infrastructure.
 - iii. To improve the institutional capacity of the Sector.
 - iv. To ensure secure, adequate and sustainable financing.
- c. Human Settlement and Development Programme
- i. To increase access to adequate, safe secure and affordable shelter.
 - ii. To improve and accelerate housing delivery in the rural areas.
 - iii. To upgrade existing slums and prevent the occurrence of new ones.
 - iv. To improve the institutional capacity of the Sector.
 - v. To ensure secure, adequate and sustainable financing.

5.0 DEPARTMENTS AND AGENCIES UNDER THE MINISTRY

The Ministry seeks to achieve its objectives through the combined efforts of the under-listed Departments and Agencies:

a. Housing

- i. Rent Control Department.
- ii. Department of Rural Housing.
- iii. Public Servants Housing Loan Scheme Board.
- iv. Architects Registration Council.

b. Works

- i. Public Works Department.
- ii. Hydrological Services Department.

c. Water

- i. Water Resources Commission.
- ii. Community Water and Sanitation Agency.
- iii. Ghana Water Company Limited.

6.0 PERFORMANCE IN YEAR 2013

6.1 For 2013 financial year, a total sum of **Five Hundred and Ninety-Eight Million, Nine Hundred and Two Thousand, Six Hundred and Forty-Seven Ghana Cedis (GH¢598,902,647)** was allocated to the Ministry to carry out its programmes and activities. The breakdown of the allocation is as follows:

	GH¢
Government of Ghana	60,011,254.00
Internally Generated Fund (IGF)	5,580,520.00
Annual Budget Funding Amount (ABFA)	59,517,042.00
Donor	<u>473,793,831.00</u>
T O T A L	<u>598,902,647.00</u>

6.2 The breakdown of the GoG allocation and the ABFA as against actual releases as at November ending is shown in table 1.

Table 1
2013 Budgetary Allocation and Releases
January to November 2013

Expenditure Item	2013 Allocation GH¢	Actual Releases (As at November) GH¢	% Released
Compensation	15,958,688.00	20,934,561.27	131.18
Goods and Services	6,248,270.00	282,946.84	3.81
Assets	97,321,338.00	92,136,838.36	94.67
T O T A L	119,528,296.00	113,354,346.47	

6.3 Table 1 depicts that the 2013 allocation for Employee Compensation has been over-run by over 31% as at November ending. This presupposes that the over-run will be higher by the end of the financial year. Officials of the Ministry informed the Committee that unrealistic budget ceiling of the Ministry of Finance was the main reason for the over expenditure on Employee Compensation.

6.4 For Goods and Services, an amount of GH¢6,248,270.00 was allocated to the Ministry. Alarmingly, as at November ending, only GH¢282,946.84 representing 3.81% of the Goods and Services Vote had been released to the Ministry.

6.5 The 2013 GoG budget allocation and ABFA approved by the House for Assets was GH¢97,321,338.00. As at November ending, an amount of

GH¢92,136,838.36 representing 94.67% of the total allocation released to the Ministry.

6.6 For 2013, the Ministry's total projection for Internally Generated Fund (IGF) was GH¢13,893,878.44. As at October ending, an amount of GH¢6,199,633.31 had been generated from Contractors' Registration Fees, Rent of Government Bungalows and Flats and Rent on UNDP Blocks of Flats. The breakdown of funds generated by the Ministry as at October ending is indicated in Table 2.

Table 2
Performance of 2013 Non Tax Revenue (IGF)

Description of Item	Annual 2013 Projection GH¢	Actual 2013 Generation as at 30 th Oct. GH¢	Variance GH¢
Contractors' Reg. Fees	2,581,747.12	1,365,372.00	1,216,375.12
Rent on Gov. Residential Units	10,792,923.60	4,338,297.31	6,454,626.29
Rent on UNDP Blocks of Flats	519,207.72	495,964.00	23,243.72
T O T A L	13,893,878.44	6,199,633.31	7,694,245.13

Notwithstanding the above, the Ministry achieved the following in 2013:

i. Water and Sanitation Management Programme

In its quest to achieve a target of 68% coverage of access to safe, adequate and affordable water, the Ministry and its responsible Agencies successfully pursued the under-mentioned programmes among others:

- a. The Ministry adopted the Riparian Buffer Policy as a Strategic Action Plan for improvement in the utilisation and management of the country's water resources. This policy is aimed at the development and maintenance of bands of natural or planted vegetation along banks of some degraded water bodies for conservation and preservation.
- b. The National Water Policy was also reviewed to incorporate current trends in the water and sanitation sector. Co-operation was established with external agencies to help incorporate rain water harvesting schemes as part of the national building codes.
- c. An operational flood forecasting and early warning system for the White Volta from its border with Burkina Faso to the Volta Lake was developed in order to minimise the impact of floods in the northern part of the country.

ii. Urban Water Management Programme

In the year under review, some projects were pursued by the Ghana Water Company Limited to raise the percentage of urban dwellers who have access to safe, adequate and affordable water from 63% in 2012 to 70% in 2013. These are:

- a. Rehabilitation and expansion of the Barekese water treatment plant to add 6 Million Gallons a Day (MGD) to current production of 24 MGD.
- b. Rehabilitation and expansion of the South Kpong ATMA Rural treatment plant to add 9 MGD to the existing 6.16 MGD.
- c. Works on the 3.16 MGD Essakyir water supply project.
- d. Rehabilitation and expansion of the water treatment plant at Mampong in Ashanti to add 1.05 MGD to the existing production of 0.55MGD.
- e. Construction of 5 water treatment plants to produce a total of 1.5MGD to serve the following towns: Osenase, Kibi, Anyinam, Apedwa and Kwabeng.

iii. Rural Water Management Programme

The Community Water and Sanitation Agency (CWSA) completed the Peri-Urban, Rural and Small Towns Water and Sanitation Project which was aimed at improving access to sustainable water and sanitation services for 300,000 people in all the 22 Districts of the Brong Ahafo Region. The project delivered 17 small town piped schemes, 670 boreholes fitted with hand pumps and 20 hand dug wells.

Under the Sustainable Rural Water and Sanitation Project which is targeted to improve access to water and sanitation for 600,000 people in 66 Districts in the Upper West, Upper East, Northern, Brong Ahafo, Central and Western Regions, 900 bore holes were drilled awaiting the installation of hand pumps. Contracts for the supply of 1,200 hand pumps for installation on boreholes have been signed. In

addition, contracts for the rehabilitation of 400 boreholes in the Northern Region were also signed.

iv. Human Settlement and Development Programme

The Ministry continued its implementation of the National Housing Policy to reduce the housing deficit by creating the enabling environment for private sector participation to deliver affordable housing units as well as improve mortgage affordability in the country.

Under the Government's National Housing Scheme, an agreement for the construction of 5,000 affordable housing units for Public and Civil Servants and the Security Service at Saglemi, in the Prampram District of the Greater Accra Region and other parts of the country was signed between the Government of Ghana and Construtora OAS of Brazil. The Project is expected to commence in 2014.

In an effort to increase residential facilities for staff of the Bureau of National Investigations (BNI), 72 two-bedroom residential units were completed whilst 96 units are at various stages of completion. Works on the second phase of the BNI housing project will commence in 2014.

The Cocoa Farmers Housing Project targeted the construction of 17 three-bedroom houses to provide access to affordable shelter for cocoa farmers in the cocoa growing communities. The Department of Rural Housing commenced the construction of 8 out of the 17 planned for the Western Region. It is expected that works on all the 17 would be completed by end of 2014.

v. Infrastructure Management Programme

Various storm water concrete drainage systems were constructed at Sakaman, Nima, Goaso, Salaga, Sakumono-Lashibi and Bolgatanga by the Hydrological Services Department to reduce perennial flooding and to safeguard life and property. The Department also continued with the routine maintenance of the lower and upper sections of the Korle Lagoon and Odaw stream under the Accra Sanitary Sewer and Storm Drainage Alleviation Project.

The Department also completed protective works on the 500m and 1,000m stretch of armour rock revetment at Ngyiresia and Sakumono Coastlines respectively. The construction of 500m of armor rock groyne at Atorkor-Dzita-Anyanui and 4 armour rock groynes to protect 3,000m of Ada Coastlines were also completed.

