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**REPORT OF THE COMMITTEE ON TRADE,
INDUSTRY AND TOURISM**

ON THE

**2020 ANNUAL BUDGET ESTIMATES OF
THE MINISTRY OF TRADE AND
INDUSTRY**

DECEMBER, 2019

REPORT OF THE COMMITTEE ON TRADE, INDUSTRY AND TOURISM ON THE 2020 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF TRADE AND INDUSTRY

1.0 INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the 2020 Financial Year was presented to the House on Wednesday, 13th November, 2019 by the Hon. Minister of Finance, Mr. Ken Ofori-Atta.

The Rt. Hon. Speaker referred the 2020 Annual Budget Estimates of the Ministry of Trade and Industry to the Committee on Trade, Industry and Tourism for consideration and report in accordance with Article 179 of the 1992 Constitution of Ghana and pursuant to Orders 140(4) and 159 of the Standing Orders of the House.

In considering the Annual Budget Estimates, the Committee met with the Hon Deputy Minister, Mr. Robert Ahomka-Lindsey, the Chief Director and the technical team from the Ministry, Departments and Agencies as well as officials from the Ministry of Finance. The Committee appreciates their invaluable assistance.

2.0 REFERENCE DOCUMENTS

The following documents served as reference documents during the Committee's deliberations:

- i. 1992 Constitution of the Republic of Ghana
- ii. Standing Orders of the Parliament of Ghana
- iii. Budget Statement and Economic Policy of the Government of Ghana for the 2020 Financial Year
- iv. Programme-Based Budget Estimates for 2020 for the Ministry of Trade and Industry.

3.0 GOAL OF THE MINISTRY

The Ministry over the years has been formulating and implementing policies towards the realization of its goal of developing a vibrant, technology-driven, liberalized and competitive trade and industrial sector that significantly contributes to inclusive and sustainable economic growth and job creation.

3.1 POLICY OBJECTIVES OF THE MINISTRY

The policy objectives of the Ministry are as follows:-

- i. Promote international trade and investment;
- ii. Pursue flagship industrial development initiatives;
- iii. Enhance domestic enabling environment;
- iv. Support entrepreneurs and SME development;
- v. Enhance domestic trade;
- vi. Ensure consumer protection;
- vii. Promote Public-Private Sector Dialogue

3.2 KEY AGENCIES UNDER THE MINISTRY

For the realization of the policy objectives, the Ministry will implement its policies and strategies through the following Agencies:

- Ghana Standards Authority – GSA
- National Board for Small Scale Industries – NBSSI
- Ghana Export Promotion Authority – GEPA
- GRATIS Foundation – GRATIS
- Ghana International Trade Commission – GITC
- Central Regional Development Commission – CEDECOM
and
- Regional Offices of the Ministry

3.3 Regional Offices of the Ministry

Other Agencies under the Ministry which are not being funded from the Consolidated Fund are:

- Ghana Heavy Equipment
- Ghana Free Zones Board
- GIHOC Distillery
- Northern Star Company – Pwalugu
- Ayensu Starch Company

The Committee also has oversight responsibilities over the Ghana Investment Promotion Centre.

4.0 2019 PERFORMANCE REVIEW

4.1 Financial

4.1.1 Status of 2019 Budget Allocation

In 2019, the Ministry was allocated an amount of GH¢306,641,873.00 but was revised to **Two Hundred and Ninety-Seven Million, Three Hundred and Forty-Five Thousand, Four Hundred and Fourteen Ghana Cedis, (GH¢297,345,414)** for the implementation of its programmes. The **actual amount of Three Hundred and Two Million, Nine Hundred and Eighty-one Thousand, Eight Hundred and Forty-Two Ghana Cedis, Sixty-Seven Pesewas (GH¢302,981,842.67)** released for the year amounted to **102% of the total budgetary allocation for the 2019 fiscal year.** (Table 1).

Table 1: Budget Allocation and total releases as at September 2019

Source of Funds	Budget (A) GH¢	Total Amount Released and Utilized (B) GH¢	Variance(A-B) GH¢	% Released (B/A)
GoG	149,268,571.00	129,591,253.80	19,677,317.20	87
IGF	61,495,843.00	48,643,930.67	12,851,912.33	79
DONOR	86,580,000.00	124,746,658.20	-38,166,658.20	144
TOTAL	297,344,414.00	302,981,842.67	-5,637,428.67	102

Source: MOTI 2020 Budget Estimates

4.1.2 Financial Performance of the IDIF programme – GoG

The Ministry was allocated an amount of Ninety-Five million Ghana Cedis (**GH¢95,000,000.00**) out of which Nine Million, Five Hundred Thousand Ghana Cedis (**Gh9,500,000.00**) was for Goods and Services and Eighty-Five Million, Five Hundred Thousand Ghana Cedis (**GH¢85,500,000.00**) was for Capital Expenditure. Actual releases for Goods and Services and Capital Expenditure were **GH¢6,594,591.00** and **GH¢85,498,417.30**, respectively, giving a total of **GH¢92,093,008.30** which represents 96.94% of the Approved Budget (Table 2).

