

**IN THE SECOND SESSION OF THE FIFTH PARLIAMENT OF THE FOURTH  
REPUBLIC OF GHANA**

**REPORT OF THE  
FINANCE COMMITTEE**

**ON THE  
2011 ANNUAL ESTIMATES**

**OF THE  
MINISTRY OF FINANCE AND  
ECONOMIC PLANNING**

**10<sup>TH</sup> DECEMBER, 2010.**

## **1.0 INTRODUCTION**

The **2011 Annual Estimates** of the **Ministry of Finance and Economic Planning (MOFEP)** were laid in the House on Thursday 18<sup>th</sup> November, 2010 and *referred* to the Finance Committee for consideration and report in accordance with Article 179 of the Constitution and order no. 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 2011 Financial Year by the Minister of Finance and Economic Planning, Hon. Dr. Kwabena Duffuor.

To consider the Ministry's 2011 Annual Estimates, the Committee met with the Deputy Minister of Finance & Economic Planning, Hon. Fifi Kwetey as well as officials from the Ministry of Finance and Economic Planning and its Departments and Agencies and reports as follows:

## **2.0 REFERENCE DOCUMENTS**

In considering the Budget Estimates for the Ministry of Finance and Economic Planning, the Committee referred to and/or was guided by the following:

- 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 2011 Financial Year

## **3.0 BACKGROUND**

The Ministry of Finance and Economic Planning exists to ensure economic growth with stability for the promotion of sustainable 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 TARGETS**

The primary objectives and targets for the Ministry among others are:

- ❖ To improve and sustain macroeconomic stability and growth
- ❖ To improve fiscal resource mobilization
- ❖ To formulate and implement sound macro-economic policies
- ❖ To allocate and manage financial resources efficiently, effectively and rationally
- ❖ To account for all public finances properly and to improve public expenditure management
- ❖ To promote effective and efficient debt management
- ❖ To deepen the capital markets and create a more diversified financial sector
- ❖ To improve the human resources and logistical support base of the Ministry and its Agencies.

- ❖ To mobilize resources from domestic and external sources, with authorization from Parliament, and advise Government on the total resources to be allocated to the public sector;

The Ministry will also continue to pursue its mandate of ensuring macro-economic stability and prudent fiscal policy management.

## **5.0 2010 ALLOCATIONS AND OUTTURN**

For the 2010 financial year, the Ministry of Finance and Economic Planning was allocated a total budget of **GH¢125,052,510.00** made up of GH¢85,408,725.00 from G.O.G, GH¢1,770,100.00 from Internally Generated Funds, GH¢1,483,000.00 of HIPC, and GH¢36,390,685.00 from Donor sources for the activities of all cost centres of the Ministry.

Actual **outturn as at 31<sup>st</sup> October, 2010** was as follows:

GoG disbursement	-	GH¢61,269,630.90
IGF retention and utilization	-	GH¢1,772,308.30
HIPC disbursement	-	GH¢995,070.00
Donor disbursement	-	GH¢70,060,000.00
<b>TOTAL</b>	-	<b>GH¢134,097,009.20</b>

IGF retention by the Controller and Accountant General's Department, Securities and Exchange Commission, and Institute of Accountancy Training was exceeded by GH¢2,208.30

Also, expected Donor disbursement of Project Loans and Grants of GH¢36,390,685.00 was exceeded by GH¢33,669,315.00, thus recording a total outturn of GH¢70,060,000.00 at the end of October, 2010.

## **6.0 THE 2011 ANNUAL ESTIMATES FOR THE MINISTRY OF FINANCE AND ECONOMIC PLANNING**

A total amount of **GH¢178,559,490.00** has been allocated to the Ministry of Finance & Economic Planning and its Departments and Agencies for the year 2011.

A summary of the total budgetary provisions for the Ministry is as follows:

### **PERSONNEL EMOLUMENTS:**

Government of Ghana	-	GH¢54,913,132
Internally Generated Funds	-	GH¢0
Funds (HIPC)	-	GH¢0
Donor Sources	-	GH¢107,738
<b>Subtotal:</b>		<b>GH¢55,020,870</b>

### **ADMINISTRATION EXPENSES:**

Government of Ghana	-	GH¢10,426,407
Internally Generated Funds	-	GH¢539,390
Funds (HIPC)	-	<b>GH¢0</b>
Donor Sources	-	GH¢1,465,881
<b>Subtotal:</b>	-	<b>GH¢12,431,678</b>

### **SERVICE EXPENSES**

Government of Ghana	-	GH¢8,887,243
Internally Generated Funds	-	GH¢1,564,900
Funds (HIPC)	-	GH¢0
Donor Sources	-	GH¢80,372,451
<b>Subtotal:</b>	-	<b>GH¢90,824,594</b>