7.0 **OUTLOOK FOR 2014**

In year 2014, the Ministry of Water Resources, Works and Housing will pursue the following:

a. Water and Sanitation Management Programme

The Ministry would complete the review of the national water policy and incorporate rain water harvesting schemes into the national building codes to promote rainwater harvesting as a supplement to water service delivery.

The Water Resources Commission will enhance trans-boundary cooperation through ratification of UN Watercourses Convention as

well as development of protocols between Ghana and Cote d'Ivoire for the management of the Tano and Bia river basins.

b. Urban Water Management Programme

Under the Urban Water Management Programme, the Ghana Water Company Limited will continue to:

- Rehabilitate and expand 20 water supply systems in the Volta, Western, Eastern, Central, Ashanti, Northern and Upper West Regions; and rehabilitate and construct the phase 1 of a 1.6 million gallons/day water treatment plant under the Nsawam Water Project.
- Complete the rehabilitation and construction of 3.3MGD water treatment plant under the Kpong Intake Expansion project; the construction of a 13.2MGD desalinated water plant under the Public Private Partnership (PPP) Project at Teshie-Nungua; and the construction of the 40MGD water treatment plant under the Kpong water supply and expansion project.
- Complete the rehabilitation and expansion works on the Akim Oda, Akwatia (4.18MGD) and Winneba Water Supply Project; the construction and rehabilitation of 8.47MGD water treatment plant under the 3K Water Supply Project; and the construction of a 3.3 million gallons per day water treatment plant under the Wa Water Supply Expansion Project.

- Complete the rehabilitation of 10 dams and weirs in the Northern, Ashanti, Western, Eastern, Brong Ahafo and Greater Accra Regions.
- Rehabilitate and expand water systems in Bawku, Navrongo and Berekum; complete expansion works on the Winneba water supply system and extension of the distribution network to serve the following communities Apam, Ankamu, Mprumem, Mankoadze, Pomadze and Okyereko.

c. Rural Water Management Programme

Under the Rural Water Management Programme, water projects will be undertaken to provide access to potable water for eight additional small towns in 2014.

- The Sustainable Rural and Sanitation Project will continue work on the construction of 480 institutional latrines and 69 mechanised pipe schemes in the targeted districts.
- The North Tongu-Adaklu Anyigbe Water Supply Scheme and Krachi East Water and Sanitation Projects are expected to be completed in 2014.
- The Community Water and Sanitation Agency will accelerate the implementation of the Northern Region Small Towns Water and Sanitation Projects to provide access to sustainable potable water and sanitation services to the other target (9) Districts in the Region.

d. Infrastructure Management Programme

- In 2014, the Hydrological Department will continue with the routine maintenance of the lower and upper sections of the Korle Lagoon to bring life into the ecosystem in 2014. It will also commence construction works on the drainage systems at Ashaiman, Swedru, Winneba, Ejura, Tapa, Asankragua, Kumawu, and Tamale.
- The phase III of the coastal protection works at coast lines at Atorkor-Dzita-Anyanui, Ada, Sakumono, Amanful-Kumah, and Ngyiresia will be continued.
- The Department will continue to sustain the channel opening, widening and deepening of most of drains at flood prone areas within the Accra - Tema Metropolis and other regional and district capitals to reduce perennial flooding. The construction of various drainage systems at prioritised areas will also be undertaken to improve the environment and protect lives and property.

8.0 BUDGETARY ALLOCATION FOR 2014

A total sum of **Five Hundred and Thirty-One Million, Three Hundred Eighty-Nine Thousand, Twenty-Three cedis (GH¢531,389,023.00)** has been allocated to the Ministry of Water Resources, Works and Housing for the implementation of its programmes for the 2014 financial year. The summary of allocation by sources of funds is as follows:

	GH¢
Government of Ghana	89,717,844.00
Internally Generated Fund (IGF)	6,023,120.00
Donor	<u>435,647,058.00</u>
T O T A L	<u>531,389,023.23</u>

Table 3

Summary of 2014 Budgetary Allocation by Programmes and Projects

Programmes and Projects	2013 Allocation GH¢	Percentage %
Management and Administration	3,423,784.00	0.64
Water Resource and Sanitation Management	374,865,666.00	70.45
Human Settlement and Development	60,034,605.00	2.88
Infrastructure Management	93,064,969.00	26.03
T O T A L	531,389,023.00	100

