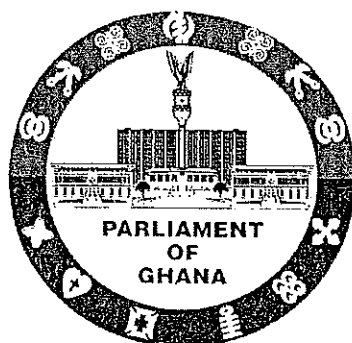


PARLIAMENT OF GHANA LIBRARY



# **REPORT OF THE AD HOC COMMITTEE**

## **ON THE**

## **MOTION OF CENSURE AGAINST THE**

## **HON MINISTER FOR FINANCE MR KEN OFORI-ATTA**

23<sup>RD</sup> NOVEMBER 2022

**REPORT OF THE AD HOC COMMITTEE ON THE MOTION OF  
CENSURE AGAINST THE HON MINISTER RESPONSIBLE FOR  
FINANCE, MR KEN OFORI-ATTA**

**INTRODUCTION**

1. The Parliament of Ghana, at its Eleventh Sitting, held on Thursday, 10th November 2022, considered a Motion moved by the Hon Minority Leader, Mr Haruna Iddrisu and seconded by the Hon Minority Chief Whip, Alhaji Mohammed-Mubarak Muntaka, calling on the House to pass a vote of censure on the Hon Minister responsible for Finance, Mr Ken Ofori-Atta pursuant to Article 82 of the 1992 Constitution.
2. In accordance with Order 106(1) of the Standing Orders of Parliament, the Rt Hon Speaker referred the Motion to an Ad Hoc Committee for consideration and report.
3. The purpose of the referral, as stated by the Rt Hon Speaker, is to provide a forum for the Hon Minister for Finance, who is the subject matter of the censure motion, to defend himself in accordance with Article 82(4) of the 1992 Constitution. Article 82 (4) of the Constitution reads as follows:

*“A Minister of State in respect of whom a vote of censure is debated under clause (3) of this article is entitled, during the debate, to be heard in his defence.”*

4. In making the reference, the Rt Hon Speaker stated, *“Let me assure all of you that the Hon Minister for Finance will be given ample opportunity to defend himself...the matter would be referred to an Ad Hoc Committee to investigate, where the Hon Minister would have the ample opportunity to defend himself...the evidence would be placed before the Committee. The Hon Minister would have the opportunity to defend himself. A report would be presented to the House, and we would debate that Report”* (Parliamentary Debates, 10th November 2022, Col.141-142).
5. He further stated that *“the witness can come with a Counsel. We want the person to be heard properly, and I do not think that it can be done here. All that you have stated here are allegations. When you appear before the Committee, you will now produce*

*evidence, and the Hon Minister will counter” (Parliamentary Debates, 10<sup>th</sup> November 2022, Col. 165-166).*

6. The Committee was given one week to present its report to the House.

## **TERMS OF THE MOTION**

7. The grounds of the Motion moved by the Hon Minority Leader and seconded by Hon Minority Chief Whip are as follows:

That this Honourable House passes a vote of censure on the Minister responsible for Finance, Mr Ken Ofori-Atta, in accordance with Article 82 of the 1992 Constitution on the following grounds:

- i. Despicable conflict of interest ensuring that he directly benefits from Ghana’s economic woes as his companies receive commission and other unethical contractual advantage, particularly from Ghana’s debt overhang.
- ii. Unconstitutional withdrawals from the Consolidated Fund in blatant contravention of article 178 of the 1992 Constitution supposedly for the construction of the President’s Cathedral.
- iii. Illegal payment of oil revenues into offshore accounts in flagrant violation of Article 176 of the Constitution.
- iv. Deliberate and dishonest misreporting of economic data to Parliament.
- v. Fiscal recklessness leading to the crash of the Ghana Cedi which is currently the worst performing currency in the world.
- vi. Alarming incompetence and frightening ineptitude resulting in the collapse of the Ghanaian economy and an excruciating cost of living crisis; and
- vii. Gross mismanagement of the Ghanaian economy which has occasioned untold and unprecedented hardship.

## **MEMBERSHIP OF THE COMMITTEE**

8. The membership of the Committee is as follows:

- i. Hon Kobina Tahir Hammond - Co-Chair

- ii. Hon Dominic Akuritinga Ayine (Dr) - Co-Chair
- iii. Hon Patrick Yaw Boamah - Member
- iv. Hon Kwame Anyimadu-Antwi - Member
- v. Hon Andrew Kofi Egyapa Mercer - Member
- vi. Hon Samuel Okudzeto Ablakwa - Member
- vii. Hon Zanetor Agyeman-Rawlings - Member
- viii. Hon Bernard Ahiafor - Member

9. Mr Camillo Pwamang is the Clerk to the Committee and assisted by Dr Ernest Darfour, a Senior Assistant Clerk. The Secretariat provided essential administrative, logistical and research assistance to the Committee in arranging and managing hearing sessions and also prepared materials for consideration by the Committee.

## METHODOLOGY

- 10. At its first sitting, the Committee made decisions about the procedure to use to regulate its deliberations. The Committee was mindful that it is a Committee of Parliament and, as a result, was bound by the provisions of Order 200(1) of the Standing Orders of Parliament.
- 11. The Committee is a fact-finding Committee, and even though the Standing Orders of Parliament give Committees of Parliament, including Ad Hoc Committees, powers of a High Court in certain circumstances, this Committee did not conduct a trial in the nature of a court trial. There were no accused persons before the Committee, and neither were there plaintiffs nor defendants. All the persons who appeared before the Committee were witnesses called to assist the Committee with evidence in support of or against the grounds of the Motion and affording the Minister an opportunity to be heard on the grounds.
- 12. The Committee noted that the grounds on which the Motion is based have elements of criminal, civil and political considerations. As a result, the Committee decided that there must be some evidential basis for the grounds that were contained in the Motion. The grounds of the Motion constituted allegations, which formed the basis of the debate on the Floor on the day the Motion was moved.

13. The Committee accordingly decided that it would allow the Proponents of the Motion to adduce evidence and provide specific details or particulars on each of the grounds contained in the Motion.

14. After the Proponents have adduced their evidence, the Hon Minister for Finance, the subject of the Motion represented by his lawyers was allowed to be heard in his defence in accordance with Article 82 (4) of the 1992 Constitution.

15. It is on the basis of the above that the Committee conducted proceedings, bearing in mind the admonition contained in the Standing Orders restraining Committees of Parliament from straying out of their mandate. In this regard, Order 197, among other things, provides as follows:

*“The deliberations of the Committee shall be confined to the matter referred to it by the House and any extension or limitations to it made by the House...”*

#### PROCEEDINGS OF THE COMMITTEE

16. Thus, in the conduct of its proceedings, the Committee:

- i. Examined material evidence tendered;
- ii. Invited the Proponents of the Motion to State their case, with the principal subject of the Motion, the Minister for Finance and his Counsel in attendance;
- iii. Transmitted the verbatim transcript of the proceedings together with all documents tendered to the Minister to aid in the preparation of his defence;
- iv. Invited two institutions, the Public Interest and Accountability Committee (PIAC) and Ghana National Petroleum Corporation (GNPC) to either corroborate or deny part of the evidence before the Committee;
- v. Took oral evidence from the Minister for Finance, the principal subject of the Motion, aided by his Counsel in answer to the terms of the Motion and the evidence adduced; and.
- vi. Examined written and oral evidence adduced by the witnesses.

## MATERIALS/EVIDENCE TENDERED BEFORE THE COMMITTEE

17. The list of documents and other evidence tendered/or relied on by the witnesses is attached as **Appendix I**.

## PUBLIC HEARING

18. The Committee, pursuant to Order 197 of the Standing Orders, held its Sittings in public since the matter was of public importance. The public hearing sessions of the Committee were held on 15<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> of November 2022. The Committee took oral evidence from five (5) witnesses during these sessions, namely:

- |      |                                 |   |                                |
|------|---------------------------------|---|--------------------------------|
| i.   | Hon. Haruna Iddrisu             | - | Min. Leader & MP, Tamale South |
| ii.  | Hon. Dr Cassiel Ato Baah Forson | - | MP for Ajumako/Enyan/Essiam    |
| iii. | Mr Nasir Alfa Mohammed          | - | Vice Chairman, PIAC            |
| iv.  | Mr Joseph Dadzie                | - | Dep. Chief Executive, GNPC     |
| v.   | Hon. Ken Ofori-Atta             | - | Minister for Finance           |

19. All the witnesses were examined on oath and were offered the opportunity to be legally represented.

## REQUEST FOR PARTICULARS OF ALLEGATIONS CONTAINED IN THE MOTION

20. In a letter dated 15<sup>th</sup> November 2022, the Hon Minister requested full particulars of the facts in support of each of the allegations, and the relevant documents or evidence in support of the allegations. The respondent made the request in the exercise of his right to a fair hearing guaranteed by the Constitution.

21. The Committee considered the request and noted that even though the request was legitimate, it was impracticable in the light of the time granted the Committee to report to Parliament. In the circumstance and in the interest of fair hearing and justice, it was agreed with Counsel for the Minister, that the verbatim transcript of the proceedings relating to the submissions by the Proponents be made available to the Minister instead of formal particulars for each of the grounds contained in the Motion since it was not

a trial. The list of documents and materials that the Proponents of the Motion relied on were also made available to the Hon Minister.

## EVIDENCE ADDUCED

22. The Committee herein submits a summary of the evidence adduced by the Proponents and the responses of the Minister in defence to each of the grounds. These are considered seriatim. The Committee requested for a written submission from the Minister in response to the grounds and same is attached as **Appendix II**.

## GROUND ONE

**Despicable Conflict of Interest Ensuring that he Directly Benefits from Ghana's Economic Woes as his Companies Receive Commissions and other Unethical Contractual Advantage, Particularly, from Ghana's Debt Overhang.**

23. The Proponents of the Motion argued under Ground One that the Hon Minister for Finance had placed himself in a position of conflict in the performance of his functions.

24. They noted that the Hon Minister benefited directly and indirectly from Ghana's debt overhang and that companies associated with the Minister received commissions and other payments in relation to the issuance of Government Bonds. The Proponents tendered in evidence the Official Report of Parliament, Vol. 115, No16 of 22<sup>nd</sup> June 2022 in support of their argument. This was the evidence of Mr Haruna Iddrisu on Tuesday, 15<sup>th</sup> November 2022:

*"Mr Chairman, if you would permit me, on 22<sup>nd</sup> June, 2022, the Hon Minister appeared and gave us evidence that Databank benefitted 150 million between 2017 and 2021 from bonds issued and from borrowing"*

25. The Proponent stated that the 1992 Constitution abhors conflict of interest and Article 103(3) vests parliamentary committees with the power to investigate or inquire into the activities and administration of ministries, departments and other agencies.

26. According to Mr. Iddrisu, the Committee is empowered to investigate the activities of the Ministry of Finance in the issuance of the Government of Ghana bonds. The

Proponent, Mr. Haruna Iddrisu said, *“So, we must be interested in who issued bonds, bondholders, who got what, when and where? These are all questions we must answer to satisfy ourselves that there is no conflict of interest that engenders corruption”*.  
(Verbatim Report of the Proceedings of Tuesday, 15<sup>th</sup> November 2022 at page 119)

### **Objection to the Ground**

27. The Hon Minister in response, objected to Ground One on the basis that the Committee lacked jurisdiction to deal with matters relating to conflict of interest by a public officer and that the proper forum for such matters is the Commission on Human Rights and Administrative Justice (CHRAJ).