### **INVESTMENT EXPENSES:**

Government of Ghana	-	GH¢6,271,253
Internally Generated Funds	-	GH¢308,520
Funds (HIPC)	-	GH¢0
Donor Sources	-	GH¢13,702,575
<b>Subtotal:</b>	-	<b>GH¢20,282,348</b>

**GRAND TOTAL** - **GH¢178,559,490**

## **6.1 ALLOCATIONS TO DEPARTMENTS/AGENCIES**

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

### **Finance Headquarters**

The Headquarters of the Ministry has been allocated a total of **GH¢79,429,394** to prosecute its programmes and activities for the 2011 financial year:

Personnel Emoluments:	GH¢13,153,160
Administration Expenses:	GH¢4,419,891
Service Expenses:	GH¢59,827,793
Investment Expenses :	GH¢2,028,550
<b>Total</b>	<b>GH¢79,429,394</b>

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

General Administration	-	GH¢19,258,696
Budget Division	-	GH¢7,888,743
Debt Management Division	-	GH¢251,740
External Economic Relations Division	-	GH¢42,856,384
Economic Research and Forecasting Division-		GH¢634,670
Public Investment Division	-	GH¢3,857,467
Real Sector Division	-	GH¢697,794
Financial Sector Division	-	GH¢3,983,900
<b>Total</b>	<b>-</b>	<b>GH¢79,429,394</b>

### **Securities and Exchange Commission**

The Securities and Exchange Commission has been allocated a total amount of **GH¢2,340,661** for the 2011 financial year. The breakdown is as follows:

Personnel Emoluments:	GH¢848,720
Administration Expenses:	GH¢621,490
Service Expenses:	GH¢367,675
Investment Expenses:	GH¢502,776
<b>TOTAL</b>	<b>GH¢2,340,661</b>

Out of the total amount of **GH¢2,340,661**, GH¢1,569,001 would be provided by GOG whilst the remaining amount of GH¢771,660 would be obtained from Internally Generated Funds (IGF).

### **Public Procurement Authority**

For the year 2011, the Public Procurement Authority (PPA) has been allocated a total Budgetary Estimate of **GH¢7,986,224** for its programmes and activities as follows:

Personnel Emoluments:	GH¢1,299,000
Administration Expenses:	GH¢767,340
Service Expenses:	GH¢4,934,096
Investment Expenses:	GH¢985,788
<b>TOTAL</b>	<b>GH¢7,986,224</b>

Financial Management Services	-	GH¢131,949
Foreign Missions	-	GH¢3,825,000
Training Unit	-	GH¢393,894
Internal Audit Division	-	GH¢147,415
General Services	-	GH¢2,551,490
Public Accounts Section	-	GH¢357,887
Payroll Processing Division	-	GH¢325,556
Chief Cashier's Office	-	GH¢105,667
Pension Payments and Computation	-	GH¢123,804
Public Financial Mgt Reform Unit	-	GH¢33,789
Monitoring and Evaluation	-	GH¢144,197
Research and Advisory Services	-	GH¢20,855
GIFMIS	-	GH¢30,406,322
Client Services Unit	-	GH¢40,275
Regional Services	-	GH¢1,251,622
<b>Total</b>	<b>-</b>	<b>GH¢75,906,324</b>

### **Ghana Statistical Service (GSS)**

An amount of **GH¢11,428,974** has been allocated to the Statistical Service for the 2011 Financial year.

Personnel Emoluments:	GH¢3,895,040
Administration Expenses:	GH¢994,405
Service Expenses	GH¢5,507,666
Investment Expenses:	GH¢1,031,863
<b>Total</b>	<b>GH¢11,428,974</b>



The various divisions of the Service would benefit from the allocation as follows:

Finance and General Administration	-	GH¢4,519,797
Technical Services	-	GH¢76,500
Statistical Operations	-	GH¢6,014,356
Regional Services	-	GH¢764,218
Internal Audit	-	GH¢54,103
<b>Total</b>	-	<b>GH¢11,428,974</b>

## **7.0 OBSERVATIONS AND RECOMMENDATIONS**

The Committee observed that major programmes and activities undertaken by the Ministry in the year 2010 include:

- The reorganization of the Ministry and the implementation of a new organogram
- Finalisation of the Ghana Aid Policy and Strategy (Phase 1)
- The development of "Development Partner Performance Assessment Framework (DP-PAF)
- The 2010 Population and Housing Census
- Audits on the collection and utilization of Internally Generated Funds
- Development of a framework for the extension of the Extractive Industry Transparency Initiative (EITI) to the oil and gas sector
- Preparatory work for the introduction of Programme Based Budgeting and the development of a Budget Strategy Paper
- Migration of payroll of subvented agencies onto the IPPD system

The Ministry further undertook a study on fiscal decentralization with a view to facilitating its implementation.

