



**IN THE THIRD SESSION OF THE FOURTH
PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA.**

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

ON THE

2008 ANNUAL BUDGET ESTIMATES

OF THE

MINISTRY OF TRADE, INDUSTRY, PSD & PSI

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1.0 INTRODUCTION

On 15th November, 2007 the Government Budget Statement and Economic Policy for the 2008 financial year was presented to the House by the Hon. Minister of Finance in accordance with Article 179 of the 1992 Constitution of the Republic of Ghana.

Pursuant to Standing Orders 140 (4) and 159 of the House, Mr. Speaker referred the Annual Estimates for the year 2008 of the Ministry of Trade, Industry, PSI & PSD to the Committee, for consideration and report.

2.0 TERMS OF REFERENCE

The Committee was requested to critically analyze the estimates and report to the House.

3.0 DELIBERATIONS

The Committee met and deliberated on the estimates with, the Minister for Trade & Industry, Hon. Joe Baidoe Ansah, his Deputy, Mrs. Gifty Ohene Konadu, the Chief Director, Officials from the Ministry and Heads of the various Departments and Agencies under the Ministry. The Committee is appreciative of their presence and co-operation.

The Departments and Agencies under Ministry are as follows:

- i. Ghana Trade Fair Company Limited
- ii. Gateway Secretariat (Ghana Trade & Investment Gateway Project)
- iii. Ghana Standards Board (GSB)

- iv. Ghana Export Promotion Council (GEPC)
- v. Gratis Foundation
- vi. Ghana Free Zones Board (GFZB)
- vii. National Board for Small Scale Industries (NBSSI)
- viii. Export Development and Investment Fund
- ix. Private sector development and President's Special Initiatives

4.0 MISSION

1. The Mission of the Ministry of Trade and Industry (MOTI) is to develop a vibrant technology-driven competitive industrial sector that significantly contribute to Economic growth and employment creation, particularly involving mass mobilization of Rural communities and other vulnerable groups. MOTI, PSD&PSI will for the realization of the above mission, utilize well-trained and highly motivated personnel to serve the business and industrial community with utmost efficiency, transparency and promptness.

4.1 OVERVIEW OF 2007

The Ministry received an approved budget of **¢758, 519, 000, 00** for 2007 fiscal year.

The breakdown are as follows:

GOG	-	125,460,000,000
IGF	-	26,321,000,000
Donor	-	468,724,000,000
HIPC	-	138,000,000,000
TOTAL	-	758,519,000,000

Out of the approved amount of 758, 519,000.00 billion cedis a total of c332,713,500.00, representing 43% of the approved amount has so far been released.

5.0 . ACHIEVEMENTS IN YEAR 2007

Mr. Speaker, notwithstanding the constraints on allocations made to the Ministry, significant successes were chalked by the Ministry, some of which are stated below;

Under the **District Industrialization Programme (DIP)**, the Ministry rehabilitated the Juapong Textiles and the Pwalugu Tomato Factories and registered them as Volta Star Company Limited and the Northern Star Company, respectively. Prospects for these two companies so far are very encouraging.

A total of 197 Tailor-made training programmes were organized for 4,925 entrepreneurs. Three Export Trade Houses were also established. They were Export Trade Company Ltd (Gextraco), Ghana Trade Centre (GTC) and Ghana Extrade.

During the year, Six-wholly owned Ghanaian factories have been in operation and employing 1,800 workers. Two million oil palm seedlings have been nursed and are in readiness for planting. One hundred middle scale enterprises participated in international and national fairs to improve their access to the market.

Eight business advisory centers were established in eight districts and a cold chain facility is being developed at Kotoka International Airport by the Ministry of Food and Agriculture in collaboration with the Ministry of Trade, Industry, PSD & PSI.

Twenty-five Thousand nine hundred and three (25,903) hectares of oil palm were planted during the year. Five local Banks and Industrial Development Corporation of South Africa, have been invited to take equity in the Technology Centre for the production of capital goods.

Ninety master craftsmen were trained in blacksmithing by the GRATIS whilst Thirty-five export companies and four product associations participated in four trade events.

6.0 OUTCOME OF PROGRAMMES OF THE YEAR UNDER REVIEW

The activities of the Ministry and its agencies created a positive impact on businesses, industries and the economy;

- i. 15,500 employment were created under the Gateway and Free zone enclaves
- ii. 10,000 new jobs were created under the PSI, Northern Star and Volta Star Companies
- iii. Non-Traditional Exports earnings were increased by 23% i.e. from US\$650 million to US\$800 million
- iv. 1,500 new businesses were established in the various districts of the country
- v. 944 standards were reviewed, developed and gazetted to make Ghanaian products attractive and competitive on the World Market.

