

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

# REPORT OF THE FINANCE COMMITTEE ON THE NORTHERN DEVELOPMENT FUND BILL

## 1.0 INTRODUCTION

The Northern Development Fund Bill was presented and *read the first time* in the House on Thursday 16<sup>th</sup> October, 2008 and subsequently *referred* to the Finance Committee for consideration and report in the accordance with the Constitution and Standing Orders of the House.

To consider the Bill, the Committee met with the Minister of State at the Ministry of Finance and Economic Planning, Hon. Dr. Anthony Akoto Osei, Deputy Minister of Finance and economic Planning, Hon. Professor George Gyan-Baffour, officials from the Ministry of Finance and Economic Planning and consultants on the Northern Development Fund Project and hereby submits this report.

## 2.0 BACKGROUND

The State is enjoined in the directive principle of state policy under article 36(2) of the 1992 Constitution to take the necessary steps to establish a sound and healthy economy through the undertaking of an even and balanced development of

all regions and improvement of conditions of life in the rural areas.

Furthermore, imbalances in the development between the rural and urban areas should be addressed to ensure balanced development.

Slow growth in the Northern sector has delayed and reduced Ghana's achievement of the Millennium Development Goals and middle income status. It is necessary to create a growth pole linking Northern Ghana and neighboring sahelian countries to contribute to the overall development of Ghana.

It is predicted that with the global climatic change, the frequency of droughts and sporadic floods in the North will increase. Such persistent climate change phenomenon is already affecting the re-charge of Ghana's water bodies, while causing destruction of lives and livelihoods in most parts of the north.

Honourable Members would recall that the Budget and Economic Policy Statement of Government for the year 2008 made a provision of a seed money of *twenty five million Ghana Cedis* (GH¢25,000,000.00) for the establishment of a Northern Development Fund to address the development gap and help alleviate the chronic poverty in the North.

### **3.0 PURPOSE OF THE BILL**

The purpose of the Bill is to establish a Northern Development Fund to provide additional resources to support accelerated economic growth and sustainable development in the North.

### **4.0 CONTENTS OF THE BILL**

The Bill contains a total of twenty-seven (27) clauses.

*Clauses 1 - 4* deal with the establishment of the fund. They provide for the objects of the Fund and its relationship with the Northern Development Strategy. The strategy is Government's approved policy to develop the Upper East, Upper East and Northern Regions.

*Clauses 5 -14* cover issues concerning management of the Fund. A Board of Trustees is established for the management of the Fund and the attendant initiatives of the Northern Development Strategy. Membership of the Board is outlined to include the designated members of the National Development Planning Commission from the three northern regions. Other matter provided for include functions of the Board, tenure of office of members, meetings, disclosure of interest, among other things.

*Clauses 15 to 25* deal with administrative and financial matters. These include the appointment of an Executive Director of the Fund and the functions of his office. They also provide for the secretariat of the Board which is to be located in the north. Other matters covered in these clauses include expenses of the Board, internally generated funds, tax exemption, accounts and audit, and annual reports.

Clause 26 provides for the Minister responsible for Finance, on the advice of the Board, to make regulations by legislative instrument for the effective implementation of the Act, when passed.

Clause 27 provides interpretation of the key terms used in the Bill.

## 5.0 OBSERVATIONS

The Committee observed that the Fund being created is not meant to be a substitute for existing and traditional government funding towards the three Northern regions.

The technical team informed the Committee that in formulating the Bill, wide ranging consultations were held with civil society organizations, faith based organizations, and individual members of the public including Northerners who live in the south.

Again, Chiefs and traditional authorities of the North were engaged to review the strategic proposals prior to the finalization of the Bill.

The Committee noted that the intent of the Northern Development Strategy is to reduce poverty in the three Northern Regions to about 20% within 15 years.

The Committee observed that the components of the Strategy include:

- Community-driven development actions, focusing on small-holder agriculture and off-farm investments to create opportunities for the poor
- Private sector development to stimulate investments in the north and compliment on-going productive investments in the south
- Funding to implement strategic infrastructure in roads, energy and water resources
- Flood mitigation and environmental renewal investments
- Food, livelihood security and peace initiatives; and
- Institutional capacity building to make institutions deliver effectively on their mandate.

As part of measures to comprehensively develop the North, two new hydro electricity dams would be built in the North to ensure adequate, consistent and reliable power supply to that part of the country. Negotiations are currently ongoing to raise an amount US\$500 million from Brazil to undertake this project as part of the overall strategy.

## **6.0 AMENDMENTS PROPOSED**

After extensive deliberations on the Bill, the Committee proposes the following amendments to the Bill:

- i. **Clause 2 - Amendment Proposed** - Sub-clause (1) line 2, *delete* "three northern regions" and *insert* "north"
- ii. **Clause 2 - Amendment Proposed** - Sub-clause (2)(a) line 1, after "potentials" *insert* "in the north and"
- iii. **Clause 4 - Amendment Proposed** - Sub-clause (3) line 2, *delete* "fifteen days" and *insert* "the next working day"
- iv. **Clause 6 - Amendment Proposed** - Sub-clause (1)(a) *delete* "who is an eminent person"
- v. **Clause 6 - Amendment Proposed** - Sub-clause (1)(d), *add* a new paragraph as follows:  
"(Viii) law"
- vi. **Clause 8 - Amendment Proposed** - Sub-clause (2), at end *add* "and those members appointed under section 6(1)(c)"
- vii. **Clause 9 - Amendment Proposed** - Sub-clause (3) line 1, *delete* "three" and *insert* "five" and after "members" *delete* all words.

- viii. **Clause 12 - Amendment Proposed - Sub-clause (2)(e),** delete and *insert* the following:  
    "(e) two persons from each region of the north, representing District Assemblies in that region, one of whom is a Presiding Member and the other a District Chief Executive nominated by the regional grouping of District Assemblies"
- ix. **Clause 12 - Amendment Proposed - Sub-clause (2)(f),** delete "two" and *insert* "three"
- x. **Clause 12 - Amendment Proposed - Sub-clause (2)(g) line 2,** after "member" *insert* "as and when required"
- xi. **Clause 12 - Amendment Proposed - Sub-clause (2),** add a new paragraph as follows:  
    "(i) three persons from the north representing elected Members of Parliament, selected by the Northern Parliamentary Caucus and reflecting majority and minority representations on the caucus."
- xii. **Clause 12 - Amendment Proposed - Sub-clause (3) line 2,** delete "thirty" and *insert* "thirty-one"
- xiii. **Clause 22 - Amendment Proposed - line 3,** after "Minister" delete "of Finance"

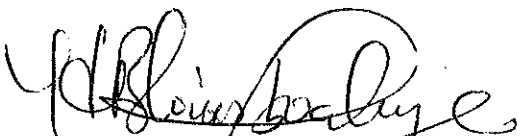
## **7.0 CONCLUSION**

The Committee's examination of the Bill has established that the Bill will help to provide additional funds needed to accelerate the economic development of the three northern regions of the country.

The Committee therefore recommends to the House to adopt this report and PASS the Northern Development Fund Bill subject to the amendments proposed.

Respectfully submitted.

  
HON. NII ADU DAKU MANTE  
CHAIRMAN

  
LOUIS YIADOM BOAKYE  
FOR CLERK, FINANCE COMMITTEE  
22<sup>ND</sup> OCTOBER, 2008