As at September, 2019, about 82 million of the total Capital Expenditure allocation under the IDIF Programme was used for the payment of interest subsidy to the Participating Financial Institutions while the remaining was used for the purchase of Vehicles.

Table 2: Approved Budget and total releases for IDIF Programme as at September 2019

Economic Classification	Approved Budget GH¢	Actual Releases GH¢	% (B/A)	Variance
Goods and Services	9,500,000.00	6,594,591.00	69.42	
Capital Expenditure	85,500,000.00	85,498,417.30	99.99	
Total	95,000,000.00	92,093,008.30	96.94	

Source: MOTI's presentation on the 2020 Budget Estimates

4.2 Non Financial

The following Information Technology-enable tools for transparency and inclusiveness in regulatory governance were developed in the year 2019:

- i. A new business regulatory consultation portal was developed as an interactive platform for Ministries, Departments and Agencies to seek extensive feedback on business related policy, legislature and regulatory reforms, from the private sector and the public at large.
- ii. Preparatory work was completed for the establishment of an electronic registry for business regulations which will provide free public access to business laws, legislation, regulatory notices, administration directives, forms and fees.
- iii. Forty (40) public officials were trained and equipped with skills in regulatory Impact Assessment (RIA). This is intended to build capacity of ministries to establish regulatory reform units and undertake comprehensive impact analysis of new and existing

regulations/ policies that affect private sector competitiveness in their respective sectors.

AfCFTA

- In July 2019, after a successful bid process, Ghana was selected by the AU Heads of State and Government to host the Headquarters of the AfCFTA in Accra. In fulfilment of the bid requirements, Government provided a permanent office building to host the AfCFTA Secretariat which is expected to become operational not later than March 2020. In addition, Government offered a \$10 million settling-in grant to support the establishment of the Secretariat.
- A 3-Day national conference on harnessing the benefits of AfCFTA in Ghana was successfully organized for over a 1,000 delegates consisting of senior policy makers, parliamentarians, the business community, Academia, civil society organization, development partners, private sector operatives and the media.

GITC - Adjudication (resolution) of trade petitions:

- The Ghana International Trade Commission received five trade petitions from: Aluworks, Coca Cola Bottling (GH) Company, Ghana Cement manufacturers association, steel manufacturers association of Ghana and Biscuit Manufacturers Association of Ghana.
- These petitions are at various stages of the adjudication process: most of them are at the vetting and investigations stages.

Status of implementation of 1DIF

- A total of **(181)** projects are at various stages of implementation under the 1D1F initiative across the 112 Districts across the

country. The break-down is as follows: **(58)** ID1F companies/projects in operation, **(26)** projects under construction, **(26)**, ready to commence implementation by the first quarter of 2020(financed by local PFIs).

National Industrial Revitalization Programme (Stimulus package)

- An amount of GHS 321.3 million was disbursed to 29 Beneficiary Companies from 9 Participating Financial Institutions.

Vehicle Assembly & Automotive industry

- Automotive development policy was launched in August 2019. The strategic objective of the policy is to attract major OEMs to invest in vehicle assembly plants, rapidly increase production/sales volumes to create the economies of scale need to develop a fully integrated automotive industrial hub in Ghana – vehicle assembly and local manufacturing of components and parts.

Ghana Export Promotion Authority (GEPA)

- The Ghana Export Promotion Authority developed the new National Export Development Strategy 2019-2023 to enhance Ghana's effective participation in the multilateral trading system.

The National Board for Small Scale Industries (NBSSI)

- A draft National Micro, Small and Medium Enterprise (MSME) Policy for Ghana which seeks to provide administrative, regulatory, institutional and legal framework to stimulate the growth and development of the MSME sector was developed.

Rural Enterprise Programme

- Under the Rural Enterprise Programme (REP), 37 Business Resource Centers (BRCs) were established in 37 Districts. In addition, 31 new Technology Solution Centers (TSCs) are at various

stages of construction to provide technology solutions to the 1D1F companies at the District level.

5.0 Outlook for the Ministry (2020)

5.1 Financial

In 2020, the Ministry is allocated a total amount of **Four Hundred and Sixty-Six Million, Five Hundred and Sixty-Five Thousand, Seven Hundred and Thirty-Eight Ghana Cedis (GH¢466,565,738.00)** for its operations (Table 2). Table 3 also shows expenditure to various programmes by source of funding with Industrial Development receiving 36% of the total budgetary allocation.