28. The Hon Minister cited Articles 284 and 287 of the Constitution to support his objection. Article 284 provides as follows:

*“A public officer shall not put himself in a position where his personal interest conflicts or is likely to conflict with the performance of the functions of the office.”*

29. Article 287 also states as follows:

*“An allegation that a public officer has contravened or has not complied with the provisions of this chapter shall be made to the Commission on Human Rights and Administrative Justice and shall, in the case of the Commissioner on Human Rights and Administrative Justice, to the Chief Justice who shall, unless the person concerned makes a written admission of the contravention or non-compliance, cause the matter to be investigated”*.

30. The Hon Minister further cited the decision of the Supreme Court in **Okudzeto Ablakwa and Another (No.2) v The Attorney-General and Another (No.2) [2012] 2SCGLR, 845** where Brobbey JSC held as follows:

*“the complaint of conflict of interest made by the plaintiffs against public officers or the officials of the Lands Commission and those of the Ministry of Water Resources, Works and Housing would be dismissed because specific remedy has been provided under article 287 of the 1992 Constitution which required complains of conflict of interest against public officers to be*



*exclusively investigated by the Commissioner for Human Rights and Administrative Justice and in the case of a complaint against the Commissioner for Human Rights and Administrative Justice, by the Chief Justice”.*

31. The Hon Minister submitted that CHRAJ had investigated allegations of conflict of interest against the Minister **In the Matter of Yaw Brogya Gyenfi v Ken Ofori-Atta** and ruled in his favour and that the decision was affirmed by the Supreme Court.

32. The submissions by Counsel for the Hon. Minister, Mr. Gabby Otchere-Darko, as captured in page 122 of the Verbatim Report on the Sitting of the Committee held on Tuesday, 15th November 2022 are as follows:

*“Like you said, to go back to the point, the Minister for Finance has gone before CHRAJ, where CHRAJ investigated an allegation of conflict of interest and ruled in his favour. Even when this matter was challenged, he went as far as to the Supreme Court. He is not afraid to deal with any matter of conflict of interest, in fact, he is more than competent and capable and he believes that”.*

33. Counsel for the Minister further argued:

*“I think this Committee should take full knowledge and cognisance of the fact that it is a constitutional matter, there is an appropriate forum, and that appropriate forum is CHRAJ not Parliament or a Committee of Parliament”.*

34. The Committee, having regard to the constitutional provisions cited above and the decision of the Supreme Court, and the mandate of the Committee which is to provide a forum or opportunity to the Minister to be heard in defence of the grounds contained in the Motion of Censure, noted the objection raised by the Hon Minister and therefore stayed further consideration on the matter and accordingly reports same to the House.

## **GROUND TWO**

*Unconstitutional Withdrawals from the Consolidated Fund in Blatant Contravention of Article 178 of the 1992 Constitution Supposedly for the Construction of the President’s Cathedral*

35. The Proponents stated that the Minister for Finance, through a warrant dated 29<sup>th</sup> October 2020, had disbursed an amount of Gh¢142,762,500 equivalent of

US\$25,000,000 at an exchange rate of Gh¢5.71 to a dollar as seed money to the National Cathedral Secretariat towards the construction of the President's Cathedral without parliamentary approval and in clear breach of Article 178 of the Constitution.

36. Article 178 of the Constitution states that:

*"(1) No moneys shall be withdrawn from the Consolidated Fund except –*

*(a) to meet expenditure that is charged on that Fund by this Constitution or by an Act of Parliament; or*

*(b) where the issue of those moneys has been authorised –*

*(i) by an Appropriation Act; or*

*(ii) by a supplementary estimate approved by resolution of Parliament passed for the purpose; or*

*(iii) by an Act of Parliament enacted under article 179 of this Constitution; or*

*(iv) by rules or regulations made under an Act of Parliament in respect of trust moneys paid into the Consolidated Fund.*

*(2) No moneys shall be withdrawn from any public fund, other than the Consolidated Fund and the Contingency Fund, unless the issue of those moneys has been authorised by or under the authority of an Act of Parliament."*

37. The Proponents questioned the Finance Minister's mandate in granting a warrant for withdrawal from the Consolidated Fund to meet payment for the construction of the Cathedral. In their view, the disbursement was a blatant contravention of Article 178 of the 1992 Constitution and, therefore, unconstitutional.

38. The Proponents of the Motion stated that they are not against the construction of a National Cathedral if that is the wish of the President of the Republic to honour his God. However, what they are against is the use of public resources for such a project without parliamentary approval.

39. This was the submission of Hon. Haruna Iddrisu:

*"Mr Chairman, we have grounds but I will take just two of it and yield the floor to Dr Ato Forson. I would like to start with the National Cathedral. Ghana is a much respected religious country, where there is co-existence between both*

*Muslims and Christians alike. Nobody is against the President promising and honouring God with the Cathedral for the expression of the Christian faith but when public resources are used for that purpose, it needs us to call into question — I just gave the Clerk to the Committee a warrant signed by the Hon. Minister for Finance for some amount for the Cathedral and that is what you are holding. I would tender it in evidence and say that we are aware that by warrant signed by Hon Ken Ofori-Atta, Minister 29<sup>th</sup> October, 2022 an expenditure of GhC142,762,500.00 was allocated for the construction of the Cathedral." (Verbatim Report on Proceedings of Tuesday, 15<sup>th</sup> November 2022 at pages 29 & 30).*

40. The Proponents further informed the Committee that the National Cathedral project lacks transparency and accountability. According to them, the total cost of the project, procurement, fund raising efforts are all matters that have been shrouded in secrecy.

41. They indicated that although issues relating to the cost of the project had been raised in Parliament, they are yet to receive appropriate responses. The Proponents drew attention of the Committee to the Parliamentary Debates of Wednesday 28<sup>th</sup> November 2018 in which the issue concerning the National Cathedral was raised by Dr Dominic A. Ayine as follows:

*"Mr Speaker, I have reviewed the Budget Statement itself and there is no statement whatsoever which relates to the National Cathedral. In other words, there has been no request for any estimates to be approved by this House for its construction.*

*Mr Speaker, a number of critical questions may be asked at this point in time because the Hon Minister for Finance mentioned it but it is not contained in the Budget Statement. I would want to ask four critical questions about this budget statement. Mr Speaker, the first one is, what is the value of the land to be provided? I am aware that 21 town houses that were built to house our judges would be demolished for purposes of the construction of the National Cathedral. Mr Speaker another critical question is, what is the cost of running the secretariat for the entire duration of the construction of the National Cathedral? That has neither been stated in the statement of the Hon Minister for Finance before the House nor in the Budget Statement. How much is the seed money to be provided by the State and is it stated as a line item in this year's Budget Statement? There is no line item with respect to the construction of the*

*National Cathedral. Mr Speaker, so this is a critical issue of accountability because the Hon Minister for Finance cannot purport on our behalf to make moneys available for the construction of the National Cathedral without the approval of Parliament. That would be against the grain of Article 174 of the Constitution of the Republic of Ghana. If any money is allocated as seed money for the construction of the National Cathedral, that would be unconstitutional.” (Parliamentary Debates, Wednesday 28<sup>th</sup> November 2018, Col. 2893-2894)*

42. On whether Hon Minister for Finance can utilise the Contingency Fund for the construction of the National Cathedral, the witness informed the Committee that he is unaware that the Contingency Fund, in particular, can be used for such a project.
43. According to Dr Forson, the Constitution clearly defines how the Contingency Fund can be used. For the Hon Minister responsible for Finance to be able to use the Contingency Fund, he would need the approval of the Finance Committee of Parliament. He noted that in 2020, the Hon Minister for Finance appeared before Parliament and got approval under the constitutional requirement on the Contingency Fund to fund COVID-19 expenditures. He stated that he was unaware that the Ministry of Finance brought a request before the Finance Committee for approval for expenditures on the National Cathedral.

#### **RESPONSE OF THE MINISTER**

44. In his response to Ground Two, the Minister stated that expenditures in respect of the National Cathedral were made from the Contingency Vote under Other Government Obligations, which Parliament approved in the 2019 Budget.
45. The Minister noted that in the budget preparation process, the practice has been to provide indicative figures that have not been fully costed at the time of the presentation to Parliament, while provision is made for a Contingency Vote to cater for unforeseen expenditures.
46. He indicated that funds were drawn from the Contingency Vote to finance the Black Stars’ participation at the FIFA World Cup in 2014, and the same has been done for

2022. The following were the submissions of the Minister before the Committee on Friday, 18<sup>th</sup> November 2022;

*“Hon Co-chairs, in preparing the Annual Budget, the practice is that provision is made for indicative expenditures that have not been fully costed at the time of the Budget presentation. Provisions are made in the Contingency Vote to cater for such expenditures. For example, in 2014, there was no specific allocation in the 2014 Budget for Ghana’s participation in the FIFA World Cup in Brazil. The Cabinet of President John Mahama in March 2014 at the time approved then, some \$9.622 million for that tournament, including that amount which was flown to Brazil in a private jet for the players. A more current example is Ghana’s participation in Qatar. The Black Stars qualified for the 2022 FIFA World Cup, way after the 2022 Budget was presented on 16<sup>th</sup> November 2021 and was approved by Parliament. No specific amount was thus budgeted for it. But through the Contingency Vote, we have been able to provide funds legitimately for the team to participate in the competition. Expenditures in respect of the National Cathedral were made from the Contingency Vote under Other Government Obligations Vote as has been the practice before my tenure”.* (Verbatim Report on Proceedings of Friday, 18<sup>th</sup> November 2022 at page 13)

47. The Minister stated that the National Cathedral is 100 per cent owned by the State, and it is not the President’s Cathedral as described by the Proponents. The Minister stated that the Attorney-General issued an opinion on 6th January 2022, that the National Cathedral is a state-owned company limited by guarantee under the Ghana Museums and Monuments Board.

