



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

**REPORT OF THE SELECT COMMITTEE ON  
COMMUNICATIONS**

**ON THE**

**2008 ANNUAL BUDGET ESTIMATES OF  
THE MINISTRY OF COMMUNICATIONS**

**11<sup>TH</sup> DECEMBER 2007**

## **1.0 INTRODUCTION**

- 1.1 The draft Budget Estimates of the Ministry of Communications for 2008 was referred to the Select Committee on Communications for consideration and report in accordance with Standing Orders 140 (4) and 181. This followed the Budget Statement and Economic Policy of the Government presented to the House by the Minister of Finance & Economic Planning (MoFEP), Hon. Kwadwo Baah-Wiredu (MP) in accordance with Article 179 of the Constitution and Order 140 (1) of the Standing Orders of the House.
- 1.2 The Committee met on 5<sup>th</sup> December, 2007 to consider the Estimates. The Hon. Minister, Hon. Dr. Benjamin A. Ntim (MP) accompanied by his Deputy, Hon. Frederick Opare-Ansah led the team from the Ministry of Communication and its Agencies. Officials from MoFEP were also present.
- 1.3 The Committee is grateful to the Hon. Minister and his team for their very warm cooperation.

## **2.0 REFERENCE DOCUMENTS**

- i. The 1992 Constitution of the Republic of Ghana.
- ii. The Standing Orders of the House.
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2008 Financial Year.
- iv. Report of the Select Committee on Communications on the Annual Estimates of the Ministry of Communications and Technology for 2007.

## **3.0 MISSION STATEMENT AND OBJECTIVES OF THE MINISTRY**

The Ministry of Communications (MOC) exists to facilitate the development of a reliable and cost-effective world-class communications, infrastructure and services, driven by appropriate technological innovations to promote economic competitiveness in a knowledge-based environment.

In pursuance of this mission statement, MOC has the following objectives:

- i. To facilitate the development of nationwide communications and technologies, infrastructure and services at minimum cost, to promote accelerated growth in agriculture, industry, trade and services sectors to ensure poverty reduction;
- ii. To empower the National Information Communications Directorate and subsidiary agencies to acquire the capacity to implement and promote strategic and tactical ICT initiatives emanating from both the public and private sector;
- iii. To facilitate the interoperable application of computers and networks on a common platform to improve the quality and efficiency of public services, to strengthen government information flow internally as to promote accountability and transparency in governance;
- iv. To review and develop policy regulations and laws that will enhance well functioning and self financed regulatory bodies dedicated to the sustenance of a pro-competitive postal, electronic telecommunications and ICTs environment;
- v. Implementing the ICTs reform in such a manner that it will be viewed as a component of reform programmes that could lead to eliminate complexities which affect policy implementation.

#### **4.0 AGENCIES UNDER MOC**

The MOC has the following agencies for the implementation of its programmes and policies:

- National Communications Authority (NCA)
- Ghana Telecom (GT)
- Ghana Post Company Ltd.
- Ghana Meteorological Agency (GMA)
- Ghana-India Kofi Annan Centre of Excellence in ICT (KACE)
- Ghana Information and Communication Technology Directorate (GICTeD)
- Postal & Courier Services Regulatory Commission (PCSRC)
- Ghana Investment Fund for Telecommunications (GIFTEL)

## **5.0 PERFORMANCE IN 2007**

The Ministry was allocated a sum of ₵207,682,000,000 from GOG, IGF and HIPC Resources for its operations in 2007. According to the Ministry, some major outcomes - of its key programmed activities have been as follows:

- ❖ The cumulative subscription of both fixed and mobile lines as at September 2007 stood at 7,381,625 representing a total six-year percentage rise of 1487,9%;
- ❖ Further efforts have been made by the MoC to create a sustained competitive market structure with initiatives undertaken to privatize Westel and Ghana Telecom;
- ❖ The provision of Universal Connectivity Access was vigorously pursued. So far, seven (7) of such facilities have been completed and would provide connectivity access to nearly 84 rural communities. Thirty-one (31) more sites are under construction at various locations across the country;
- ❖ Community Information Centres (CICs) have been developed. To date 92 CICs have been constructed;
- ❖ 10,000 units of computers have been sold out to the public, private and educational institutions and individuals after the Government Assisted PC Programme (GAPP) iAdvance Computer4All was launched in 2006 to provide affordable computers;
- ❖ Cabinet is considering the e-Transaction Bill, the Telecom Bill, NCA & NITA Bills to create an effective ICT enabling environment in Ghana.

