

IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA



REPORT OF THE
FINANCE COMMITTEE

ON THE

**ANNUAL BUDGET
ESTIMATES**

FOR THE

**MINISTRY OF FINANCE
FOR THE 2020 FINANCIAL YEAR**

DECEMBER 2019

1.0 INTRODUCTION

The *2020 Annual Budget Estimates for the Ministry of Finance* were laid in the House on Wednesday 13th November, 2019 and referred to the *Finance Committee* for consideration and report in accordance with Article 179 of the 1992 Constitution and Order 140 (4) of the Standing Orders of the House. This followed the presentation of the Budget Statement and Economic Policy of the Government for the 2020 Financial Year by the Minister for Finance, Hon. Ken Ofori-Atta.

A Deputy Minister for Finance, Hon. Charles Adu-Boahen and officials from the Ministry of Finance attended upon and assisted the Committee in its deliberations on the Estimates.

The Committee expresses its gratitude to the Hon. Deputy Minister and the officials from the Ministry of Finance for attending upon the Committee.

2.0 REFERENCE DOCUMENTS

In considering the Estimates, the Committee referred to and was guided by the following documents:

- i. The 1992 Constitution of the Republic of Ghana
- ii. Standing Orders of the Parliament of Ghana
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2020 Financial Year.
- iv. Public Financial Management Act, 2016 (Act 921)

3.0 BACKGROUND

The Ministry of Finance exists to ensure macro-economic stability for the promotion of sustainable growth and development of Ghana and her people through:

- The formulation and implementation of sound financial, fiscal and monetary policies;
- The efficient mobilization, allocation and management of financial resources;
- Establishing and disseminating performance-oriented guidelines and accurate user-friendly financial management information system;
- Creating an enabling environment for investment.

In furtherance of the foregoing, the ministry is committed to the pursuit of excellence, transparency, probity and accountability in the management of financial resources.

4.0 OBJECTIVES AND FUNCTIONS

The goal of the Ministry is to ensure efficient and effective management of the economy towards the attainment of upper middle income status and poverty reduction.

The National Medium Term Development Policy Framework (NMTDPF) contains four (4) Policy Objectives that are relevant to the Ministry of Finance. These are to:

- i. Enhance monetary discipline and financial stability
- ii. Ensure improved fiscal performance and sustainability

- iii. Ensure efficient management and utilization of oil and gas revenue
- iv. Promote the fight against corruption and economic crimes

The core functions of the Ministry include:

- Formulation, implementation, monitoring and evaluation of macroeconomic, fiscal and financial policies
- Ensuring effective mobilization of domestic and external resources
- Ensuring effective and efficient allocation and prudent management of resources
- Establishing and disseminating performance-oriented guidelines and deploying efficient financial management information systems
- Ensuring commitment to transparency, probity and accountability in the management of financial resources
- Ensuring sustainability of public debt, and
- Supporting the development of an efficient financial sector that supports structural transformation of the economy, promotes financial inclusion and is well integrated into the global financial system.

5.0 2018 BUDGET PERFORMANCE AS AT END SEPTEMBER, 2018

ITEM	2019 Revised BUDGET GH¢	2019 ACTUALS AS AT SEPT 2019 GH¢	% ACTUALS GH¢
Compensation of Employees	264,677,513.00	168,536,676.32	63.68
Goods and Services	17,851,199.00	11,911,085.12	66.72

CAPEX	23,617,459.00	6,989,440.08	29.59
Sub-Total (GOG)	306,146,171.00	187,437,201.52	61.22
ABFA	2,978,028.00	2,900,000.00	97.38
DP (As at Oct 2019)	199,482,972.00	87,239,277.62	43.73
IGF	24,944,309.00	21,653,444.96	86.81
GRAND TOTAL	533,551,480.00	299,229,924.10	56.08

Table 1: Source – Ministry of Finance

5.1 MACROECONOMIC ACHIEVEMENTS FOR 2019

The work of the Ministry in 2019 contributed to the attainment of major macroeconomic indicators such as a Real GDP Growth of 6.2% as at September 2019 against a whole year 2019 target of 7.1%, fiscal deficit as a percentage of GDP (cash) of 4.5% as against a 2019 annual target of 4.2%, Debt to GDP Ratio of 60.6% as at September 2019 as against end year 2018 target of $\leq 60\%$ and Total Expenditure as a Ratio of GDP of 14.5% as at September 2019 compared to the 2019 whole year target of 21.6%.