Table 2: Breakdown of MOTI Budget 2020 by Economic Classification and Source of Funding

Economic Classification	GOG GH¢	IGF GH¢	Donor GH¢	ABFA GH¢	Total GH¢
Compensation	60,872,000	3,586,479	-		64,458,479
Goods and Services	121,181,823	40,250,892	-		161,432,715
Assets	-	23,076,788	139,597,756	78,000,000	240,674,544
Total	182,053,823	66,914,159	139,597,756	78,000,000	466,565,738

Source: MOTI, 2020 Budget Estimates

Table 3: Allocations to the various programmes by Source of Funding (2020)

Programme	GOG GH¢	IGF GH¢	Donor GH¢	ABFA GH¢	Total
Management and Adm.	7,202,188	7,845,627	139,597,756	-	154,645,571
Trade Development	47,431,709	95,964	-	-	47,527,673
Business Development and Promotion	19,184,902	305,989	-	-	19,490,891
Trade and Industry Promotion	21,247,098	885,406	-	-	22,132,504
Standardization and Conformity Assessment	10,181,972	43,435,257	-	-	53,617,229
Industrial Development	76,805,953	14,345,917	-	78,000,000	169,151,870

Totals	182,053,822	66,914,160	139,597,756	78,000,000	466,565,738
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Source: MOTI 2020 Budget Estimates

5.2. Non-financial

5.2.1 One District, One Factory (1D1F)

The Ministry will focus on identifying and supporting private sector business operators in the remaining 150 districts where no promoter has shown interest.

5.2.2 Strategic Anchor Industries and Special Projects

Three new anchor industry projects will be implemented in collaboration with the private sector investors and these are:

- Textiles Reform Programme
- Ghana Automotive Development Programme
- Integrated Sugar Development Programme

In addition, the Ministry in collaboration with the Ghana Investment Promotion Centre, the Ghana Integrated Aluminum Development Corporation and the Ghana Integrated Iron and Steel Corporation will pursue programmes to attract investments to develop the aluminum, bauxite, iron and steel downstream sectors.

5.2.3 Industrial Parks and SEZs

The three priority projects to be implemented in collaboration with private sector investors in 2020 are:

- Greater Kumasi Industrial City and SEZ (textile and garments, pharmaceutical, auto, agro-processing)
- Busila Agro-Processing
- Petroleum Industrial Hub in Shama

5.2.4 African Continental Free Trade Area (AfCFTA)

- Ghana is hosting the Headquarters of the AfCFTA in Accra. This requires the provision of a fully furnished/equipped Headquarters and Official Residence of the Director General.
- A National Coordinating Office will also be established to facilitate the implementation of the AfCFTA in Ghana and harness its benefits. This will require a facelift of the Ministry's office building.

5.2.5 Standardization and Conformity Assessment Programme

- The Ministry through the Ghana Standards Authority will pursue the development of National Hydrocarbon Standards for Custody Transfer and Allocation Metering Systems (Gas Metering Project) to help develop the oil and gas sector.
- The Authority will establish in the medium term, a Metrology Laboratory in Takoradi to provide services to the oil and gas sector as well as continue the development of standards for the emerging key industries particularly for the automobile industry.

6.0 OBSERVATIONS AND RECOMMENDATIONS

6.1 Budget Implementation Challenges

The Committee observed that inadequate and delay in the release of Government of Ghana funds in 2019 affected the full implementation of the Ministry's programmes and projects. The Committee further observed that for three consecutive years, budgetary allocation to meet Capital Expenditure has been inadequate and this has resulted in overaged fleet at the

Headquarters, Agencies, Regional Offices and Foreign Missions, outdated ICT infrastructure, among others.

The Committee recommends that the Ministry of Finance ensure the timely and full release of funds to the Ministry. The Ministry of Finance should also ensure that adequate funds are provided for the procurement of assets.

6.2 Ghana Standards Authority

The Committee noted that during the implementation of the Destination Inspection Scheme, the Authority was receiving 0.15 percent of the one percent of Cost, Insurance, and Freight (CIF) value for its services but under the National Single Window Scheme, the amount was reduced to 0.03 percent of the one percent of CIF value. This has been further capped to 0.015 percent in line with the Earmarked Funds and Capping Realignment, 2017 (Act 947).

The Committee continues to express its dissatisfaction with the capping of the Internally Generated Funds (IGF) of the Authority.

This is affecting the Authority's ability to employ more staff as well as open offices at the Regional and District Offices.

The Committee recommends that in view of the crucial role of the Organization in the industrial development of the economy and their potential to generate sufficient IGF, the Authority should be weaned off to be able to augment its staff strength in all regions to be able to carry out its mandate.