48. On the Proponents’ claims about lack of transparency in the project, the Minister stated that the policy direction and updates of the National Cathedral have been publicly presented over the years through Budget presentations in Parliament and other media engagements. The following is the submission of the Minister;

*“Hon Co-chair, the policy direction and updates of the National Cathedral have been publicly presented over the years through the National Budget Statement and Economic Policy presented to Parliament. In paragraph 158 of my Budget speech on the 2019 Budget Statement and Economic Policy announced on the Floor of*

*Parliament, Government's vision for the National Cathedral as well as the commitment to facilitate the construction by providing the land, the Secretariat, and seed money. The subject was part of the policy approval of the Budget after the extensive debate. Subsequently, regular updates on the progress of the construction of the National Cathedral have been provided to Parliament and the Nation. These include 2020 Budget Statement and Economic Policy, paragraph 385, which announced the establishment of the Board of Trustees and Secretariat of the Cathedral. Mid-year review of the 2020 Budget Statement, paragraph 279, which provided an update on the ground-breaking ceremony held on 5<sup>th</sup> March 2020 to mark the formal commencement of the construction phase of the project. Mr Chairman, 2021 Budget Statement and Economic Policy paragraph 113(2) and 113 (4) which informs the House of the letter of intent signed on 25<sup>th</sup> November, 2020, between the National Cathedral of Ghana Trustees and Rebard JV led by Resani Babisotti & Sons De Simone and the appointment of Apostle Prof Opoku Onyina as new Chairman of the Board of Trustees on 8<sup>th</sup> February 2021. The Mid-Year review of the 2021 Budget Statement paragraphs 354 and 355 which announced the expansion of the cathedral project to include a Bible Museum of Africa and Biblical gardens as well as the establishment of the GH¢100.00 a month 'Ketewa biara nsua' club in line with the original plan to encourage as many donors as possible to contribute towards the establishment of this national emolument". (Verbatim Report on Proceedings of Friday, 18<sup>th</sup> November 2022 at pages 14 & 15)*

49. The Hon Minister insisted that all the payments made for the National Cathedral were lawful and from the Contingency Vote under the Other Government Obligations.
50. In response to a question on whether the Minister received parliamentary approval for the withdrawal of monies for the cathedral project, Mr Ofori-Atta stated that "*We certainly did receive Parliamentary approval for whatever we did with our Contingency Vote, and that is what I went through to do that*".
51. The Minister agreed to furnish the Committee with information on total amount spent by Government on the National Cathedral. This was the response of the Minister;

*“Dr Agyeman-Rawlings: Mr Cochairman, am I to take it that I would not be given a response to my question? Because as a House of records, I could mention a figure that I have. Would the Ministry be in a position to corroborate this by providing us with documents afterwards?”*

*Mr Hammond: I think that is a better approach. If you got a document concerning something just like Hon Ablakwa did, and you would want to flash it at him and seek clarification, then we would have no difficulty with that.*

*Dr Agyeman-Rawlings: Based on the total number that I have so far, the amount that the Government of Ghana has spent so far on the Cathedral is GH¢199million. Is that correct? And would the Ministry be in a position to furnish the Committee with the figures to either corroborate or otherwise, the amount of money Government of Ghana has spent on the Cathedral to date?*

*Mr Ofori-Atta: Cochairman, we would be able to do so in due course”.* (Verbatim Report on Proceedings of Friday, 18<sup>th</sup> November 2022 at page 68)

52. The Committee, pursuant to the above agreement, formally requested for the said information and the Minister duly complied. The total amount spent between 2019 and March 2022 was Gh¢339,003,064.86.

### **GROUND THREE**

#### *Illegal Payment of Oil Revenues into Offshore Accounts in Flagrant Violation of Article 176 of the 1992 Constitution*

53. In their testimony before the Committee, the Proponents of the Motion testified that the Hon Minister for Finance made illegal payments of oil revenues into offshore accounts in flagrant violation of Article 176 of the Constitution. As stated by the mover of the Motion *“We are determined that the Minister for Finance, Ken Ofori-Atta, must be subjected to a Vote of Censure. This is because he made illegal payments of oil revenues into offshore accounts in flagrant violation of Article 176 of the 1992 Constitution”* (see page 99 of the Verbatim Report of the Proceedings of the Committee of Tuesday, 15th November 2022).

54. Article 176 of the Constitution provides as follows:

*“(1) There shall be paid into the Consolidated Fund, subject to the provisions of this Article –*

*(a) all revenues or other moneys raised or received for the purposes of, or on behalf of the Government; and*

*(b) any other moneys raised or received in trust for, or on behalf of the Government.*

*(2) The revenues or other moneys referred to in clause (1) of this article shall not include revenues or other moneys –*

*(a) that are payable by or under an Act of Parliament into some other fund established for specific purposes; or*

*(b) that may, by or under an Act of Parliament, be retained by the department of Government that received them for the purposes of defraying the expenses of that department”.*

55. The Proponents referred the Committee to the Public Interest and Accountability Committee (PIAC) Semi-Annual Report on the Management and Use of Petroleum Revenues January – June 2022, to support their submission. According to them, the report noted on page xiv, paragraph 1 of the Executive Summary, as follows:

*“Following the acquisition of 7 per cent interest in the Jubilee and TEN Fields by GNPC in 2021 (later ceded to its subsidiary – JOHL), JOHL made its first lifting (944,164bbls) on the Jubilee Field in H1 2022, amounting to US\$100,748,907.95. This amount was not paid into the PHF.*

***Recommendation***

*PIAC recommends that the proceeds of liftings by JOHL should be paid into the Petroleum Holding Fund (PHF), as the Committee is convinced that the proceeds form part of Ghana’s petroleum revenues”.*

56. The Proponents argued that the proceeds from the sale of the oil liftings by JOHL constitute public funds and therefore in line with Article 176 ought to have been lodged in the Consolidated Fund. This was the submission of the mover of the Motion before the Committee on Tuesday, 15th November 2022:



*“So, for this US\$100 million, the Constitution requires that it is public money, and the fact that it is being gotten from oil revenue, it says that it should be paid into the Consolidated Fund.*

*Now the reason why we are concerned and think that the Hon. Minister for Finance did not act in a manner that is responsible enough is that this money was set aside in the name of Jubilee Holding, which itself has not been captured as a GNPC subsidiary as they report to Parliament. So where is this US\$100 million? It is a breach of Article 176 of the 1992 Constitution”.*

57. The Committee, in its quest to corroborate the testimony of the Proponents, invited PIAC and GNPC to lead evidence in respect of the matter in issue.

#### **Evidence of PIAC**

58. PIAC confirmed that they authored the report referenced by the Proponents and that in their view, the proceeds realised by JOHL from oil liftings should have first been paid into the Petroleum Holding Fund (PHF) and not any other account. PIAC anchored its position on Sections 6 and 7 of the Petroleum Revenue Management Act, 2011 (Act 815) (as amended), which provides as follows:

- “(6) The following shall constitute the gross receipts of the Petroleum Holding Fund:*
- (a) royalties from oil and gas, additional oil entitlements, surface rentals, other receipts from any petroleum operation and from the sale or export of petroleum.*
  - (b) any amount to receive from direct or indirect participation from the Government in petroleum operation*
  - (c) corporate income taxes in cash from upstream and mainstream petroleum companies.*
  - (d) any amount payable by the National Oil Company as cooperative income tax, royalty, dividends or any other amount due in accordance with the laws of Ghana; and*
  - (e) any amount received by Government direct or indirectly from petroleum resources not covered by paragraphs (a) to (d) including where applicable capital gains tax derived from the sale of ownership exploration, development, and production rights.”*

*(7) Revenue due from the direct or indirect participation of the Republic in petroleum operations, including the carried and participating interest, shall be paid into the Petroleum Holding Fund."*

59. This was the evidence of the Vice Chairman who testified on behalf of PIAC, Mr Nasir Alfa Mohammed:

*"Mr Chairman, as we indicated, PIAC took a lot of this into consideration in arriving at this conclusion. Now the portions of the Act, that I referred to; Section 6 and the amended version of Section 7, both indicate clearly that even revenues accruing to the Republic from the direct or indirect participation of the Republic shall, first and foremost, be paid into the Petroleum Holding Fund.*

*Mr Chairman, it is the considered view of the Committee that it matters not that other issues may be introduced into the whole conversation. What matters for us, our understanding of the law, is that the PRMA is the primary law that governs the utilisation and management of the petroleum revenues, and it says that any revenue accruing to the State whether directly or indirectly, should first be paid into the Petroleum Holding Fund.*

*Mr Chairman, we also know that GNPC is the primary commercial arm of the Republic of Ghana in petroleum activities, and so, when this happens, we are dealing with GNPC per se. If we look at the whole JOHL transactions, it was GNPC that undertook those transactions.*

*Therefore, our position PIAC is that, whether that lifting was done by a 100 per cent subsidiary of GNPC or not, it ought to come first into the Petroleum Holding Fund from where disbursements can be made for whatever reason." (see page 14 of the Verbatim Report of the Proceedings of the Committee on Thursday, 17th November 2022).*

60. PIAC could however not confirm or deny whether or not the proceeds from the sale by JOHL were paid into offshore accounts and whether the Minister for Finance was responsible for such payment. This was the evidence of the Vice Chairman of PIAC in response to questions from the Committee:

*"Mr Boamah: I believe you were invited here to throw light on a few things with regard to what the Proponents of the Motion alluded to, especially in paragraph 3. I do not know if you have a copy of the Motion.*

*Mr Mohammed: No, Mr Chairman.*

*Mr Boamah: I can read to you. The terms of the Motion are as follows:*

*'That this House passes a vote of censure on the Minister responsible for Finance, Ken Ofori-Atta, in accordance with article 82 of the 1992 Constitution on the following grounds: ... (3) illegal payments of oil revenue into offshore accounts in flagrant violation of Article 178 of the 1992 Constitution'. You have worked at the PIAC Secretariat. You are the Vice Chairman, so you are seized with a lot of information. In preparing this half year report, did you come across any illegal payment into any such offshore account from the Minister for Finance?*

*Mr Mohammed: Mr Chairman, what we have found was that monies that we are convinced are legitimate revenues that were meant to be deposited in the Petroleum Holding Fund did not or were not deposited in them.*

*Mr Boamah: But is it the responsibility of the Minister for Finance to make those payments?*

*Mr Mohammed: Mr Chairman, I doubt PIAC is in the position to categorically say that is the case." (Verbatim Report of Proceedings of the Committee of Thursday, 17th November 2022, at page 48).*

## **Evidence of GNPC**

61. The Ghana National Petroleum Corporation (GNPC) however disagreed with the conclusions by PIAC that oil liftings amounting to US\$100,748,907.95 by JOHL are revenues that ought to have been paid into the PHF. They argued that JOHL, though a subsidiary of GNPC, is a separate legal entity whose operations are governed by its constitution and the Companies Act, 2019 (Act 992). GNPC noted that the revenue streams due the PHF from JOHL are dividends paid by the company to the sole shareholder which is GNPC.
  
62. According to GNPC, JOHL was established by Anadarko to hold its 7% interest in DWT/WCTP which was subsequently acquired by GNPC. They indicated that the decision to acquire JOHL was part of GNPC's Works Programme which was approved by Parliament. They further stated that GNPC received a loan from the Ministry of Finance which was used to acquire JOHL.