## **6.0 OUTLOOK FOR 2008**

For 2008, the Ministry intends to address the following in its policies and programmes:

- ◆ To promote the development of nationwide communication and technological infrastructural backbone and services;
- ◆ To support the creation of broadband communication and technological environment that maintains a balance between stakeholders.
- ◆ To facilitate the application of computer systems to improve the quality and efficiency of Public Services;
- ◆ To strengthen the institutional and human resources capacities for quality service delivery;

- ◆ To review and develop policies that will enhance well functioning and self financed regulatory bodies in a competitive ICT environment;
- ◆ To facilitate the provision of quality meteorological data and forecast in support of other sensitive sectors of the economy.

## 7.0 BUDGET ESTIMATES FOR 2008

For its operations in 2008, the Ministry of Communications has been allocated an amount of eighteen million five hundred and eighteen thousand four hundred and eighty seven Ghana cedis (GH¢18,518,487). This is made up of the following components:

a.	GOG	-	¢5,815,274
b.	IGF	-	¢644,000
c.	HIPC	-	¢3,000,000
d.	Donor	-	¢9,059,213
	<b>Total</b>	-	<b>¢18,518,487</b>

### Summary of 2008 Budgetary Allocations by MDA and Items of Expenditure

MDA	GOG				IGF	HIPC	DONOR	TOTAL
	P.E	Admin	Service	Invest				
General Administration	247,514	193,089	134,660	1,262,002	-	3,000,000	9,059,213	13,896,478
Ghana Information & Communication Techno	164,141	208,900	96,696	115,600	-	-	-	585,337
Kofi Annan ICT Centre of Excellence	472,681	155,600	72,058	198,300	28,800	-	-	927,439
Postal and Courier Services Regulatory Comm	56,082	16,473	18,441	66,106	-	-	-	157,102
Internal Audit Unit	-	2,700	-	-	-	-	-	2,700
Ghana Meteorological Agency	2,011,582	108,000	82,750	131,900	615,200	-	-	2,949,432
<b>Grand Total</b>	<b>2,952,000</b>	<b>684,762</b>	<b>404,605</b>	<b>1,773,908</b>	<b>644,000</b>	<b>3,000,000</b>	<b>9,059,213</b>	<b>18,518,488</b>

## **The Ministry will undertake the following HIPC projects for 2008**

- i. Operationalize 49 Community Information Centres (CICs)
- ii. Construct 20 new CiCs
- iii. Connectivity of LAN to 30 CICs
- iv. Connectivity of WAN to 47 CICs
- v. Supply of 190 desktop computers from locally assembled advance computer access project to CICs, 38 servers, 228 UPS, 38 scanners and 38 printers
- vi. Supply of 38 servers
- vii. Training of 50 Local Technical personnel to man CICs already completed
- viii. Construct and rehabilitate 20 Post Offices in newly created district capitals in addition to the 50 Post Offices already rehabilitated
- ix. Complement the universal service provision efforts of Ghana Post as it continues to employ technological innovation and diversification of service as schemes to meet the challenges of the time
- x. Monitor Ghana Post to complete the construction of major post offices at Adenta in Accra, Tamale, and Asamankese, projects which are well above 90% of delivery
- xi. Complement the effort of Ghana Telecom in the creation of eCare Rural Business Centres in all the regions of Ghana to create ICT access to telecom services with technology mainly powered by solar energy.

## **8.0 OBSERVATIONS AND RECOMMENDATIONS**

### **8.1 Headquarters**

The Headquarters of the Ministry has a total allocation of thirteen thousand, eight hundred and ninety six thousand four hundred and seventy eight Ghana cedis (GH¢13,896,478).

The Committee was informed that the sustained competition in the sector had brought about an increase in the telephone subscription in both the fixed and mobile lines. Total access to fixed lines grew from 248,940 in 2001 to 364,918 as at 2007. With regard to mobile subscription, from 2001 figure of 215,921 as at September 2007 the number had shot up to 7,016,707. Telephone penetration rate as at September 2007 stood at 33.7% from a 2006 figure of 20.7%. The Ministry told the Committee that in view of the growing nature of the

industry, it is worthwhile that it makes contribution to the Ghanaian Economy by way of tax on Airtime.

#### Proposed Excise Tax on Phone Airtime

In response to government's proposal to impose specific excise duty per minute of airtime use, telecom operators submitted an industry position paper to the Committee for consideration. The Committee subsequently held discussions with the operators and officials of Ministry of Finance and Economic Planning led by the Hon. Deputy Minister, Prof. Gyan-Baffuor on the matter. Members of the Committee expressed diverse views on the merits and practicability of the proposal and also noted concerns expressed by the general public. In the light of these differences, the Committee is of the view that the introduction of the measure, despite its immense revenue potentials should be subject to further discussion towards a national consensus and sufficient sensitization to be achieved.

The Committee wish to indicate that at the appropriate time it would furnish the House with details of its discussion and recommend to the House for its decision.

