

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

REPORT OF THE FINANCE COMMITTEE ON THE  
SUPPLEMENTARY ESTIMATES FOR THE YEAR 2007

**1.0 INTRODUCTION**

The Supplementary Estimates for year 2007 was laid in the House on Wednesday, 25<sup>th</sup> July 2007 and referred to the Finance Committee for consideration and report in accordance with Article 181 of the Constitution and the Standing Orders of the House.

To consider the document the Committee met with the Minister for Finance & Economic Planning, Hon. Kwadwo Baah-Wiredu, and the two Deputy Ministers of Finance & Economic Planning, Hon. Prof. G. Gyan-Baffour and Hon. Dr. A. Akoto Osei as well as officials from the Ministry of Finance & Economic Planning and reports as follows:

**2.0 REFERENCES**

The Committee availed itself of the following documents in its deliberations:

- The 1992 Constitution
- The Budget Statement and Economic Policy for 2007
- Standing Orders
- The Loans Act 1970, Act 335
- Supplementary Estimates for the Year 2007

**2.0 PURPOSE**

The purpose of this Supplementary Estimates is to seek Parliamentary approval to commit an amount of **₵8,273,865 million (GH₵827,386,500)** to primarily address the energy situation but for

which the amount of moneys approved under the 2007 Appropriation Act have been found to be grossly insufficient.

### **3.0 OBSERVATIONS**

The Committee observed that the moneys for which authorization to spend are being sought would be obtained as follows:

- that a total amount of **¢7,030.4 billion (GH¢703,039,100)** be allocated to the Ministry of Energy for their activities aimed at ensuring reliable and sustainable supply of power in the country;
- that additional amount of **¢305.7 billion (GH¢30,571,230)** be allocated to Ministry of Transportation for the financing of various road infrastructure projects;
- a total amount of **¢937.8 billion (GH¢93,776,170)** has been allocated for other expenditures made up of international obligations, rehabilitation of Kumasi, Takoradi and Tamale airports and hosting of CAN 2008 among others.

The Committee was informed that the total amount of **¢333,759.3million** allocated to the Ministry of Energy will be used to finance various investment activities of the Volta River Authority (VRA) and the Electricity Company of Ghana (ECG); including an upfront commitment by the Government of Ghana for the Construction of the Bui Hydro Dam and the purchase of shares in TAQA.

The Committee was further informed that the upfront payment of **¢560,940million (US\$60 million equivalent)** for the Bui Hydro Dam is Government's commitment towards the implementation of the 400 MW project. This project would be funded by both government of Ghana contribution and a mixed credit facility from the Chinese Government.

The Minister explained to the Committee that a number of emergency power plants have been installed to ameliorate the current energy situation. However for these plants to run effectively there is the need to purchase crude oil and gas to run them. Due to this a total amount of **¢2,870,143 million (GH¢287,014,300)** has been allocated in the Supplementary Estimates as a Reserve Fund to support the purchase of crude oil.

The Deputy Minister for Finance & Economic Planning, Hon Dr. Akoto Osei informed the Committee that an amount of **GH¢13,556,050** has been allocated for the proposed Nsawam-Apedwa dual carriage road.

The Committee was informed that an amount of **¢95.4 billion (GH¢9,535,980)** has been allocated to pay for outstanding bills for the preparation and the hosting of the 9<sup>th</sup> African Union (AU Summit and the African Growth and Opportunities Act (AGOA) Conference this year.

The Committee was further informed that Ghana will be the resident country for the headquarters of the West African Central Bank (WACB) in year 2009. Therefore an amount of **¢65.4 billion (GH¢6,544,300 million)** is being proposed for the construction of a headquarters building for the Central Bank.

The Committee observed that in support of its international obligations in United Nations (UN) Peace Keeping operations, the Ministry of Defence be allocated an amount of **¢119.8 billion (GH¢11,979,920)**.

The Deputy Minister for finance and Economic Planning, Hon Dr. Akoto Osei informed the Committee that most of the Loan Agreements approved by the House for CAN 2008 were for construction and rehabilitation of the various the stadia. However additional works such as the rehabilitation of the Takoradi, Kumasi, and Tamale Airports would have to undertaken as part of the preparations for the tournament. This is because the Airports are in deplorable state and therefore there is the need to rehabilitate them before the Games. Due to this an amount of **¢373,960 million**

**(GH¢ 37,396, 000)** be allocated to the Ministry of Aviation for the funding of these activities.

**Attached is Appendix 1 for details of the expenditure items.**

The Minister for Finance & Economic Planning informed the Committee that Government has the intention of seeking funds for this supplementary budget from two sources namely the international capital market borrowing and domestically from divestiture receipts & additional non-tax revenue. The domestic inflows will mainly be from the divestiture of Ghana Telecom and Westel. He assured the Committee that the sale of shares of these two institutions is on course and an amount of GH¢4,674,500 are expected from the proceeds. Under non tax revenue, a total amount of GH¢93,490 is expected from the proceeds of Ghana @ 50 souvenirs and CAN 2008 advance tickets.

The Minister informed the Committee that Government is now pursuing the intention of accessing funds from the International Capital Markets through the issue of sovereign bonds. He said plans in this area are far advanced and it is expected that issues would be effected during the third quarter of this year. A total of US\$750 million is expected to be borrowed from these Markets. However for this year only US\$375 million will be utilized to finance specific projects in energy and the road sector. Due to this, an amount of **GH¢3,272,150** has been allocated for expenses related to capital market borrowing.