63. The position of GNPC was canvassed by its Deputy Chief Executive, Mr Joseph Dadzie in response to questions from the Committee as follows:

*“Mr Dadzie: What it is and I think PIAC spoke about the acquisition and I think there are some few issues we need to clarify. The fact of the matter is JOHL was not set up by the GNPC; JOHL was set up by Anadarko. It was set up because Anadarko decided to sell its stake in the Ghana asset and reached an agreement with Cosmos to purchase it. Government of Ghana then made a submission that we wanted a part of that stake and we agreed on seven per cent after negotiations.*

*What happened was that they had a timeline; typically, with these Mergers and Acquisition’s (M&A), we work according to strict timelines for consummation of that transaction. Also, because GNPC had to go through the needed approval process, Anadarko Petroleum decided to set up JOHL, carve out the seven per cent so that when GNPC was ready for acquisition and went ahead to consummate that transaction with Cosmos. When we got the necessary approval and were ready, we had to buy JOHL so, the structure of the transaction was not a GNPC defined structure rather, it was a structure that was defined by the seller and we obviously had to buy the company. What we bought was the company shares, we did not buy – to clarify what PIAC was saying, we did not buy the stake or the participating interest but we bought the company which held the seven per cent of Jubilee and Ten Fields.*

*Dr Ayine: Where did you get the money to buy the shares in the company?*

*Mr Dadzie: We wrote to the Ministry of Finance to grant us a loan towards the purchase and we were very clear that we were going to pay back the money.*

*Dr Ayine: Very well. Do you have the letter that you wrote to the Hon Minister of Finance?*

*Mr Dadzie: Yes, we have copies of the letter.*

*Dr Ayine: All right. Can you make that available to the Committee?*

*Mr Dadzie: Yes, Mr Chairman, we will do so.*

*Dr Ayine: The Ministry of Finance made an advance of funds to you for the acquisition, right?*

*Mr Dadzie: Yes, Mr Chairman.*

*Dr Ayine: So, was it a loan?*

*Mr Dadzie: Yes, it was a loan.*

*Dr Ayine: Was it an interest-free loan?*

*Mr Dadzie: No, we were going to pay an interest on it.*

*Dr Ayine: Do you have the exact terms of the loan in document form?*

*Mr Dadzie: We did not sign an actual loan-agreement but the correspondence alluded to the fact that –*

*Dr Ayine: Yes, that can constitute a contract. The correspondence can result in a contract.*

*Did you obtain any approvals from Parliament?*

*Mr Dadzie: We got approval from our sector Ministry and Ministry of Finance. In our work program we had indicated because, the sale of Anadarko Petroleum stake had been on the table for some time, COVID-19 interrupted it. In our 2021 work programme we had indicated that we were looking at acquiring part of the Anadarko stake and that was contained but obviously, we were not sure of the amount we were going to pay for it.*

*Dr Ayine: So, you merely stated that you were interested but did not state how much you needed for purposes of the acquisition?*

*Mr Dadzie: No, Mr Chairman because we did not know how much it was going to cost.*

*Dr Ayine: And Parliament approved the work programme without the specific amount being stated in the work programme, right?*

*Mr Dadzie: That is correct, Mr Chairman”.*

64. Mr Dadzie further stated as follows:

*“Dr Ayine: With respect to the lifting of the oil you have already confirmed that JOHL lifted over 900,000 barrels of oil, right?*

*Mr Dadzie: Mr Chairman, in fact, in total, we had about \$153 million –*

*Dr Ayine: Million barrels?*

*Mr Dadzie: Dollars, I am giving the value. We consummated this transaction in October and because the assets were producing fields, we were lifting barrels. The arrangement that existed before we acquired the stake was a pool transaction so basically, what Anadarko was doing was pooling their barrels together with PetroSA and selling. Therefore, once we acquired JOHL which held seven per cent in an already producing field, we were entitled to the barrels so we got our share of the barrels that were sold and that pooled the arrangement that existed.*

*Dr Ayine: So, those barrels ordinarily would have come to GNPC, right?*

*Mr Dadzie: No, it went to JOHL?*

*Dr Ayine: If you did not acquire Jubilee Holdings, would those barrels of oil have come to you?*

*Mr Dadzie: They would have gone to whoever had it.*

*Dr Ayine: But through the acquisition, the barrels of oil lifted now belong to JOHL. The monies were obviously paid directly to Jubilee Holdings, right?*

*Mr Dadzie: Yes, Hon Chairman.*

*Dr Ayine: Are those monies ought to have been paid first into a Petroleum Holding Fund?*

*Mr Dadzie: Yes, that is the point of departure or the area of disagreement. We believe that JOHL—*

*Mr Hammond: Wait. Who are you disagreeing with? Where are you departing from? He asked you a question, so deal with it.*

*Mr Dadzie: I am alluding to what PIAC said. We disagree with PIAC's assertion that it should have been paid to PHF.*

*Dr Ayine: Could you explain to the Committee why you disagree?*

*Mr Dadzie: Hon Chair, as was discussed during the PIAC testimony or submission, JOHL is a 100 per cent subsidiary of GNPC. It is a company registered under the Companies Act and the constitution of JOHL is governed by the Companies Act and for that reason, 100 per cent of the revenue cannot be paid into PHF.*

*The company must operate and if at the end of the day it declares profit and the directors decide that dividend must be paid, that money is paid to GNPC and that money paid of course would be paid into the PHF.*

*So, we believe that JOHL is governed by the Companies Act and not by the Petroleum Revenue Management Act, 815 (PRMA).” (Verbatim Report of Proceedings of the Committee of Thursday, 17th November 2022 at pages 75-76).*

65. The Corporation further confirmed that the payments were made into JOHL account with Ghana International Bank, London, by the buyer of the crude, on the instructions of JOHL. It is the position of GNPC that the Minister for Finance played no role in the payment of the oil liftings worth US\$100,748,907.95 into the offshore account of JOHL. This was the evidence of Mr. Dadzie when he appeared before the Committee on Thursday, 17th November 2022:

*“Mr Hammond: Thank you very much, Mr Co Chairman.*

*I entirely understand the concept so I do not intend to trouble her. All I need to understand is that in all of these, what relates to the Hon Minister for Finance in terms of the allegations made against him?*

*Mr Dadzie: As far as JOHL is concerned, the Hon Minister for Finance is not responsible for the revenue. Obviously, we have to at the end of the day submit our financials — GRA, we have to pay whatever assessed tax that we need to pay. Mr Chairman, permit me to say that in 2021, JOHL paid Gh¢17 million to GRA as tax on its operation so as far as the revenue is concerned, I do not think the Hon Minister for Finance has any direct control —*

*Mr Hammond: I have read the GNPC Act, the Companies Act and the other Acts under consideration. My understanding is entirely the same as your understanding so I would pass it on to my other Hon Colleagues.*

*Dr Ayine: If that is the case, just a quick one, was any money paid into an offshore account? The US\$100 million was it paid into an offshore account?*

*Mr Dadzie: Mr Chairman, the word offshore when we use, for those who are bankers, we could even have an offshore account in Ghana. When we say “offshore”, I get a bit confused because the Bank of Ghana has certain categorisations of what we call foreign currency, and so what we call FCA have offshore account, but to the extent that the question relates to receipt from sale of crude, yes, it was paid into an account held at Ghana International Bank in London.*

*Dr Ayine: All right. Who made the payment?*

*Mr Dadzie: The buyer of the crude. Even in the case of PHF the buyers of the crude pay directly into the PHF; so, they pay directly into whichever account is there for them to pay into.”*

66. Subsequently GNPC submitted to the Committee a swift message of the payment showing that it was Tullow Oil Ghana Ltd that paid the funds into JOHL account with Ghana International Bank.

67. The Committee, having regard to the above evidence by PIAC that they could not confirm that the Minister for Finance was responsible for the non-payment of the oil liftings by JOHL into the PHF, and the evidence of GNPC that the payments were made into JOHL’s offshore account by the buyer of the crude under the instructions of JOHL and that the Minister for Finance played no role, decided that the Hon Minister

was not enjoined to lead evidence in defence of the said Ground Three. The decision was communicated to the Hon Minister and he obliged.

## GROUND FOUR

### Deliberate and Dishonest Misreporting of Economic Data to Parliament

68. The Proponents stated that the Minister for Finance deliberately and dishonestly misreported economic data to Parliament. The Proponents stated that the Government, since 2018, has been misreporting economic data to Parliament to mislead Parliament and the investor community. According to them, the misreporting to Parliament was intended to impress upon Parliament that the Hon. Minister for Finance had complied with the Fiscal Responsibility Act, 2018 (Act 982) when that was not the case.

69. Section 1 of the Fiscal Responsibility Act 2018 (Act 982) provides as follows:

*“(1) The object of this Act is to provide for fiscal responsibility rules to ensure macroeconomic stability and debt sustainability.*

*(2) For the purposes of subsection (1), fiscal responsibility rules shall*

- (a) correct distorted incentives;*
- (b) ensure fiscal discipline.*
- (c) prevent fiscal slippages; and*
- (d) improve fiscal and debt sustainability. “*

Section 2 of the Fiscal Responsibility Act provides as follows:

*“Despite the fiscal policy indicators stated in section 16 of the Public Financial Management Act, 2016 (Act 921), the following numerical fiscal responsibility rules shall apply in the management of public finances:*

- (a) the overall fiscal balance on cash basis for a particular year shall not exceed a deficit of five percent of the Gross Domestic Product for that year; and*
- (b) an annual positive primary balance shall be maintained.”*



70. According to the Proponents, Section 4 of the Fiscal Responsibility Act provides for a Vote of Censure of the Minister of Finance where the Minister breaches Section 2 by more than one percentage point.
71. It is the position of the Proponents that the Hon Minister has consistently violated the above provisions of Act 982 and, therefore, should be censured in accordance with Section 4 of the said Act.
72. The Proponents informed the Committee that since the Fiscal Responsibility Act was enacted on 28<sup>th</sup> December 2018, the Minister for Finance has been misreporting economic data to Parliament and consistently breached the Act until it was suspended in 2020.
73. According to them, in 2018, the Hon Minister for Finance submitted to Parliament a fiscal deficit of 3.8% of Gross Domestic Product (GDP), excluding a key expenditure of GHC9.8 billion on the financial sector payment.
74. Similarly, in 2019 the Minister informed Parliament that the fiscal deficit was 4.8% of GDP by excluding the financial sector payment of GHC3.1 billion and the energy sector payment of GHC5.1 billion from the fiscal accounting. According to the Proponents, the actual fiscal deficit would have been 7.1% of GDP if these key expenditure items were to be included in the fiscal accounting.
75. In 2020, although the Minister reported a deficit of 11.7% of GDP, the actual deficit would have been 17.2% of GDP after including all the expenditures in the calculation. Similarly, in 2021, although the fiscal deficit reported to Parliament was 9.2% of GDP, the actual fiscal deficit for 2021 was 12.4%. They noted that the energy sector payments and the financial sector clean-up payments were treated as below-the-line items.
76. The Proponents informed the Committee that 'the below the line' treatment of the two expenditures was deliberately done to escape the sanction imposed under Section 4 of the Fiscal Responsibility Act. According to them, if key expenditure items, including

the financial sector payment of GHC9.8 billion, were included in the calculation, the actual fiscal deficit for 2018 would have been 7.1% of the GDP.

77. According to the Proponents, in 2019, an expenditure of 2.8% of GDP was excluded from the fiscal reporting because the Government treated it differently against the international best practices as was reported by IMF Article IV Staff Level Report for 2019. In paragraph 16 of the report, the IMF stated as follows:

*"About 2.8 percentage points of GDP in financial and energy sector costs (financed in part through ESLA bond issuance) were recorded below the line in the 2019 Budget because the Government considers the financial sector cost as a one-off and the energy cost as debt amortisation. Best international practices would include these transactions above the line, as they reflect either direct government obligation or government transfers to SOEs. In addition, spending on roads (COCOBOD) and potential infrastructure collateralised on bauxite exports (Sinohydro) should be recorded in the central government budget. Finally, a formal debt anchor targeting a sustainable debt-to-GDP ratio over the medium term could effectively guide the fiscal policy and reduce uncertainty above the debt trajectory".*

78. Another issue of dishonesty that the Proponents raised before the Committee was the treatment of the Sinohydro payment. In the view of the Proponents, because the Government treated it differently, even though the Sinohydro is due for payment next year, it has not been captured as part of Central Government debt. The Proponents asked how the country would service the debt because it has not been treated as part of public debt. The Proponents believe that treatment of the public debt in the manner indicated above is dishonest and deliberate.

79. Again, the Proponents submitted that when the Government of Ghana went to the IMF for the Rapid Credit Facility (RCF), the economic data that was reported was different from what was reported to Parliament. According to them, while the Government reported to the IMF a fiscal deficit of 7% in 2018, it reported a deficit of 3.8% of GDP to Parliament.