#### Privatisation of Ghana Telecom (GT) and Westel

According to the Ministry efforts are being made to create a sustained competitive market structure with initiatives being undertaken to privatise Westel and Ghana Telecom. Consequently, negotiations are underway with some companies for the sale of 66.67% shares of GT. With regards to Westel, the process of privatisation to inject capital in the company and make its operation competitive through the sale of 75% shares is nearing completion. Committee however agreed to meet with the Hon. Minister of Communications and Stakeholders for further clarification on the matter.

#### National Fibre Optic Network / VoltaCom Transformation

The Committee noted that efforts by the Ministry on the development of the National Fibre Communications Backbone Infrastructure network are on course. The project is to complement the efforts of the private sector in the extension of affordable and efficient connectivity solutions to all parts of the country. This would provide open access to

broadband connectivity nationwide. The Committee therefore urge the Ministry to speed up the process for implementation.

#### Community Information Centres (CICs)

The Committee also observed that in order to promote the all-inclusive information and knowledge society to benefit under served communities, the Community Information Centres concept had been developed. To date, 92 CICs out of the projected 230 have been constructed. The Committee appeals to the Ministry of Local Government and the various District Assemblies to facilitate the harmonization of Technical and Operational programmes of the CICs, to ensure timely early completion of the project.

#### Ghana Investment Fund for Telecommunications (GIFTEL)

GIFTEL was set up to facilitate the extension of communications services to underserved and unserved areas through the provision of common facilities. The Committee was informed that the Agency among others would construct additional common masts facilities in twenty-nine (29) towns by the second quarter of 2008. It is estimated that a total of forty-four (44) common telecommunications facilities would have been provided by GIFTEL across the country.

### **8.2 Ghana-India Kofi Annan Centre of Excellence in ICT**

The Committee noted that the Ghana-India Kofi Annan Centre has been provided with **GH¢927,439** in the 2008 budget allocation. The amount is made up of GOG resources and IGF. The Centre is intended to become self financing in the long run and therefore it is authorised to charge appropriate fees for its services to enable it break even. These are paid into the consolidated because the Agency is not covered under the Retention of Funds Act.

The Committee was told that the Centre was making impact on ICT capacity in the country. Since its operation began, the Agency had trained hundreds of professional and continues to offer specialized training courses to decision-makers. However, the Centre is constrained by inadequate training facilities to enable it meet demand. The amount allocated for Service and Investment will therefore be spent on the provision of these facilities since the Agency is not expected to retain any percentage of its IGF. The Committee therefore appeals to the Ministry



of Communications to expedite action in ensuring that the Retention of Funds Act is amended accordingly to enable them retain a reasonable percentage of their IGF for expansion.

### **8.3 Ghana Meteorological Agency**

The Ghana Meteorological Agency is a specialised scientific agency, whose objective is to ensure the provision of reliable meteorological information to support socio-economic activities. The Committee noted that for its operational and investment expenses in 2008, GMA has been allocated an amount of two million, nine hundred and forty nine thousand four hundred and thirty two Ghana cedis (**GH¢2,949,432**). This is made up of GOG and a projected IGF.

### **8.4 Postal and Courier Services Regulatory Commission**

This Commission was set up by the Postal and Courier Services Regulatory Commission Act, 2003 Act 649 to regulate the operations of postal and courier service providers. For its operations next year, it has been allocated an amount of one hundred and fifty seven thousand, one hundred and one Ghana cedis GH¢157,101.

### **8.5 Ghana ICT Directorate (GICTeD)**

GICTeD serves as the implementation body for the ICT4AD.

The Committee noted that for its operational cost the Agency was allocated five hundred and eighty five thousand three hundred and thirty seven Ghana cedis (GH¢585,337). The Committee was informed that the passage of the National Information Technology Agency (NITA) bill will give the needed legal backing to implement a number of revenue generation initiatives contained in the Electronic Transactions Bill. The Committee observed that the Agency had not utilised its budgetary allocation of GOG due to lack of IT technicians at the department. It was, therefore, compelled to employ the services CSDU technicians.

## **9.0 CONCLUSION**

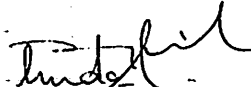
As this sector is growing in the economy, it is expected that it will further deepen and enhance expected initiatives and programmes to make real the leapfrog expected by the citizenry.

The Committee has carefully considered the justifications for the draft Annual Estimates and recommends that this Honourable House approves the sum of **eighteen million, five hundred and eighteen thousand, four hundred and eighty seven cedis (¢18,518,487)** for the services of the Ministry of Communications for the 2008 financial year.

Respectfully submitted.



**Hon. Kojo Armah**  
**Chairman of the Committee**



**Linda Gyekye Boadu**  
**Assist.Clerk**

11<sup>th</sup> December 2008