6.0 THE 2020 ANNUAL ESTIMATES FOR THE MINISTRY OF FINANCE

A total amount of **GH¢747,901,749.00** has been allocated to the Ministry of Finance, its Departments and Agencies for the year 2020. The breakdown of the allocation is as follows:

COMPENSATION OF EMPLOYEES:

Government of Ghana	-	GH¢ 362,273,560
Internally Generated Funds	-	GH¢18,489,447
Donor Sources	-	<u>0</u>
Subtotal:	-	GH¢380,763,007

GOODS AND SERVICES:

Government of Ghana	-	GH¢50,757,038
Internally Generated Funds	-	GH¢42,795,880
ABFA	-	GH¢3,091,200
Donor Sources	-	<u>GH¢210,500,522</u>
Subtotal:	-	GH¢307,144,640

CAPITAL EXPENDITURE:

Government of Ghana	-	GH¢46,000,000
Internally Generated Funds	-	GH¢13,994,103
Donor Sources	-	<u>0</u>
Subtotal:	-	GH¢59,994,103

GRAND TOTAL - **GH¢747,901,749**

6.1 ALLOCATIONS TO DEPARTMENTS AND AGENCIES OF THE MINISTRY

The amounts stated below represent allocations to the various Departments, Divisions and Agencies of the Ministry of Finance:

6.1.1 Finance Headquarters

The Headquarters of the Ministry has been allocated a total of **GH¢360,542,354.00** to pursue its programmes and activities for the 2020 financial year:

Compensation of Employees:		GH¢38,902,221
Goods and Services:		GH¢270,208,445
o/w GoG	GH¢41,373,468	
o/w IGF	GH¢26,680,655	
o/w DONOR	GH¢199,063,122	
o/w ABFA	GH¢3,091,200	
Capex:		GH¢51,431,688
o/w GoG	GH¢41,431,688	
o/w IGF	GH¢10,000,000	
Total		GH¢360,542,354

This amount would be spent on the various units of the Headquarters as follows:

Human Capital and General Administration	GH¢76,394,602
Budget Division	GH¢33,936,886
Treasury & Debt Mgt. Division	GH¢1,529,879
Resource Mobilisation & Econ. Relations Div.	GH¢97,079,843
Economic Strategy and Research Division	GH¢5,787,394
Financial Sector Division	GH¢138,288,359
Public Investment and Assets Division	GH¢5,806,793
Policy Coordination, M&E Division	GH¢ 1,397,682
Legal Division	GH¢320,916

6.1.2 Controller and Accountant General's Department (CAGD)

For the year 2020, the Controller and Accountant General's Department (CAGD) has been provided the following allocations:

Compensation of Employees:	GH¢281,683,246
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Goods and Services:	GHC10,264,887
o/w GOG	GHC2,553,079
o/w IGF	GHC7,711,808

Capex:	GHC4,096,334
o/w GoG	GHC1,525,732
o/w IGF	GHC2,570,602

TOTAL	<u>GHC296,044,467</u>
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6.1.3 Ghana Statistical Service (GSS)

An amount of **GHC43,240,291** has been allocated to the Statistical Service for the 2020 Financial year. The breakdown is as follows:

Compensation of Employees:	GHC29,426,591
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Goods and Services:	GHC12,669,400
o/w GoG	GHC1,232,000
o/w DONOR	GHC11,437,400

Capex:	GHC1,144,301
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TOTAL	<u>GHC43,240,291</u>
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6.1.4 Public Procurement Authority (PPA)

For the year 2020, an amount of **GHC8,645,248** has been allocated to the PPA as follows:

Compensation of Employees:	GHC4,252,383
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Goods and Services:	GHC3,630,000
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Capex:	GHC762,865
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TOTAL	<u>GHC8,645,248</u>
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6.1.5 Institute of Accountancy Training (IAT)

The Institute of Accountancy Training (IAT) has been allocated an amount of **GH¢3,897,208** for the 2020 financial year to be spent as follows:

Compensation of Employees	GH¢3,023,036
Goods and Services	GH¢310,908
o/w GOG	GH¢200,000
o/w IGF	GH¢110,908
Capex	GH¢563,264
TOTAL	<u>GH¢3,897,208</u>

6.1.6 Financial Intelligence Center (FIC)

The Financial Intelligence Center has been allocated an amount of **GH¢7,326,725** for the implementation of its programmes and activities for the 2020 financial year. The breakdown is as follows:

Compensation of Employees:	GH¢4,986,084
Goods and Services:	GH¢1,768,491
Capex:	GH¢572,150
TOTAL	<u>GH¢7,326,725</u>

6.1.7 Securities and Exchange Commission (SEC)

The Securities and Exchange Commission (SEC) will for the year 2020 generate internally and retain an amount of **GH¢28,205,455.00** to be spent on its programmes and activities as follows:

Compensation of Employees: GH¢18,489,447

Goods and Services: GH¢8,292,508

Capex: GH¢1,423,500

TOTAL **GH¢28,205,455**

7.0 OBSERVATIONS AND RECOMMENDATIONS

7.1 Policy Formulation and Implementation

The Committee observed that the Ministry of Finance has a key responsibility of formulating and implementing sound macro-economic policies, effective mobilization and efficient allocation of internal and external resources to all sectors of the economy and ensuring sustainable debt management.

7.2 Domestic Credit Rating Agency

The Committee noted that the Ministry of Finance in the year 2019 developed and published the Terms of Reference (ToR) for the engagement of a consultant to develop business plan for a Domestic Credit rating Agency (DCRA).

In the 2020 financial year, a consultant will be engaged to develop the business plan based on the TOR. It is envisaged that the Domestic Credit Rating Agency (DCRA) will be established and fully operational in the 2021 financial year.

7.3 International Financial Services Center (IFSC)

The Committee observed that as part of processes towards the establishment of an International Financial Services Center (IFSC), a Concept Note was prepared and submitted by the Ministry to the African Development Bank (AfDB) in the 2019 financial year for consideration.

The Ministry will in 2020 develop a legal framework and a business model for the establishment of the IFSC, the implementation of which is expected to commence in 2021.

7.4 Financial Intelligence Reports

In the year 2019, the Financial Intelligence Center (FIC) prepared and disseminated 83 Intelligence Reports (IRs) to Law Enforcement Agencies (LEAs) to assist investigations and prosecutions.

In 2020, the Financial Intelligence Center programmes to prepare 130 of such reports.

7.5 Non-Tax Revenue Mobilisation

As at end September 2019, Non-Tax Revenue amounting to GH¢3,414.47 million had been collected as against the 2019 annual target of GH¢9,021.65 million. To help pluck any loopholes in the non-tax revenue collection system, the Ministry cooperated with the Ghana Audit Service to audit the banking arrangement for Internally Generated Funds (IGF) collection.

The Ministry will in 2020 implement the recommendations from the audit of the banking arrangement.

7.6 Protecting the Public Purse

The Public Procurement Authority (PPA) is charged with the responsibility to protect the public purse and ensure the attainment of value for money for every cedi spent by Government.

To build the procurement capacity within the public and private sectors, the Authority in the year 2019 trained about 2,500 procurement staff of various entities. The PPA also trained 200 Ministries, Departments and Agencies (MDAs) on the use of the Public Procurement Model of Excellence (PMME) tool on the PPA website.

In the year 2020, the PPA intends to build the capacity of 2,000 procurement staff from both the public and private sectors. Also, the Authority will train 400 Ministries, Departments and Agencies (MDAs) on the use of the Public Procurement Model of Excellence (PPME) Tool on the PPA website.

7.7 Improving Governance of SOEs

The Committee was informed that as part of interventions aimed at improving the governance of State Owned Enterprises (SOEs), the Ministry has previously conducted a study on Government's equity holdings in these enterprises.

Pursuant to recommendations from the study, a new portfolio management strategy is being pursued through the establishment of a centralized framework for overseeing Government's interests and governance of SOEs, Joint Venture Companies (JVCs) and other state entities including regulatory bodies. To this end, a State Interests and Governance Authority Act has been passed.