80. Furthermore, in 2019, the Government reported a deficit of 7.5% to the IMF, the deficit figure reported to Parliament was 4.8%. The Proponents mentioned that while the deficit reported to the IMF acknowledged the energy sector payment and financial sector payment as part of the public debt, the deficit reported to Parliament treated the energy sector and the financial sector payment as below-the-line expenditures. The Hon. Ranking Member on Finance, Dr. Cassiel Ato Baah Forson who made the submissions on behalf of the Proponents, referred the Committee to page 3 of the RCF document as published on the website of the IMF. He subsequently tendered the document in evidence.
81. The Proponents noted that there is a globally accepted standard of reporting fiscal data and that the Government of Ghana had used that standard in the past to report its fiscal data. They contended that the current standard, which was updated in 2014, is the Government Finance Statistics Manual, 2014 and that per that Manual all the debt should have been captured as part of the deficit and not treated as a below the line item.
82. The Proponents further stated that the Minister breached the second fiscal rule under Section 2 of the Fiscal Responsibility Act. It provides that “*an annual positive primary balance shall be maintained*”. According to the Proponents, the primary balance is supposed to be positive at all times as per Section 2(a) of Act 982. However, they noted that under the document the Government submitted to IMF, the primary balance was -1.8, constituting a breach of the fiscal rules.
83. The Proponents maintained that the sanction for the breach of the Fiscal Responsibility Act is a Vote of Censure as contained in Section 4 of the Act. The Proponents posited, “*Mr Chairman, today, debt is unsustainable, and the key question everyone is asking is, how could we have a Fiscal Responsibility Act with a set of rules, yet our debt has become unsustainable?*”
84. On whether the Minister has been dishonest or not in reporting the economic data, the Proponents stated that these statistics ensured that the Finance Minister complies with the Fiscal Responsibility Act and prevents the unnecessary accumulation of debt leading to debt overhang.

85. According to them, if the Minister had been honest by showing the fiscal deficit, the country would have remedied the economic situation long ago. The witness maintained that the Minister had been dishonest because it would have triggered Section 4 of the Fiscal Responsibility Act, and he would have been sanctioned.
86. On whether the witness had raised the issue of misreporting of economic data with the Ministry of Finance, the Proponents responded in the affirmative and stated that on several occasions, they had raised this issue. As a Ranking Member of the Finance Committee, he notably raised this matter together with the Deputy Ranking Member and other Hon Members on the Finance Committee.
87. On whether there was any communication from the Hon Minister to the House, given the difference in the figures that he presented to Parliament and the IMF, the Proponents responded that *“there had not been a statement from the Hon Minister to Parliament. What we have done over the years is that we raise it on the Floor during Parliamentary debates. The Hon Minister and Members of Parliament have always had the opportunity to speak to the fact. It was only until the year 2022, when the 2022 Budget was read, and changes were made, that the Hon Minister, as part of his Statement when winding up, made a statement that suggested that he had changed from the previous reporting to the current reporting after I raised the issue”*. (Verbatim Report of Proceedings of Tuesday, 15<sup>th</sup> November 2022 at page 67).
88. On whether the Proponents were aware that IMF ordinarily would sanction countries that would misreport to them, the Proponent stated that it depends on the level of misreporting and whether the country is under a programme. He indicated that under Article 4, they would not sanction the country, but if the country is under a programme and there are some prior actions that the country must take but failed to, then that may trigger some action.

## MINISTER’S RESPONSE

89. The Minister categorically denied that neither he nor the Ministry of Finance misreported data to Parliament as alleged by the Proponents and that it was untrue that different sets of data were presented to the IMF and the Parliament of Ghana. The Minister indicated that the Government and the Fund agreed that because of the

exceptional nature of some expenditures, those expenditures should be treated below-the-line.

90. This was the submission of the Hon Minister;

*“The 2019 Article 4, which they cited, actually clearly demonstrates that the computing and reporting of the deficit is consistent with the Government and the IMF as shown in the table labelled ‘Ghana, Selected Economic and Financial Indicators 2017-2024’, on page 4 of the IMF Article 4 and Appendix 3 (a) of the 2019 Budget Statement. More importantly, we were under a Fund Programme during that period and could not have been able to exit the programme if there were inaccuracies with the data we reported and the methodology used for computing the deficit”.* (Verbatim Report of Proceedings of Friday, 18<sup>th</sup> November 2022, at page 16).

91. The Minister indicated that the energy sector payments and the financial sector clean-up payments and their treatment had been explained to the relevant Committees of Parliament during their scrutiny of the Annual Budget from 2018 to 2021. He further indicated that the Ministry of Finance issued a press release on the subject on 10<sup>th</sup> May 2020.

92. According to the Hon Minister, the Ministry of Finance included the energy sector Independent Power Producers (IPP) payments in the amortisation line in the fiscal framework during the 2018 to 2021 period. Financial Sector clean-up costs were also included in the fiscal framework annually for the period 2018 to 2021 to reflect the issuances of bonds to cover the non-cash cost.

93. This was the submission of the Hon Minister:

*“The Ministry of Finance reflected the Finsec clean-up payments in the memo item called Fiscal Deficit for the following reasons: they are extraordinary one-time payment items which are not mixed up with traditional fiscal operations and; they are largely bonds and capturing them above the line would imply recognising their payments now and recognising their payments again when the payments fall due during the future – a possible double counting. This is a method the proponents is or ought to have been very familiar with from his years as Deputy Minister for Finance.*

*Likewise, the Energy Sector IPP payments were reflected in the fiscal framework as part of the amortisation line under the financing part of the fiscal table for the following reason:*

*Firstly, they are debt of State-Owned Enterprises (SOEs) that have been assumed by Government and are largely contingent liabilities that have crystallised for payments.*

*Secondly, they are extraordinary one-off payments which need not be mixed up with traditional expenditure items.*

*However, the Ministry of Finance agreed with Parliament's Committee on Finance in 2021 that going forward from 2022 onwards, both the energy IPP payments and the Finsec payments would be treated above the line in the fiscal framework for the following reasons: One, the Finsec bailout exercise is largely completed and therefore ceases to be an extraordinary budget item and;*

*Two, IPP payments are expected to be made over the medium-term given that they have become explicit contingent liabilities and appropriately budgeting for them above the line ensures that the resources are duly allocated for their settlement. The 2022 Budget Statement therefore reflects this decision. We maintain that neither the Ministry nor myself have deliberately or dishonestly reported economic data to Parliament". (Verbatim Report of Proceedings of Friday, 18<sup>th</sup> November 2022 at pages 18 & 19).*

94. Regarding the alleged breach of the second fiscal rule under the Fiscal Responsibility Act, 2018 (Act 982), namely, the Primary Balance, in 2018 and 2019, the Minister maintained that Act 982 was passed in 2018 and assented to in December 2018 when the Budgets for 2018 and 2019 had already been approved and their respective Appropriation Bills passed.

95. He accordingly argued that the said Act 982 was not applicable to the two financial years since the 1992 Constitution bars retrospective application of Acts of Parliament. The submission by the Minister is as follows;

*"Mr Ofori-Atta: Thank you very much, Mr Co-chairman. I think the Act was passed by Parliament and assented to by the President in December, 2018. As you know, our laws do not have retrospective effects and so it should not be applicable to numbers that occurred in 2018, 2019 and then in 2020—*

*Dr Ayine: Hon Minister, with all due respect, if the Act was passed in 2018, it would have prospective effect and 2019 would be covered; unless it was suspended.*

*Mr Hammond: — [Inaudible]—*

*Dr Ayine: No, he said 2019.*

*Mr Ofori-Atta: I am talking about the 2019 Budget which was read before —*

*Dr Ayine: The 2019 Budget was passed in December 2018.*

*Mr Ofori-Atta: That is correct.*

*Mr Hammond: So, it would not apply to both the 2018 and 2019 Budgets; the 2018 and 2019?*

*Mr Ofori-Atta: And in 2020, we came specially to the House to set it aside.” (Verbatim Report of Proceedings of Friday, 18<sup>th</sup> November 2022 at page 30)*

96. He further indicated that the Fiscal and Primary Balance target presented to Parliament for those two years did not have any estimate on the Financial Sector (Finsec) clean-up cost above the line. According to the Minister, “*the Primary Balance target that we were targeting was actually surpluses of 1.6 per cent of GDP in the main Budget Statement for 2018 and 1.1 per cent in 2019. This, per our definition, included the Finsec clean-up cost and thus, if applicable, could not be used to have breached the law. To reiterate, the agreed style of reporting with the IMF was to show both a deficit including Finsec clean-up and the one excluding it*”. (Verbatim Report of Proceedings of Friday, 18<sup>th</sup> November 2022 at page 17).

97. The Minister stated that the allegation of deliberate misreporting of economic data to Parliament is completely untrue. He informed the Committee that since he took office in 2017, he has served the country with integrity and honesty. Under his leadership at the Ministry of Finance, there have been significant improvements in the accurate reporting of public finances.

98. According to him, Ghanaians enjoy greater accountability and transparency in the management of the Public Purse than in any other period under the Fourth Republic. That since 2017, Government has complied with the reporting provisions in the Public

Financial Management Act, 2016 (Act 921), including Budget Implementation Report, Fiscal Report, Public Debt Report, Petroleum Revenue Management Report, and Energy Sector Levy Act (ESLA) Report, among others.

99. On a question to the Minister to clarify the total energy sector payments to IPPs having regard to his answer to a Parliamentary Question on 4<sup>th</sup> June 2021, the Minister subsequently informed the Committee as follows:

*“The Ministry of Finance paid a total of Gh17.31 billion (US\$3,026.63 million) over the period 2017 – 2020 to IPPs and fuel suppliers as shortfall in capacity (power) payments and excess capacity”.*

## **GROUND 5**

### **Fiscal Recklessness Leading to the Crash of the Ghana Cedi which is Currently the Worst Performing Currency in the World**

100. On Ground Four, the Proponents stated that since 2017 and under the watch of the Minister for Finance, the national debt stock increased from Gh¢120 billion to Gh¢450 billion as at 2022. The amount of money required to service this debt at the end of the year 2021 was Gh¢37 billion and estimated to close the year at Gh¢45 billion.

101. The Proponents noted that the World Bank projected the country's debt to be 104% of GDP by the end of 2022. The proponents argued that the unsustainable debt situation confronting the country could only be as a result of irresponsible and reckless borrowing.

102. The Proponents further stated that the currency is depreciating at a rapid rate because of the debt overhang, to the level that the debts have now become unsustainable with a heightened possibility of debt default. The Proponents noted that Ghana's fiscal path since 2018 is the worse among 46 Sub-Saharan African countries.

103. The Ranking Member on Finance who testified for the Proponents stated that even though he commended the Hon Minister for Finance publicly in Parliament in



2017 for staying true to fiscal consolidation, things started to fall apart in 2018 when the Ministry adopted the below-the-line reporting of the fiscal data.