Table 4

Summary of 2014 Allocation by Expenditure Item

Expenditure Item	GoG GH¢	IGF GH¢	Donor GH¢	TOTAL GH¢
Compensation	15,958,688	-		23,926,331
Goods & Services	6,248,268	3,362,233	94,758,767	94,402,139
Assets	37,804,297	2,218,287	379,035,064	413,042,555
TOTAL	60,011,253	5,580,520	473,793,831	531,389,023

9.0 OBSERVATIONS AND RECOMMENDATIONS

The Committee made the following observations and recommendations during its deliberations:

a. Performance of the 2013 Budgetary Allocation

The Committee observed that with the exception of expenditure on Employee Compensation which had an over-run of over 31% of the allocation for 2013, as at November ending, all the other expenditure items of the Ministry of Water Resources, Works and Housing for 2013 performed abysmally as a result of the financial challenges that engulfed the country in 2013. For instance, as at November 2013, only GH¢282,946.84 representing 3.81% of the Goods and Services Votes had been released to the Ministry. Again, about 44.6% of Internally Generated Funds (IGF) had been achieved within the time frame.

The Committee particularly noted with concern, the negative variance of GH¢7,694,245.13 which was registered under IGF for 2013. The Committee could not fathom why the annual projection for IGF could not be met since the funds were to be generated from facilities that are physical structures and estimations on the amount to be generated in a year could be projected without constraints. Of particular concern to the Committees was the fact that for 2013, the Ministry projected to generate an amount of GH¢10,792,923.60 from Rent on Government bungalows and flats. Surprisingly, as at the ending of October, the Ministry had only generated an amount of GH¢4,338,297.31.

In responding to the issue, the Sector Minister informed the Committee that the level of funds generated from Rent on

Government bungalows and flats for 2013 is of grave concern to the Ministry. He indicated that Rent on Government bungalows and flats are deducted at source by the CAGD from salaries of beneficiary staff. In order to ascertain the circumstances behind the low level of funds generated, the Ministry has instituted a Committee comprising officials of the Sector Ministry, the Ministry of Finance and CAGD to investigate the anomaly.

In the light of the above, the Committee urges the Ministry to expedite work on its investigations and report to the Committee as early as possible.

b. Reporting on Donor Funds

The Committee could not understand why the Ministry's report on actual expenditure failed to include the amount of donor funds released for projects in the 2013 budget year, even though donor funds were a substantial inclusion in the budget estimates of the Ministry approved by the House. The Sector Minister was urged to include all donor expenditures in future reports to give a complete picture of its entire activities in any given year.

c. Maintenance of Government Residential Units

The Committee observed that a large majority of government residential units have not had any kind of maintenance or renovation over the last ten years. The reason proffered by officials of the Ministry was the fact that, a percentage of rent deducted at source by the CAGD is to be allocated to the Public Works Department (PWD) to undertake routine and other maintenance.

works on the properties. Unfortunately, when the rent is deducted, the CAGD pays it wholly into the Consolidated Fund without remitting to the Ministry, the percentage that should accrue to the PWD for maintenance works.

The Committee considers this phenomenon as worrisome and is of the view that, apart from the fact that an absence of proper maintenance culture would decrease the lifespan of government properties, competent staff of the PWD receives their remunerations without being utilised.

The Committee therefore recommends that the Ministry of Finance should put measures in place to ensure that rent on government residential units deducted by the CAGD are paid into a special account to be used for maintenance of existing government residential units and possibly, to construct additional units. To this end, the Committee urges the Sector Minister put together a proposal for the consideration of Cabinet as soon as practicable.

d. The Development of a Harmonised Price Quoting System

The Committee also observed some abnormally high prices quoted for the purchasing of certain items in the Estimates and is of the view that it is high time, the practice where different and outrageous prices are quoted for similar projects and supplies are checked. The Committee therefore reiterates its call on the Ministry of Finance to develop a harmonised price quoting system which will be a document that will guide all cost centers of the

Ministries, Departments and Agencies (MDAs) in the preparation of their budgets.