Other activities undertaken in the outgoing year include the establishment of a contract management database, preparation and submission of the Petroleum Revenue Management Bill and the 2011 Budget to Parliament.

In the year 2011 and in the medium term, the Ministry will deliver the following three main programmes based on the Ghana Shared Growth and Development Agenda:

- (i) **Economic Strategy Programme** – Under this programme, the Ministry will seek to achieve five policy objectives. These objectives include strengthened economic planning and forecasting to ensure the development of strategic sectors, formulation and implementation of sound macroeconomic policies, improved accessibility and use of existing data-base for policy formulation, analysis and decision-making, accelerated economic integration with other regional and sub-regional States, creation of a more diversified financial sector and improved access of the populace to financial services and to deepen the capital markets.
- (ii) **Public Financial Management Programme** – Under this programme, the Ministry will pursue the attainment of three policy objectives namely improved public expenditure management, improved fiscal resource mobilization and promotion of effective debt management.
- (iii) **Human Resource and Institution Management Capacity** – The main policy objective to be pursued under this programme is to upgrade the capacity of the public and civil service for transparent, accountable, efficient, timely, and effective performance.

The **Ghana Statistical Service (GSS)** will in the year 2011 undertake data capture, report writing and publication of the 2010 Population and Housing Census. The Service will also undertake preparatory activities for the Agricultural Census.

The **Securities and Exchange Commission (SEC)** will in the year 2011, develop a five-year strategic plan to strengthen its regulatory capacity to cope with the increasing dynamics of the securities industry.

The Ghana Stock exchange will also establish a Small and Medium Enterprise (SME) development market to provide viable sources of raising relatively cheaper medium to long term capital on the capital market and create an active trading platform to complement the first official list of the Exchange.

The **Public Procurement Authority (PPA)** will continue its assessment of procurement entities to ensure compliance with the provisions of the Public Procurement Act, 2003 (Act 663). It is estimated that one thousand (1000) entities will be assessed during the 2011 financial year.

On the revenue front, the Ministry will in the coming year implement the use of country systems in the mobilization and utilization of external resources whilst implementing measures to improve domestic resource mobilization.

Investment activities to be undertaken by the Ministry would include the completion of Institute of Accountancy Training Building Complex at Adenta as well as the commencement of construction of an office block for the Public Procurement Authority.

The Committee further noted that as at 31<sup>st</sup> October 2010, the Ministry had exhausted 77.6% of its Personnel Emolument (P.E) vote for the year 2010. This was however found to be without the Single Spine Salary Structure (SSSS).

The Controller and Accountant General, Mr. Raphael Tuffuor informed the Committee that so far, about ninety (90) organizations have been successfully placed on the IPPD 2 system. Forty (40) institutions are however yet to come on board. These include the Security Agencies, Revenue Agencies, the Legislature, Universities and Polytechnics.

It was observed that eventually, when Fiscal Decentralization is fully implemented, national budgets would capture the estimates of both Metropolitan/Municipal/District Assemblies (MMDAs) and Central Government.

The technical team from the Ministry informed the Committee that the Contract Management Database (CMD) being developed would assist the Ministry to track government contracts to enable the easy monitoring of expenditures, releases, variations and any capital expenditure overruns.

Members encouraged the Ministry to expedite work on the CMD and assured the Ministry of their desire to support them in dealing with recalcitrant MDAs who award non-budgeted contracts without *commencement certificates* from the Ministry of Finance and Economic Planning.

It was noted that the Ministry will be monitoring government programmes and policies as contained in the 2011 Budget and will be reporting to Cabinet as and when necessary.

## **8.0 CONCLUSION**

The Committee has critically examined the 2011 Annual Budget Estimates of the Ministry of Finance & Economic Planning and respectfully recommends to the House to **approve** the sum of *one hundred and seventy-eight million, five hundred and fifty-nine thousand, four hundred and ninety Ghana Cedis (GH¢178,559,490)* for the implementation of programmes and activities of the **Ministry of Finance and Economic Planning and its Agencies** for the 2011 Financial Year.

Respectfully submitted.