7.0 BUDGET ALLOCATION FOR THE MINISTRY OF TRADE, INDUSTRY (MOTI) AND ITS AGENCIES IN YEAR 2008

The Ministry and its agencies have been allocated an amount of **GH¢60,015,812** for the implementation of its programmes and activities in 2008.

The breakdown of the amount are as follows:

GOG	-	GH¢13,030,048.00
IGF	-	GH¢ 5,954,880.00
HIPC	-	GH¢10,000,000.00
DONOR	-	GH¢31,030,884 .00
TOTAL	-	GH¢60,015,812.00

7.1. COMPARISON OF 2007 & 2008

ITEM	YEAR 2007 GH¢	YEAR 2008 GH¢	VARIANCE
GOG	12,547,000	13,030,048	483,048
IGF	2,632,400	5,954,880	3,32 2,480
HIPC	13,800,000	10,000,000	(3,800,000)
DONOR	46,872,400	31,030,884	(15,841,516)
TOTAL	75,851,800	60,015,812	(15,835,988)

8.0 OUTLOOK FOR THE YEAR 2008

- i. The Ministry will facilitate the construction of a flyover bridge and access road within Tema Port under the Gateway Project to facilitate easy movement of goods to and fro the ports.
- ii. The Ministry will also assist in the development of business plans for 2 salt terminals and provide infrastructure for the bulk transportation of salt produced by entrepreneurs
- iii. It will as a matter of priority facilitate the establishment of 3,000 acres of cassava farm for the Ayensu Starch Factory and establish a Cassava Research Center in collaboration with CSIR
- iv. There would be the training of 4,000 sewing operators at the Clothing Technology and Training Centers in Accra.
- v. Efforts would be made to identify strategic investors for the Technology Innovation Centre. Five local banks are expected to take equity in the centre.
- vi. 16,800 hectares of palm oil will be cultivated using 2, 500, 00 seedlings from the existing nurseries.
- vii. The National Industrial Policy was developed and publicised.
- viii. Twenty selected districts would be allocated seed capital to support their industrial projects., which will be established as Private Limited Liability Companies
- ix. 120 new apprentices will be recruited to undergo a 3 year programme in metal fabrication
- x. 4 laboratories will be accredited to ISO/IEC 17025:2005 status
- xi. The Ministry will facilitate the growth of non-traditional exports to generate over \$1.0 billion.

9.0 OBSERVATIONS AND RECOMMENDATIONS

9.1 PRESIDENTIAL SPECIAL INITIATIVE / DISTRICT INDUSTRIALIZATION PROGRAMME

Mr. Speaker, out of the ₵138 billion cedis allocated in the 2007 to kick start 10 projects in 10 districts, only 20 billion cedis was released. This went into Pwalugu Tomato Factory and Juapong Textiles Garment Factory. The Ministry should make conscious efforts to sensitize the Private Sector to buy into the programme.

The Committee was of the view that the DIP was too thinly spread as a strategy over all 166 districts in the country. The Committee therefore recommends that the project must be more focused and means-tested in the selection of districts for the programme to achieve better and greater results.

9.2 GHANA FREE ZONES BOARD

The Committee noted with satisfaction that between January and October 2007 the Board was able to register twenty-one new companies. The estimated investment capital for these registered companies is \$79,080,786. The investment is expected to generate a total employment of 4,394 by the end of the third year of operation of these companies.

Prominent among the newly licensed companies are:

- i. 3 F Ghana Ltd
- ii. Jatropha Africa Ltd
- iii. ADM Cocoa Ghana Ltd
- iv. BLOWSACK Recycling Ltd

- v. Ghana Eco Energy
- vi. West Africa Fishery Products and Marketing Ltd.

Mr. Speaker, developing countries all over the world are competing for scarce investment resources. To enable the Ghana Free Zone enclaves to attract and maintain strategic investors, the board will have to put in place an appropriate infrastructure.

Electricity supply to the Tema Enclave is erratic and water supply is also causing dissatisfaction among clients of the enclave.

It is the expectation of the Committee that adequate steps would be taken to expand the Kpone water supply to improve the water situation. The Committee is also of the view that the provision of regular and reliable electricity is essential for the operations of the industries. The Committee is however happy with the on-going installation of separate transformers and dedicated lines for a more reliable electricity supply to the enclave.

9.3 GHANA STANDARD BOARD

The Ghana Standard Board (GSB) was established to contribute towards the strengthening of the economy and the enhancement of quality of life of all Ghanaians through the promotion of standardization. The board also ensures that goods and services for both local and export market are of acceptable quality.

In year 2007, the Board made significant achievement in the performance of all of its core programmes, i.e. Metrology, Standardization, Testing and Quality Assurance.