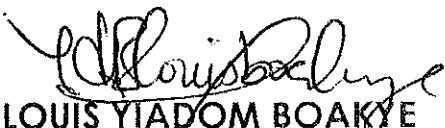
The Committee observed that the Estimates are first and foremost geared toward the provision of immediate and short term facilities as well as for capital investment for the generation, transmission and distribution of power by ECG and VRA over the medium term. Nonetheless further adjustments have been made to include additional costs arising as a result of our international obligations such as the UN peacekeeping and the hosting of CAN 2008

#### 4.0 CONCLUSION

The Committee recommends that the House respectfully adopts this report and approve by Resolution, the sum of **₵8,273,865 million (GH₵827,386,500)** as Supplementary Budget for 2007 financial year for the purpose of meeting expenditure to carry out Government's services in accordance with Article 179(8) of the Constitution.

Respectfully submitted.

  
HON. NII ADU DAKU MANTE  
CHAIRMAN, FINANCE COMMITTEE

  
LOUIS YIADOM BOAKYE  
FOR CLERK, FINANCE COMMITTEE

26<sup>TH</sup> JULY 2007

APPENDIX 1

**SUPPLEMENTARY ESTIMATES FOR 2007 (million Cedis)**

PROJECTED ADDITIONAL RECEIPTS	AMOUNT (million cedis)	PROJECTED ADDITIONAL PAYMENTS	AMOUNT (million cedis)
<b>Total</b>	<b>8,273,865</b>	<b>Total</b>	<b>8,273,865</b>
Non-Tax Revenue	93,490	Capital Market Funding	3,505,875
Ghana @ 50 (US\$5m)	46,745	Investment for VRA (US\$202m)	1,888,498
CAN 2008 (US\$5m)	46,745	Investment for ECG (US\$65m)	607,685
Divestiture(US\$500m)	4,674,500	Upfront payment for Bui Dam (US\$60m)	560,940
Capital Market Borrowing(US\$375m)	3,505,875	Roads (US\$12.7m)	135,561
		Purchase of shares in TAQA (US\$30m)	280,470
		Fees and expenses related to Capital Market Borrowing	32,722
		Divestiture and Non-Tax Funding	4,767,990
		CAN 2008(US\$25m)	233,650
		AU & AGOA Meetings(US\$10.2m)	95,360
		Subsidies to VRA (for VALCO & NED) (US\$19m)	177,574
		Reserve Fund	2,870,143
		Purchase of crude oil for VRA (US\$112m)	1,047,088
		Purchase of crude oil for emergency plant (US\$150m)	1,402,350
		Escrow for the purchase of gas from WAGP	420,705
		Investment for VRA (US\$40m)	373,960
		Investment for ECG (US\$29m)	271,121
		Roads (US\$20m)	186,980
		Ministry of Defence UN Peacekeeping (US\$12.81m)	119,799
		Building for West African Central Bank (US\$7m)	65,443
		Rehabilitation of Kumasi, Takoradi & Tamale airports (US\$40m)	373,960

## SUPPLEMENTARY ESTIMATES FOR 2007 (Ghana Cedis)

PROJECTED ADDITIONAL RECEIPTS	AMOUNT (Ghana cedis)	PROJECTED ADDITIONAL PAYMENTS	AMOUNT (Ghana cedis)
<b>Total</b>	<b>827,386,500</b>	<b>Total</b>	<b>827,386,500</b>
<b>Non-Tax Revenue</b>	<b>9,349,000</b>	<b>Capital Market Funding</b>	<b>350,587,500</b>
Ghana @ 50 (US\$5m)	4,674,500	Investment for VRA (US\$202m)	188,849,800
CAN 2008 (US\$5m)	4,674,500	Investment for ECG (US\$65m)	60,768,500
<b>Divestiture(US\$500m)</b>	<b>467,450,000</b>	Upfront payment for Bui Dam (US\$60m)	56,094,000
<b>Capital Market Borrowing(US\$375m)</b>	<b>350,587,500</b>	Roads (US\$12.7m)	13,556,050
		Purchase of shares in TAQA (US\$30m)	28,047,000
		Fees and expenses related to Capital Market Borrowing	3,272,150
		<b>Divestiture and Non-Tax Funding</b>	<b>476,799,000</b>
		CAN 2008(US\$25m)	23,365,000
		AU & AGOA Meetings(US\$10.2m)	9,535,980
		Subsidies to VRA (for VALCO & NED) (US\$19m)	17,757,400
		Reserve Fund	287,014,300
		Purchase of crude oil for VRA (US\$112m)	104,708,800
		Purchase of crude oil for emergency plant (US\$150m)	140,235,000
		Escrow for the purchase of gas from WAGP	42,070,500
		Investment for VRA (US\$40m)	37,396,000
		Investment for ECG (US\$29m)	27,112,100
		Roads (US\$20m)	18,698,000
		Ministry of Defence UN Peacekeeping (US\$12.81m)	11,979,920
		Building for West African Central Bank (US\$7m)	6,544,300
		Rehabilitation of Kumasi, Takoradi & Tamale airports (US\$40m)	37,396,000