**HON. JAMES KLUTSE AVEDZI**  
**CHAIRMAN**



**PEACE A. FIAWOYIFE (MS.)**  
**CLERK**

**10<sup>TH</sup> DECEMBER, 2010.**

**2011 APPROPRIATION BILL DETAILED  
SUMMARY OF EXPENDITURE BY FUNCTION, ECONOMIC ITEM AND FUNDING**

(in GH Cedis)

FUNCTION	Central G O G			I G F			FUNDS/OTHERS			Grand Total			
	P. E.	Admin. Service	Investm. Total/GOG	P. E.	Admin. Service	Investm. Total/IGF	STATUTORY	SIP	NREG	MDRI	P. E. Admin. Service	Investm. Tot. Donor	Less NREG/ STATUTORY
Ministry of Finance and Economic Planning	54,913,132	10,426,407	8,881,245	6,271,233	80,498,037	0	0	0	0	0	0	0	0
Finance Headquarters	13,045,422	4,419,891	4,869,200	1,357,930	23,691,443	0	0	0	0	0	0	0	0
General Administration	13,045,422	3,419,891	1,823,453	987,230	19,285,896	0	0	0	0	0	0	0	0
Budget Division	0	500,000	1,508,743	190,000	2,598,743	0	0	0	0	0	0	0	0
Debt Management Division	0	70,000	141,740	40,000	251,740	0	0	0	0	0	0	0	0
External Economic Relations Division	0	200,000	300,000	50,000	550,000	0	0	0	0	0	0	0	0
Economic Research and Forecasting Division	0	70,000	233,070	20,000	323,070	0	0	0	0	0	0	0	0
Public Investment Division	0	50,000	200,000	50,000	300,000	0	0	0	0	0	0	0	0
Real Sector Division	0	60,000	110,194	20,000	190,194	0	0	0	0	0	0	0	0
Financial Sector Division	0	50,000	150,000	20,000	220,000	0	0	0	0	0	0	0	0
Securities and Exchange Commission	0	300,100	133,925	194,256	1,589,001	0	0	0	0	0	0	0	0
General Administration	844,720	390,100	133,925	194,256	1,589,001	0	0	0	0	0	0	0	0
Public Procurement Authority	1,299,000	787,340	731,701	985,788	3,783,829	0	0	0	0	0	0	0	0
General Administration	1,299,000	787,340	731,701	985,788	3,783,829	0	0	0	0	0	0	0	0
Institute of Accountancy Training	113,770	222,487	118,528	1,000,000	1,454,785	0	0	0	0	0	0	0	0
General Administration	113,770	222,487	118,528	1,000,000	1,454,785	0	0	0	0	0	0	0	0
Controller and Acct. General's Dept	35,711,181	3,692,204	2,145,338	2,343,279	43,872,002	0	0	0	0	0	0	0	0
Office of the Controller	0	21,772	70,770	92,542	0	0	0	0	0	0	0	0	0
General Administration	3,687,181	886,208	486,778	34,080,247	308,000	1,320,000	0	0	0	0	0	0	0
Treasury Services	0	91,343	174,489	0	285,831	0	0	0	0	0	0	0	0
Financial Management Services	0	29,241	102,708	0	131,949	0	0	0	0	0	0	0	0
Foreign Missions	3,024,000	755,000	0	45,000	3,825,000	0	0	0	0	0	0	0	0
Training Unit	0	55,697	338,197	0	393,894	0	0	0	0	0	0	0	0
Internal Audit Division	0	63,325	84,090	0	147,415	0	0	0	0	0	0	0	0
General Services	0	201,871	11,340	2,338,279	2,551,490	0	0	0	0	0	0	0	0
Public Accounts Section	0	71,609	286,278	0	357,887	0	0	0	0	0	0	0	0
Payroll Processing Division	0	140,104	188,452	0	328,556	0	0	0	0	0	0	0	0
Chief Cashier's Office	0	55,836	33,831	0	109,667	0	0	0	0	0	0	0	0
Pension Payments and Computation	0	74,752	49,052	0	123,804	0	0	0	0	0	0	0	0
Public Financial Management Reform Unit	0	24,850	8,939	0	33,789	0	0	0	0	0	0	0	0
Monitoring and Evaluation	0	82,885	61,342	0	144,227	0	0	0	0	0	0	0	0
Research and Advisory Services	0	18,460	2,395	0	20,855	0	0	0	0	0	0	0	0
GIEMIS	0	0	0	0	0	0	0	0	0	0	0	0	0
Client Services Unit	0	10,000	30,275	0	40,275	0	0	0	0	0	0	0	0
Regional Services	0	1,030,202	219,420	0	1,251,622	0	0	0	0	0	0	0	0
Statistical Service	3,895,040	994,405	886,553	350,000	6,125,998	0	0	0	0	0	0	0	0
Finance and General Administration	3,895,040	591,485	83,292	0	4,319,797	0	0	0	0	0	0	0	0
Technical Services	0	0	76,500	0	76,500	0	0	0	0	0	0	0	0
Statistical Operations	0	0	361,300	350,000	711,300	0	0	0	0	0	0	0	0
Regional Services	0	419,182	345,036	0	764,218	0	0	0	0	0	0	0	0
Internal Audit	0	13,758	40,345	0	54,103	0	0	0	0	0	0	0	0