The Board also generated substantial revenue in its operations over and above its projections as shown in table 1 below:

2007 PROJECTIONS, ACTUALS AND 2008 PROJECTED INTERNALLY GENERATED FUNDS (IGF) OF GSB

Table 1

#	Item	Estimated 2007 GH¢	Generation 2007 GH¢	Projection 2008 GH¢
1	Destination Inspection of High risk Goods	3,200,000.00	3,m850,400.00	3,975,200.00
2	Verification of Cocoa Weighing scales, fuel pumps and other measuring instruments	250,000.00	575,200.00	650,600.00
3	Inspection and Testing	410,000.00	1,410,200.00	1,508,600.00
4	Inspection and Calibration of weights, weighing and measuring instruments	60,000.00	110,800.00	150,000.00
5	Sale of standards to Producers and Importers and Exports	20,628.00	25,000.00	30,600.00
	Total¢	3,940,896.00	5,971,600.00	6,315,000.00

2008 BUDGETARY REQUEST, ALLOCATION AND SHORTFALL OF GSB

The Board has been allocated an amount of Gh¢2100,000.00 to carry out its activities in year 2008, out of a budgetary request of Gh¢4572872.00 this represents a shortfall of more than 54%.

Mr. Speaker, the Ghana Standard Board is bedeviled with office accommodation problems and the provision of well-equipped laboratories are also required to enhance its activities.

The Committee is recommending to the Government to fully resource GSB, to enable it wean itself of GOG subvention. This situation would enable government to shift funds for the provision of more poverty reduction intervention.

The Committee further observed that the GSB has achieved tremendous results in its income generation for the year 2007. The Committee is therefore recommending an increase from 50% to 75% of its internally generated funds, to meet its logistical requirement.

9.4 EXPORT DEVELOPMENT AND INVESTMENT FUND (EDIF)

EDIF operates two facilities for disbursement of funds to business entities to enhance exports of goods and services, which would invariably lead to increase foreign exchange earnings. These are:

- i. The Credit Facility which provides loans through designated financial institutions to individual businesses and corporate exporters
- ii. The Export Development and Promotion facilities which also provides grants to groups associations and institutions in the development and promotion of export products and the provision of services to the export sector

In 2007, EDIF activities continued gearing towards enhancement of non-traditional exports. To actualize this, the fund approved and disbursed facilities to 55 companies/enterprise and institutions operating in various sectors of the economic. The facilities amounted to thirteen Million and Eight Hundred Thousand GH¢ (GH¢13,800,000) for Credit; and Export Development and Promotion activities.

The Committee noted with satisfaction that, the assistance EDIF provides to the export sector has significantly contributed to increased earnings from about \$400,000,000.00 in 2002 to a present earnings of about \$896,000,000.

In 2008, the fund managers hope to step up its disbursement to about GH39 Million to businesses operating in various sectors of the economy with priority to Research and Development, Agro processing, Rural Industrialization, Agricultural Production and infrastructural support for export.

However, members were concerned about frustrations business entities encounter in accessing the fund.

The Committee therefore, urges the fund managers to make the criteria for accessing both facilities transparent. The Committee would also encourage EDIF to spread its activities across the country to assume a national character.

9.5 GHANA EXPORT PROMOTION COUNCIL

It was also observed that, the Ghana Export Promotion Council (GEPC) facilitated the participation of 25 companies and four (4) product associations in the under-mentioned trade events in year 2007

- i) Ghana-South Africa Investment Forum held in Midrand, South Africa
- ii) California, Gift Show held in Los Angeles, United States
- iii) The Product launch for Horticultural product took place in Dubai; and
- iv) The Ghana @ 50 Product launched in South Africa

The records of the council indicated that revenues from the non-traditional export sector increased from US\$605.2 million to US\$795.0 from January to September 2007, depicting an increased of 31.3%.

The Committee is suggesting that, the Council should come up with well-coordinated programmes with other related agencies to enable them facilitate increase in the volume of non-traditional exports, which will generate more foreign exchange earnings for the country.

9.6 NATIONAL BOARD FOR SMALL SCALE INDUSTRIES

The National Board for Small Scale Industries (NBSSI) established 8 Additional Business Advisory Centers in the districts capitals listed below:

- a) New Abirem, b) Nsawkaw, c) Dumbai, d) Bole Goaso, e) Gwollu, f) Kadjebi and g) Saltpond.

The establishment of these centers is to make business support service easily accessible to rural entrepreneurs. The Board also accomplished the following activities:

- i) 197 Business improvement programme organized for 6,410 entrepreneurs
- ii) 100 Micro and small entrepreneurs (MSE's) were supported to participate in international and national affairs

As a result of the activities of the Board five hundred (500) new businesses were established, 750 additional employment were generated and 1,500 businesses were also incorporate into the formal sector.