6.3 Ghana International Trade Commission

The Committee observed that the Ghana International Trade Commission was established by the GITC ACT 2016 (ACT 926) in

Ghana's response to internalize the rules and regulations of the World Trade Organisation (WTO) regarding the application of trade contingency measures.

The Committee noted that there were no budgetary allocations for capital expenditure. The Commission does not also have adequate staff to meet its manpower needs. However, it came to the fore that financial clearance has been granted by the Ministry of Finance for recruitment to be made.

The Committee recommends budgetary provision from the Contingency Fund to cater for Capital Expenditure. The Committee further recommends that urgent steps be taken by the Commission to recruit the needed staff to fill the various vacant positions.

6.4 Ghana Free Zones Authority

The Committee observed that Ghana Free Zones Authority's lack of corporate identity and legal personality poses risks in case of any legal suit.

The Committee was informed that the Authority has completed consultations with the various stakeholders on the review of its existing legislation (Free Zones Act, 1995 [Act 504]) and would soon lay before Parliament amendments to the said legislation.

The Committee recommends that the Authority take urgent steps to address the corporate identity challenges and the review its laws to eliminate all barriers facing Free Zone operations to stimulate economic and industrial growth.

6.5 Ghana Export Promotion Authority

The Committee commended the Authority for the formulation of the new National Export Development Strategy which is aimed at

developing the potential of the Non-traditional Export Sector and boosting manufacturing to make maximum contribution to the growth of Gross Domestic Product, job creation and national development.

The Committee is urging the Ministry of Trade and Industry to assist the Authority to provide the technical assistance and funding needed to execute the implementation plan of the National Export Development Strategy.

6.6 Ghana Integrated Regional Appropriate Technology (GRATIS)

Ministries, Departments and Agencies are required under Section 80 of the Public Financial Management Act, 2016 (Act 921) to prepare and submit to the Auditor General their Financial Statements for audit. The Committee noted that GRATIS Foundation had over the past 7 years not submitted its financial statements for audit.

The Committee invited the Auditors of GRATIS (Issifu Ali and Associates) and evidence was submitted to the Committee indicating that they have been engaged to work on all their outstanding financial reports and their payments negotiated since their challenge was the lack of funds to complete their Annual Reports.

The Committee also took note of the fact that the Organisation has been collaborating with the Rural Enterprises Programme to work at the District level to improve rural livelihood through entrepreneurial training. That notwithstanding, the Committee's attention was drawn to the fact that funds received from the Rural Enterprises Programme and disbursed by GRATIS are not treated as Income and Expenditure, leading to the non-deduction of taxes.

The Committee recommends that GRATIS prepare and submit to the Auditor-General their Financial Statements which are in arrears for

audit. The Committee further recommends that monies received and spent by GRATIS be treated as Income and Expenditure and the necessary taxes should be deducted. The Committee therefore urges the management of GRATIS to ensure that the tax laws are complied with.

6.7 Ghana Trade Fair Company Limited

The Committee noted that the Ghana Trade Fair Company Ltd. has given exit notices to tenants to pave way for demolition exercise. This will facilitate the redevelopment of the area and give the Ghana Trade Fair Company Ltd. a facelift. It was further noted that rents charged by the Ghana Trade Fair Company Ltd. were very low affecting their ability to generate the needed funds for development.

The Committee recommends that the company liaises with the Ministry to provide funds to the company to meet its redevelopment programme.

6.8 National Board for Small Scale Industries (NBSSI)

The Committee was happy to note that the small and Medium Scale Enterprise Policy has been drafted and finalized. The Committee further noted that the National Board for Small Scale Industries is currently working on a new bill that will transform it into an agency to enable the organisation effectively support Small and Medium Scale Enterprises. The Committee further noted that the proposed bill will help facilitate the setting up of a Fund to provide credit to small and Medium Scale Enterprises.

The Committee urges the Ministry to liaise with the Attorney-General's Department to speed up the process of ensuring that the

Bill gets to Cabinet for onward submission to Parliament for consideration and passage.

7.0 CONCLUSION

In conclusion, the Committee having carefully examined the 2020 Annual Budget estimates of the Ministry of Trade and Industry recommends to the House to adopt its report and approve the sum of **Four Hundred and Sixty-Six Million, Five Hundred and Sixty-Five Thousand, Seven Hundred and Thirty-Eight Ghana Cedis (GH¢466,565,738.00)** for the year ending 31st December, 2020 being budgetary allocation for the Ministry of Trade and Industry to enable it undertake its programmes and activities for the 2020 fiscal year.

Respectfully submitted.



**HON. NANA MARFO AMANIAMPONG
CHAIRMAN, COMMITTEE ON TRADE,
TRADE, INDUSTRY & TOURISM**



**MR. SAMUEL ADDEI CLERK,
COMMITTEE ON TRADE,
INDUSTRY & TOURISM**

DECEMBER, 2019