104. He indicated that from that period, Ghanaians and major stakeholders felt that the Ghanaian economy was doing well when it was not. This is because people often looked at the fiscal deficit to draw conclusions on whether the debt was increasing or decreasing.
105. The Proponents believed that because the fiscal deficit had been understated over the years, the problem could not be detected on time. The Proponents informed the Committee that in 2020 the budget deficit exceeded 17%, which was attributable to elections-related spending and the COVID-19 pandemic. It is the view of the Proponents that instead of putting in place measures to contain the situation, i.e., fiscal consolidation, the Government continued on the path of fiscal recklessness by creating additional expenditures, including the construction of the National Cathedral and the bloated size of the Government.
106. Comparing the exchange rate between the Cedi and the United States Dollar for 2016 and now, the Proponents stated that in 2016, the exchange rate was Gh¢3.9 to US\$1 at the Central Bank and Gh¢4.1 and Gh¢4.2 in the open market and some other places. However, the current Interbank rate was about Gh¢14.8 to Gh¢15 to US\$1. Dr. Forson stated that the Cedi had depreciated consistently in the last ten months of 2022.
107. On whether the Proponents would classify infractions, irregularities, wastage, and malfeasance reported in the Reports of the Auditor-General as fiscal recklessness, the Proponents indicated that frivolous expenditures are part of fiscal recklessness. According to them, wastage and malfeasance are part of fiscal recklessness.
108. The Ranking Member on Finance stated that the method applied by Government in the financial sector clean-up, in their view, amounted to recklessness. He noted that going to the bond market to borrow money to collapse banks was a reckless decision. He stated that;

*“With fiscal recklessness, I am only looking at the high-level numbers; how come we have spent so much as a percentage of our GDP or above our tax revenue or total revenue? That, for me, is something that we would have to immediately flag if we had known that this was the level of fiscal deficit that we were accumulating. For example, when Government had to go through the financial sector clean-up, the way and manner in which it was done obviously amounted to recklessness. This is because you cannot go to the bond market and borrow money just to collapse a bank. You do not do that. This is because when this kind of Euro Bond money is used for this kind of expenditure when it is time for payout, there would be difficulties in paying out. Therefore, when we say fiscal recklessness, it is the wastage, the way and manner the fiscal is accounted for and the high level of the fiscal. Obviously, if it was high enough and they were aware, they would have taken a position to decline. That is why I used the word fiscal recklessness”.* (Verbatim Report of Proceedings of Tuesday, 15<sup>th</sup> November 2022 at pages 86 & 87).

109. He indicated that other countries had to contend with banking sector issues and there have been best practices on how the financial sector clean-up could have been managed. He cited the UK, which went through similar challenges when the Royal Bank of Scotland and Lloyds Bank had to be bailed out, and that these banks paid back in the end.

110. He noted that Ghana decided to go on a route where the burden on the banking sector clean-up was transferred to the taxpayer and that this approach by Government was wrong. In his opinion, Ghana could have decided to go for other ways in dealing with the banking sector issues instead of what they did.

111. He went further to say the following:

*“The key question is, is the recklessness only done at the Ministry of Finance? I do not believe it, and I think it is economy-wide and government-wide. Most of the Ministers for Finance are culprits, and we cannot blame only the Minister for Finance, but the Public Financial Management Act, 2016 (Act 921) (PFM Act) empowers the Minister for Finance to deal with it, and that is why the PFM Act makes the Minister for Finance the most powerful Minister. So, he is clothed with all the necessary legal framework to*

*confront his Hon Colleagues. If he fails to do that, then he has obviously engaged in fiscal recklessness and would be the one to be dealt with in the end*". (Verbatim Report of Proceedings of Tuesday, 15<sup>th</sup> November 2022 at pages 88 & 89).

## MINISTER'S RESPONSE

112. The Hon. Minister, in his response, vehemently denied that he had been reckless in managing the economy, leading to a crash of the Ghanaian Cedi. He indicated that the ground of recklessness presupposes that the laid-down regulations had not guided him. He stated the following before the Committee:

*"The grounds of recklessness presupposes that I have not been guided by the laid-down regulations. I would want to state that I have not been reckless in the management of the fiscal operations of Government. Rather our strenuous efforts to protect the public purse is what has helped this Government to achieve much more than any government ever over a similar period in virtually all sectors including education, health, social welfare, policing, security in general, roads, railways, agriculture, industrialisation, tourism, digitisation and funding for anti-corruption institutions"*.

113. According to the Minister, he had been before Parliament on eleven different occasions in the last six years to present the Annual and Mid-Year Budget Statements. On all those occasions, he had discussed all proposed fiscal operations of Government revenue, expenditure, and financing. He asserted that on all those occasions, he received approval from Parliament, including the subsequent passage of the Appropriation Bills for all those Budget Statements.

114. He contended that every key expenditure made had been supported by Parliament. He stated, *"indeed, we also saw the dire consequences when the House, for months, refused to pass a major revenue generation item introduced by this Government to support the fiscal stability of the economy"*.

115. According to the Minister, the consequences of this intentional stance of the Minority in delaying the approval of the revenue measures for Government had been dire; it precipitated the lack of confidence in the international market and closed access to Ghana's traditional Eurobond issuance. The Government was therefore compelled to approach the IMF this year for support.

116. The Minister argued that with the approval of funds by Parliament, in the last six years, the Government undertook major transformative investments to improve the quality of life of Ghanaians and that they mobilised and invested in excess of Gh¢28.3 billion as of September 2022, to implement the transformative flagship programmes that improved social mobility and the quality of life of Ghanaians.

117. According to him, most of these programmes did not exist prior to 2017 and they include:

- Supporting 1,765,977 Ghanaian students under the Free Senior High School (SHS), Technical and Vocational Educational Training (TVET) to promote human capital development and social mobility;
- Enrolling 15,656,160 Ghanaians aged 15 years and above on the National Identification Programme by September 2021 to enhance security and economic efficiency;
- Support about 1,000 young graduates to enter the job market;
- Providing needed infrastructure to support decentralisation and local governance to expand access to public services under the regional reorganisation programme;
- Promoting the development of railway network to advance national and regional connectivity;
- Supporting the ongoing construction of the ongoing fishing harbours to service key coastal communities, including Axim, Dixcove, Moree, Mumford, Winneba, Senya Breku, Gomoa Fetteh, Teshie and James Town;
- Increasing School Feeding beneficiaries from 1,677,322 in 2016 to 3,300,000 pupils in 2021;
- Increasing Livelihood Empowerment Against Poverty (LEAP) beneficiaries from 195,860 households in 2017 to 344,023 in 2021, to improve the livelihoods for the underprivileged in our society;
- Increasing food production and security through Planting for Food and Jobs that has led to a 71 per cent increase in the national production of maize and 34 per cent increase in paddy rice production.
- We have invested significantly in retooling the security sector to maintain territorial integrity and improve internal security through provision of Closed-

Circuit Television (CCTV), motorbikes, vehicles, Forward Operating Bases (FOBs), recruitment of security personnel, *et cetera*.

- We have recruited over 200,000 thousand Ghanaians into crucial services such as education, health, security and local Government.
- We have established the Tree Crop Development Authority with a focus on mango, cashew, rubber, oil palm, shea and coconut in order to diversify the economy and provide raw materials for industrialisation. This and many more we have done.

118. On the question of whether there has been reckless borrowing under the watch of the Finance Minister, the following exchanges transpired:

*Mr Ablakwa: Can we know the debt situation you met and what it is now?*

*Mr Ofori-Atta: Mr Chairman, we met C123 billion, and we are now at C450 billion.*

*Mr Ablakwa: Respectfully, how would you describe this accumulation of debt?*

*Mr Ofori-Atta: The question of defining the debt is important, how has it been used and how was it accumulated is key to that and what has been the benefit thus far to the Republic. Essentially, Mr Chairman, so when we even begin to look for starters at what we assumed on the energy related issues, we begin to look at what we had to do for the banking transactions. You then begin to realise there are these huge areas that we have had to spend money on and giving the interest component of these facilities that leads to an accumulation. Mr Chairman, if we add the foreign exchange impact on our debt, you would begin to understand where the growth element is. Then, we look at what we have done with these resources among defence, education, health sector, the Covid-19 pandemic, *et cetera*. There has to be some understanding of what it is this has been used for. The question then becomes when the intervention occurred with regards to the Covid-19 pandemic, and how it escalated the impact of the debt with regards to inflation; therefore, interest paying going forward. So, yes, we have accumulated a considerable amount of debt, we can — we are clear on how that was used. Therefore, do we have at this juncture, the way global crises are, have to pull back? Yes, we do and that is what we are looking to do to bring this down to the 55 per cent landing point within the next five years or so. So, there has been a debt build up; that is for sure. What was the use for it? I think we have seen a number of interchanges, interventions*

*with regards to social services, the real sector interventions such as Planting for Food and Jobs, industrial buildings – One District One Factory (IDIF); and we would begin to realise how these have been used in which they gave us the buffer to be able to go through the Covid-19 period much stronger than other people did. Do we need to step back and determine how these projects have been working to create further efficiency? Yes, we do. But have we benefitted from this partly also because of the level of efficiency of Ghana Revenue Authority (GRA), where we are now about 13 to 14 per cent of revenue to GDP with the intention to move it to 18 to 20 per cent, and that would then help us with regards to how we manage our fiscals going forward.*

119. In response to a question on the total debt accumulated prior to year 2020, the Minister subsequently informed the Committee that the debt as at end of 2019 was Gh¢356,544.27 billion.

120. It is the evidence of the Minister that the available facts do not support the idea that the depreciation of the Ghanaian Cedi is a result of fiscal recklessness and that the Cedi consistently performed very well during his tenure as Minister for Finance up to March 2022.

121. He stated that the records showed that between 2012 and 2016, the Cedi depreciated by an average of 17%, whereas between 2017 and 2021, the average rate of depreciation was 7%. According to the Minister, the major contributors to the currency problem are not necessarily fiscal factors, unlike the case in July 2014 when the Cedi was last rated as the worst-performing currency.

122. It is the case of the Minister that the 2022 depreciation is largely attributable to extraordinary global factors, including the strengthening of the U.S. Dollar against the major international currencies like the UK Pound, Chinese Yuan, the Japanese Yen and the Euro and speculations due to economic uncertainties. He noted that in the year 2022, the Euro is worth less than the dollar for the first time in 20 years.

123. On whether the Minister would take responsibility for the crash of the Ghanaian Cedi, he stated that his *“intention in this whole censure proceedings is not to*

*deflect any responsibilities to anyone in terms of stipulating issues of constitutionality, locus and mandate” . He stated that “since 2017, the Ministry of Finance has been responsible for Eurobond issues to further strengthen the reserves that the bank has. We have invested in areas such as planting for food so that we can export more or reduce our imports. Therefore, anything that goes to strengthen the currency and the macro-stability of the country, I would take partial responsibility for” (Verbatim Report of Proceedings of Friday, 18<sup>th</sup> November 2022, pp. 96-97).*

124. On whether it is the case that the depreciation of the Cedi was because of the strengthening of the dollar as intimated by the Minister, the Minister answered as follows;

*“Mr Chairman, I think the censure is essentially stating as a matter of fact that the result that we are experiencing with the depreciation of the cedi is rarely the outcome of recklessness. I have not been able to figure out the recklessness that is being spoken of and I know that there are various variables that are impacting the cedi or for that matter various currencies around the world. I think we should not take it lightly when for the first time in 20 years, the Euro (€) is less than the Dollar (\$); when in 20 years, the Yen (¥) has fallen, when in 20 years, the UK currency is close to the dollar in forty years. Therefore, I am not sure the complexity of issues that are impacting on what happens. Am I the Minister for Finance? That is very true. Typically, every first quarter, my Ministry would be able to raise US\$2 or US\$3 billion to be able to ensure that our Balance of Payment (BoP) is in functional mode. I have stressed that part of the reasons for our inability to be able to go to the Eurobond market was because of the delay in Parliament to get our revenue numbers through. I think that responsibility also has to be taken. So, yes, that did not then bring in the requisite resources that we needed, leading to certain pressures that we had not examined, but even through that we were able to bring in the proceeds from Afri-Exim Bank.” (Verbatim Report of Proceedings of Friday, 18<sup>th</sup> November 2022, pp. 97-98)*

125. The Hon Minister further indicated that as stipulated in Article 183(2)(a) of the 1992 Constitution, the Bank of Ghana shall promote and maintain the stability of the currency of Ghana and, direct and regulate the currency system in the interest of the economic progress of Ghana. As such, the Bank of Ghana, which manages the

country's reserves, was leading the interventions to contain the depreciation of the Cedi. That Government, on its part, was undertaking real sector interventions through initiatives such as the One District One Factory (1D1F) Programme and the Ghana Cares Programme to accelerate the import substitution and export-led economy where products such as poultry and rice would be produced here to reduce foreign exchange pressures from the imports of these products.