In 2008, NBSSI will establish 14 additional business advisory centers in the following districts: Wechiau, Funsi, Tongo, Sawla, Bimbilla, Wulensi, Komenda, Apam, Winneba, Kade, Kwabeng, Kpeve, Kpetoe, and Akatsi; and support 200 entrepreneurs with funds to start and expand their businesses, 200 business improvement programmes for 6000 entrepreneurs would also be organized by the Board.

The Committee was not happy with the criteria for the selection of entrepreneurs for the programmes. It is the opinion of the Committee that the Board should come up with the criteria for selection of entrepreneurs and districts. Adequate resources are also needed to support the micro-finance scheme and the training of personnel to manage the Business Advisory centers in various districts.

9.7 GHANA TRADE FAIR COMPANY

The Ghana Trade Fair Company Limited is a self financing entity. However, the Committee realized that infrastructure at the company is getting dilapidated and obsolete. There is the need to rehabilitate the place into a modern multi purpose business facility which will attract both international and domestic clients.

The Committee is concerned about the fact that compensation has not been paid to land owners. The end result is that, private investors cannot take over the running of the place because of the fear of anticipated costly litigations. Therefore, the Committee recommends that the government should speed up the process of legally acquisition of the land on which the center is situated. An appeal is being made to the Minister of Finance to make a separate allocation to the Ghana Trade Fair Company towards compensation payment to the land owners.

9.8 GRATIS

The Committee observed that GRATIS provided training for 850 people in various employable skills and income generation activities in year 2007.

One thousand people, including women and youth groupings would be trained in employable and income generation skills in year 2008.

With the retooling the GRATIS Foundation in 2008, the outfit is expected to produce 20 pieces of 6 ton per hour Oil Expeller; 100 pieces of Hatchery incubators; 50 pieces of Gari Processing machines and 50 pieces of Shea Butter Extraction Machines among others. These machines are expected to promote small scale businesses which would engender poverty reduction in the rural areas.

For these activities, an amount of **1,110,000.00 GH¢** has been allocated from GOG to GRATIS in 2008. However, the Committee was not happy with the allocations for Service activities which showed a variance of 47% compared to budgetary request for 2008.

The Committee recommends that since the activities of GRATIS are basically geared towards poverty reduction, releases of its allocations must be adequate and prompt.

9.9 ECONOMIC PARTNERSHIP AGREEMENT (EPA)

Ghana together with other West African countries is negotiating an EPA with the European Union (EU), this is to replace the existing non-reciprocal Cotonou Trade Regime. The current regime is being implemented under a waiver which expires on 31st December 2007. However, it has being acknowledged by both parties, that, reaching an

agreement is not possible before the expiring date given the quantum of work which remains to be accomplished, coupled with the detrimental effect a non-agreement would have on especially, non- traditional exports. The Committee recommends government to expedite action on an interim trade arrangement to avoid derailment of the economy, when the waiver expires on 31st December 2007.

9.10 Mr. Speaker, for several years, various policies and interventions have been embarked on by MDAs and NGOs to alleviate poverty in especially rural areas, but these interventions have not had the requisite impact on the poverty situation in the country. In some areas, incidences of poverty are on the increase.

The Committee is of the view that, the interventions do not seem to be coordinated. A more centralized system where all interventions from MDAs and NGOs are coordinated to the districts is recommended.

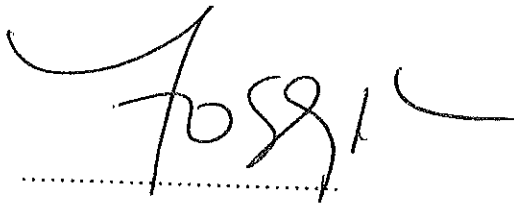
In the view of the Committee this will avoid waste, duplication of efforts and over concentration of interventions in certain areas.

Furthermore, the Committee is calling for the institutionalization of **bi-annual real impact assessment** of all government policies and projects to ascertain their sustainability and viability.

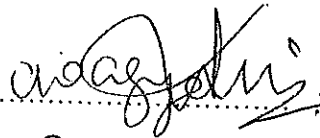
10.0 CONCLUSION

The Committee after critically analysing the budgets and the 2008 Estimates of the Ministry, Departments and its Agencies, recommends that the House approves the sum of Sixty Million fifteen thousand eight hundred and twelve GH¢ (GH¢60,015,812,000) for the activities of the Ministry of Trade, Industry, PSI & PSD for the 2008 financial year.

Respectfully submitted.



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Hon. J.B Danquah
Chairman, Committee on
Trade, Industry & Tourism



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Akua Owusu-Agyekum (Mrs.)
Clerk to the Committee