e. Hydrological Services Department

The Committee noted that the undefined status of the Hydrological Services is inimical to the advancement of the Service. Exacerbating the situation is the unattractive conditions of service which has resulted in the rather high turnover of staff in the Service. In the Committee's Report on the 2013 Annual Budget Estimates of the Ministry of Water Resources, Works and Housing, the Committee urged the Sector Minister to expedite action on the regularisation of the Hydrological Services Department into an Agency under the Ministry. Unfortunately, the Committee's recommendation has not yet been implemented. The Committee therefore reiterates its recommendation and urges the Sector Minister to intensify the efforts at getting the Legislative Instrument to regularise the Hydrological Services Department into the Ghana Hydrological Agency.

f. The Water Resources Commission

The Committee observed that aside illegal mining, indiscriminate development and deforestation, the filling up of wetlands is rampantly becoming part of the waste disposal policies of some local administration authorities. Given that sources of potable water are dwindling in the country, the Committee urges the Sector Ministry to ensure that the Commission intensifies its efforts at

protecting and preserving all water bodies in the country and also impress upon the local administration authorities of the benefits and the need to preserve wetlands.

g. Water Resource And Sanitation Management Programme

The Committee noted that about 70.45% of the entire 2014 allocation to the Ministry of Water Resources, Works and Housing has been allotted to the programmes and sub programmes under the Water Resource and Sanitation Management Sector. This situation gives a clear indication of Government's commitment to expand and improve on water and sanitation delivery services in the country.

The Committee therefore urges the Sector Minister to ensure judicious use of the allocation and it expects that, by the end of the 2014 budget year, water situation across the country would have been largely improved.

h. Human Settlement and Development Programme

The Committee noted that for 2014, the Human Settlement and Development Programme of the Ministry has been allocated about 2.88% of the Ministry's total budget. In the opinion of the Committee, the disproportionate allocation implies that the Human Settlement and Development Programme would be stifled of funds in 2014.

The Sector Minister informed the Committee that, the meagre allocation to the Human Settlement and Development Programme is not an indication that Government has relented on its efforts at reducing the housing deficits of the country and assured the Committee that the allocation will not impact on the performance of the Ministry. He indicated that since the Housing Sector is a Sector which can easily attract private investors, the Ministry will rely heavily on the investment potentials that PPP offers to attract private investors into the Housing Sector in 2014.

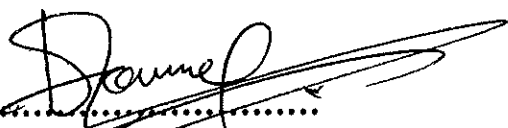
In the light of the above, the Committee urges the Ministry of Finance to ensure that the meagre allocation to the Human Settlement and Development Programme is released on time to the Ministry of Water Resources, Works and Housing in order not to jeopardize the set targets of the Ministry.

10.0 CONCLUSION

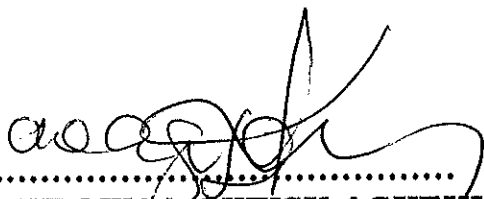
The crucial role that the Ministry of Water Resources, Works and Housing play in the delivery of potable water and sanitation; affordable housing and infrastructural development to propel economic growth, poverty reduction and development in the country cannot be over-emphasised. If the country is to achieve the broad objectives pertaining in the National Medium-Term Development Policy Framework, then it is imperative that the Ministry of Water Resources, Works and Housing is adequately resourced to carry out its mandate.

The Committee recommends to the House to approve the sum of **Five Hundred and Thirty-One Million, Three Hundred Eighty-Nine Thousand, Twenty-Three Cedis (GH¢531,389,023.00)** allocated to the Ministry of Water Resources, Works and Housing for the implementation of its planned programmes.

Respectfully submitted,



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HON. DAVID TETTEH ASSUMENG
(CHAIRMAN OF THE COMMITTEE)



.....
AKUA DUROWAA OWUSU AGYEKUM (MRS)
(CLERK TO THE COMMITTEE)

December, 2013