126. Furthermore, the implementation of the African Continental Free Trade Area (AfCFTA) positions Ghana as a continental trade hub and Government shall take advantage of and boost the export orientation of country's industries.

127. According to the Minister, the Ministry of Finance has also arranged significant financing including US\$750 million from power purchase agreements and the new agreements when implemented with the priority Independent Power Producers (IPPs) when finalised, will save an estimated US\$4 billion a year over the next five years.

128. The Minister posited that Government had used a significant part of the borrowing to undertake key transformative investment such as the fixing and construction of over 11,500 kilometres of roads between 2017 and 2021; the construction of 12 major interchanges since 2017, as compared to the construction of five in the previous 8 years, previous to 2016; construction of the Eastern Regional and Central Gonja Hospitals; commencement work on 87 of the Agenda 111 district hospital projects; funding of ongoing airport projects including the Kumasi International Airport; and promoting the establishment of Development Bank of Ghana to provide a competitive long term for Ghanaian enterprises.

129. It is the submission of the Minister that the Electronic Transactions Levy Act, 2021 (E-Levy) was born out of the heightened need to mobilise resources sufficient for managing the preeminent challenges, fiscal consolidation, debt sustainability and reducing youth unemployment.

130. Unfortunately, the delay in the passage impacted the confidence of the international markets and largely contributed to the downgrade in Ghana's sovereign credit rating in January 2022. According to the Minister, "*This resulted in Ghana*



*being closed from the international markets and not being able, therefore, to issue its euro bond as it traditionally does in the first quarter. We lost confidence in the international investors. For this reason, access to capital market funds was no longer available, which resulted in a severe balance of payment problem that needs to be addressed, and we are addressing it. The Government thus resorted to the International Monetary Fund (IMF) as a lender of last resort in July 2022, to not only address the immediate and active balance of payment need, but also to protect all the macro and social policy gains made in the last five years”.*

131. The Minister stated that the above challenges notwithstanding, there are some bright spots and that the country’s growth outturn of 3.4 and 4.8 per cent in quarters one and two of 2022 respectively, coupled with modest improvement in the fiscal position, suggest that the economy is on the upspring.

**GROUND SIX:**

**Alarming Incompetence and Frightening Ineptitude Resulting in the Collapse of the Ghanaian Economy and an Excruciating Cost-of-Living Crises**

**GROUND SEVEN:**

**Gross Mismanagement of the Ghanaian Economy, which has Occasioned Untold and Unprecedented Hardship**

The evidence of Grounds Six and Seven is taken together as follows:

132. Concerning Ground Six and Seven of the Motion, the Proponents stated the incompetence and frightening ineptitude of the Finance Minister had resulted in the collapse of the economy. The Proponents insisted that the economic crisis the country is facing now is the result of gross mismanagement of the economy, which has triggered hardships in the economy.

133. According to them, the high levels of inflation, the rapid depreciation of the Ghanaian Cedi and the high-interest rate being experienced have resulted in an excruciating cost of living for Ghanaians. They observed that inflation was at an all-time high of 40.4%, which has washed away people’s real incomes. According to the Proponents, the President of the Republic, His Excellency Nana Addo Dankwa Akufo-

Addo recognised this when in his address to the nation on the economy on 30th October 2022, stated that *"the whole world has been taken aback by the speed with which inflation has eaten away people's incomes. Economies big and small have experienced over this year alone the highest rise in the cost of living over a generation and the highest rise in government borrowing."* (Verbatim Report of Proceedings of Tuesday, 15<sup>th</sup> November 2022 at page 31)

134. According to the Proponents of the Motion, the highest rise in inflation in 40 years had contributed to the unacceptable hardships that Ghanaians are going through today and should be blamed on the Hon Minister for Finance.
135. Additionally, the Proponents indicated the steepest depreciation of the Ghanaian Cedi to the United States Dollars over the last 30 years, from \$1 to GHC4.2 in 2017 to \$1 to GHC15 in 2022. This situation has affected many businesses, making business costs unacceptably high.
136. The Proponents further stated that although the Bank of Ghana (BOG) Act, permits the central bank to finance government deficit up to 5% of the previous year's revenue, they noticed that the BoG exceeded its emergency support and financing for Government from 2019 – 2022.
137. In the view of the Proponents, the unlawful deficit financing by the Bank of Ghana itself has contributed to the increase in inflation, which affects incomes. According to the Proponents, every economy is prone to challenges because of various internal and external factors. However, they believe that early detection of the problem is important in ameliorating the problem.
138. According to them, the Government's action or inaction in dealing with the challenge has destroyed the livelihoods of the people that Government seeks to protect. Unfortunately, the Finance Minister ignored all the early warning signs. At the end of the first quarter of 2021, the published fiscal and economic data from the Ministry of Finance showed a deterioration in the economy.

139. The Proponents stated, *“It was at that point that we, in the Minority, saw that Ghana had found itself in what we called “debt trap” and obviously, if the 2021 Budget Statement had to be implemented in the shape and manner that it was presented to us in Parliament, Ghana would find itself in an unsustainable debt, and obviously the repercussion would be similar to what we are seeing today”*. (Verbatim Report of Proceedings of Tuesday, 15<sup>th</sup> November 2022 at pages 108 & 109).

140. The Proponents indicated that when the debt situation reached 80% of GDP in 2021 (if the ESLA Bond, the Daakye Bond, and the Synohydro Loan were added to the calculation), they prompted the Government to seek help from IMF, but unfortunately, the Government did not listen.

141. The Proponents believe that the economic crisis the country is currently going through is a result of ineptitude or lack of action on the part of the Government. They believed that all these could have been remedied had the Government acted at the right time to seek support from the IMF.

142. However, when the Proponents proposed for the country to seek IMF support, the Minister of Finance was categorical that IMF was not the solution and that the Government does not require IMF support.

143. The Proponents insisted that;

*“Today, what Ghana needs most is what we call confidence. The market wants confidence, businessmen want confidence. In fact, the international community wants confidence. The key point here has to do with confidence. I think the time has come for our Hon Minister to step aside to give the country a new breath. It does not mean he has not contributed his quota toward the running of the country. He has. However, the time has come for him to give the country an opportunity to recover. I would like to plead with him that even the waakye seller on the streets wants him to go. His Party wants him to go. They may not be able to say it, but they want him gone.”*

144. In answer to a question as to whether or not other exogenous factors, including COVID-19 and the Russian-Ukrainian conflict, were responsible for the economic

situation, the Proponents indicated that exogenous factors were bound to happen but what matters most was for the Government to deal with them and not sit unconcerned.

## MINISTER'S RESPONSE

145. In his response, the Minister denied the Proponents' assertion that the current economic challenges experienced in Ghana were neither the outcome of mismanagement nor alarming incompetence as captured in Ground Six and Seven of the Motion. He nonetheless acknowledged the hardships that people were going through in the country.

146. It is the view of the Minister that objective observers wholly share the assertion that the challenges are not the result of mismanagement and ineptitude and that, in the recent words of the Managing Director of IMF, Kristalina Georgieva, *"to the people of Ghana, like everybody else on this planet, you have been hurt by exogenous shocks, first the pandemic, then Russia's war in Ukraine and what we need to realise, it is not because of bad policies in the country, but because of these combinations of shocks"*.

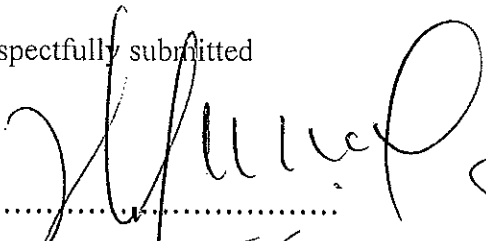
147. The Minister further stated as follows; *"I have already discussed the domestic triggers behind the depreciating Ghanaian Cedi. We simply cannot overlook the significance of the revenue measures outlined in the 2022 Budget Statement, which resulted in negative market reactions, credit rating downgrade, the narrowing of financing sources and the eventual depreciation of the Ghanaian Cedi. The timelines are obvious and cannot be ignored"*.

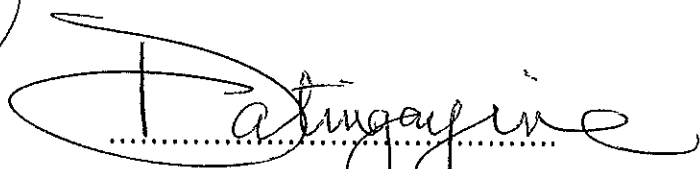
**CONCLUSION**

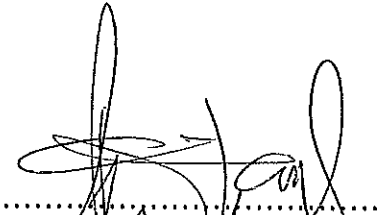
148. The Committee having regard to the provisions of Article 82(4) of the Constitution, Order 106(1) and the directions from the Speaker, duly offered the Hon Minister for Finance the opportunity to be heard in his defence. The Minister was represented by a counsel.

149. The Committee accordingly submits, for the consideration of the House, the representations by the Proponents of the Motion and the responses of the Hon Minister in his defence.