7.8 Bond Issuance

In 2019, Government through the Ministry of Finance issued Eurobonds up to US\$3.0 Billion. An amount of US\$2.00 Billion of the proceeds from the issuance was used for

critical infrastructure to support the 2019 Budget whilst the remaining US\$1.00 Billion was used for liability management operations.

Government proposes to raise International Capital Market (ICM) funding up to US\$3.00 Billion in the year 2020. These funds would be used for budget support, energy sector restructuring and liability management.

Apart from the regular Eurobond transactions, Government would also explore the feasibility of issuing one or a combination of the Green Bond, Sustainable Development Goals (SDG) Bond, Sukuk Bond and Syndicated/Bridge Loan subject to prevailing market conditions:

7.9 Establishment of the Ghana Commodity Exchange

The Committee observed that as part of Government's agenda for agricultural transformation, the Securities and Exchange Commission supervised the establishment of the Ghana Commodity Exchange (GCX) which has a state of the art trading system. The Exchange which was launched by His Excellency the President is helping to facilitate trade in commodities.

7.10 Public Accounting

The Committee noted that the Controller and Accountant General has the mandate to receive, disburse and provide secure custody for public funds. The Department in consultation with the Auditor-General, specifies for covered entities the accounting standards, policies and the classification system to be applied in public accounting to ensure that a proper system of accounting operates and is adhered to.

In the year 2019, the CAGD ensured that the 2018 Annual National Accounts were completed and submitted to the Auditor-General within the mandatory period, i.e. before 30th March, 2019.

The Department will strive to ensure that by the close of the First Quarter of 2020, the 2019 Annual National Accounts would have been prepared and submitted to the Auditor-General as required by law. The Department will also implement the International Public Sector Accounting Standards (IPSAS) in the year 2020.

7.11 Government Chart of Accounts

The Government of Ghana Chart of Accounts (COA) has in 2019 been successfully updated to incorporate the newly created Regions and Districts and other emerging needs of the Government and Covered Entities. The updated Chart of Accounts (COA) has been successfully uploaded onto the GIFMIS.

In 2020, the Ministry will look to consolidate the gains made in GIFMIS and ensure prudent cash management under the Treasury Single Account (TSA) system.

7.12 ICT-led Government Payroll Management

The Committee was informed that the Controller and Accountant General's Department (CAGD) will continue to enhance the use of Information and Communication Technology (ICT) in the management of the government payroll to ensure efficiency and integrity of the system. The CAGD will therefore continue the implementation of the *GoG Staff Card* and operationalize *E-Forms* in addition to the *E-Payslips*.

7.13 Conditions of Service of Staff of the Public Procurement Authority

The Public Procurement Authority (PPA) is the entity recognized by statute as the regulator on matters relating to public procurement and contracting. Without due diligence by the PPA, the state stands to lose colossal sums of money.

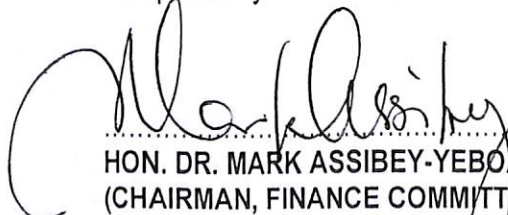
As such, the Authority must be well-motivated to carry out its mandate, lest the authority cannot attract and retain qualified staff. This will also stem the tide where some staff could be lured into engaging in unethical conduct. The Committee implores the Minister for Finance to take a critical look at the remuneration of staff of PPA.

8.0 CONCLUSION

The Committee has carefully examined the 2020 Annual Estimates for the Ministry of Finance and found the programmes for which the sums have been allocated to be in line with the mandate of the Ministry and its Agencies.

The Committee, in view of the foregoing, respectfully recommends to the House to adopt this report and approve the sum of **Seven Hundred and Forty-Seven Million, Nine Hundred and One Thousand, Seven Hundred and Forty-Nine Ghana Cedis (GH¢747,901,749.00)** for the implementation of the programmes and activities of the **Ministry of Finance** and its Agencies for the 2020 financial year.

Respectfully Submitted.


HON. DR. MARK ASSIBEY-YEBOAH
(CHAIRMAN, FINANCE COMMITTEE)


MS. EVELYN BREFO-BOATENG
(CLERK, FINANCE COMMITTEE)

PARLIAMENT OF GHANA LIBRARY

3RD DECEMBER, 2019