Respectfully submitted

  
.....  
Hon Kobina Tahir Hammond  
Co-Chairman

  
.....  
Hon Dominic Akuritinga Ayine (Dr)  
Co-Chairman

  
.....  
Camillo Pwamang

Clerk to the Committee  
23-11-2022

## Appendix I

### **LISTS OF DOCUMENTS AND MATERIALS RELIED ON BY PROPONENTS OF THE MOTION**

1. Power Point Presentation made by Hon Cassel Ato Forson on behalf of the proponents of the Motion
2. Parliamentary Debates, Official Report, Thursday 10<sup>th</sup> November 2022, Fourth Series, Vol. 177, No. 11
3. Parliamentary Debates, Official Report, Wednesday 28<sup>th</sup> November 2018, Fourth Series, Vol. 105, No. 20
4. Letter from the Office of the President, entitled “RE: RE: SEED MONEY FOR THE NATIONAL CATHEDRAL OF GHANA” DATED 12<sup>TH</sup> October 2020 with reference No. SCR/DE3/296/02
5. Letter from the Ministry of Finance, entitled “RE: SEED MONEY FOR THE NATIONAL CATHEDRAL OF GHANA” DATED 29<sup>th</sup> October 2020 with reference No. B 50/OP/COS/20/NCG
6. 2021 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Ghana, IMF Country Report No. 21/165 ([www.imf.org](http://www.imf.org))
7. 2020 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Ghana, IMF Country Report No. 20/110 ([www.imf.org](http://www.imf.org))
8. 2019 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Ghana, IMF Country Report No. 19/367 ([www.imf.org](http://www.imf.org))
9. <https://www.goldmansachs.com>
10. Fiscal Data from the Ministry of Finance on the Ministry’s website: [www.mofep.gov.gh](http://www.mofep.gov.gh)
11. The Budget Statement and Economic Policy of the Government of Ghana for the 2022 Financial Year
12. The Budget Statement and Economic Policy of the Government of Ghana for the 2021 Financial Year
13. The Budget Statement and Economic Policy of the Government of Ghana for the 2020 Financial Year
14. The Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year

15. Mid-Year Fiscal Policy Review of the 2022 Budget Statement and Economic Policy of the Government of Ghana, Presented to Parliament on Monday, 25th July 2022
16. Mid-Year Fiscal Policy Review of the 2021 Budget Statement and Economic Policy of the Government of Ghana, Presented to Parliament on Thursday, 29th July 2021
17. Mid-Year Fiscal Policy Review of the 2020 Budget Statement and Economic Policy of the Government of Ghana and Supplementary Estimate Presented to Parliament on Thursday, 23rd July 2020
18. Mid-Year Fiscal Policy Review of the 2019 Budget Statement and Economic Policy of the Government of Ghana and Supplementary Estimates Presented to Parliament on Monday, 29th July 2019
19. Public Interest and Accountability Committee, 2022 Semi-Annual Report ([www.piacghana.org](http://www.piacghana.org))
20. Public Interest and Accountability Committee, 2021 Annual Report ([www.piacghana.org](http://www.piacghana.org))
21. Public Interest and Accountability Committee, 2020 Annual Report ([www.piacghana.org](http://www.piacghana.org))
22. Public Interest and Accountability Committee, 2019 Annual Report ([www.piacghana.org](http://www.piacghana.org))
23. Report of the Auditor-General on the Public Accounts of Ghana – Ministries, Departments and Other Agencies for the Year ended 31 December 2020 ([www.audit.gov.gh](http://www.audit.gov.gh))
24. Report of the Auditor-General on the Public Accounts of Ghana – Ministries, Departments and Other Agencies for The Year ended 31 December 2019 ([www.audit.gov.gh](http://www.audit.gov.gh))
25. Special Audit Report on the Recoveries made from disallowed expenditure in the Auditor-General’s Report from 2017 to 2020 and Payroll savings as at 30<sup>th</sup> September 2022 ([www.audit.gov.gh](http://www.audit.gov.gh))
26. Petroleum Revenue Management Act, 2011 (Act 815)
27. Fiscal Responsibility Act, 2018, (Act 982)
28. Public Financial Management Act, 2016 (Act 921)

# APPENDIX II

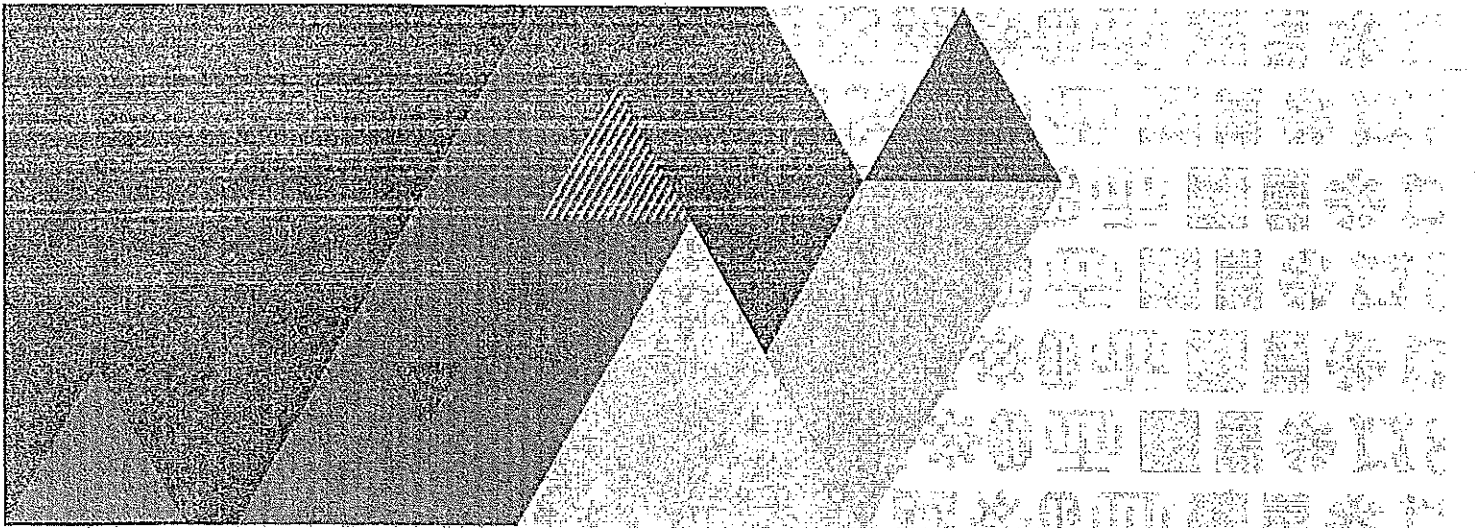


REPUBLIC OF GHANA

MINISTRY OF FINANCE

## RESPONSES TO GROUNDS FROM PROponents ON PARLIAMENTARY MOTION OF CENSURE

FRIDAY, 18<sup>TH</sup> NOVEMBER, 2022





## *RESPONSE TO PARLIAMENT*

### **Introduction**

1. Hon. Co-Chairs and members of this Adhoc Committee, good morning and through you, good morning to the Ghanaian people. I believe this process we are engaged in here is a useful opportunity to strengthen our democratic processes.
  
2. Hon. Co-Chairs, during the course of my remarks this morning, you can expect forthrightness. The Proponents' motion of censure has accused me of many things and includes some very disparaging remarks and attacks on my person and integrity. I am certain that Ghanaians will have a more balanced view of the events "that led us here' as I take the opportunity to speak to the matters raised.
  
3. My principal reflections today are to ensure that by the end of these proceedings, the "truth" will have taken center stage and, in the process, any unfounded doubts about my motives, my competence, and my character would have been dispelled.
  
4. Before I proceed with my detailed responses, I would like to make a personal comment to the Ghanaian people:
  
5. Since, the Akufo-Addo government came into office in 2017, everything we have sought to do was aimed at making the lives of the people better.

## *RESPONSE TO PARLIAMENT*

6. We have been focused on this vision to improve lives and in the first 4 years, our efforts were leading to a realisation of the vision.
7. Today, I acknowledge our economy is facing difficulties and the people of Ghana are enduring hardships. As the person, President Akufo-Addo has put in charge of the economy, I feel the pain personally, professionally and in my soul. I see and feel the terrible impact of rising prices of goods and services on the lives and livelihoods of ordinary Ghanaians. I feel the stress of running a business. But, it is the strength and perseverance of the Ghanaian people that inspire me and my colleagues in Government every morning, to press on. That is what gives me the strength to press on to find solutions and relief for Ghanaians to the myriad of problems that our country and the rest of the world are facing, especially, since March 2020.
8. Co-chairs, let me use this opportunity to say to the Ghanaian people what I believe, with courage, every Finance Minister around the world may wish to say to his people now: I am truly sorry. When we set out so purposefully between 2017 and the early parts of 2020, we never imagined that a global pandemic such as Covid, with its prolonged economic fallout, would inflict such pain and suffering upon the Ghanaian people. The shock to our system has been hard and the impact on our livelihoods severe. But, we have not been resting on our oars. We continue to work to keep the lights on, to avoid the queues at our filling

## ***RESPONSE TO PARLIAMENT***

stations, our classrooms full, our hospitals and dispensaries mostly stocked with medicines, continue to pay salaries and our roads being built and fixed.

9. Now, let me get into the details:

## ***RESPONSE TO PARLIAMENT***

**The ground of the Proponents claiming that there has been “Unconstitutional withdrawals from the Consolidated Fund in blatant contravention of Article 178 of the 1992 Constitution supposedly for the construction of the President’s Cathedral”, I submit as follows:**

10. Hon. Co-Chairs, let me first submit, that I am uncomfortable about the formulation of this ground. It presupposes that Parliament is assuming the jurisdiction to enforce and/interpret a provision of the Constitution, against the combined effect of articles 2(1) and 130(1), which grants the sole and exclusive power to the Supreme Court. Nonetheless, I say with both humility and confidence that I have not breached the Constitution in making payments to support the construction of the National Cathedral of Ghana.
  
11. Hon. Co-Chairs, three days ago, when the Proponents were here, they alleged that I had made payments from the Contingency Fund to support the National Cathedral. I want to state that this is just not true. Let me be categorical. I have taken no money from the Contingency Fund to make payments for the National Cathedral.
  
12. It appears the proponents have confused the Contingency Fund with the Contingency Vote. Let me explain. There is a difference between Contingency Fund and Contingency Vote.

## ***RESPONSE TO PARLIAMENT***

The Contingency Fund, the Proponents refer to, is what is covered under the Constitution, specifically under article 177. This constitutes money voted by Parliament and advances from this must be authorised by the Parliamentary Finance Committee. The Contingency Vote, on the other hand, is a line under the “Other Government Obligations” vote which is approved by the Finance Committee and passed as part of the annual Appropriation Acts passed by Parliament.

13. Hon. Co-Chairs, in preparing the Annual Budgets, the practice is that provision is made for indicative expenditures that have not been fully costed at the time of the Budget presentation. Provisions are made in the Contingency Vote to cater for such expenditures. For example, in 2014, there was no specific allocation in the 2014 budget for Ghana’s participation in the FIFA World Cup in Brazil. The Cabinet of President John Mahama, in March 2014, at the time, approved some \$9.622 million for that tournament, including that amount which was flown to Brazil in a private jet for the players. A more current example is Ghana’s participation in Qatar. The Black Stars qualified for the 2022 FIFA World Cup, way after the 2022 budget, presented on 16 November 2021, was approved by Parliament. No specific amount was budgeted for it but through the Contingency Vote, we have been able to provide funds legitimately for the team to participate in the competition.

## ***RESPONSE TO PARLIAMENT***

14. Expenditures in respect of the National Cathedral were made from the Contingency Vote under the "Other Government Obligations" vote as has been the practice before my tenure (I have copies of several payments from the Contingency Vote dating back to 2015 to share). Hon. Co-Chairs, as Finance Minister, I am fully aware of the approval procedures for use of the Contingency Fund and have not breached its requirement.

15. The National Cathedral is 100% owned by the State and is not the President's Cathedral as described by the Proponents. Indeed, the Attorney General issued an opinion on 6th January 2022, that the National Cathedral is a state-owned company limited by guarantee, under the Ghana Museums and Monuments Board.

16. Hon. Co-Chairs, the policy direction and updates on the National Cathedral have been publicly presented over the years through the National Budget Statement and Economic Policy presented to Parliament.

17. In paragraph 156 of my Budget Speech on the 2019 Budget Statement and Economic Policy, I announced on the floor of Parliament, Government's vision for the National Cathedral as well as the commitment to facilitate the construction by providing the land, the Secretariat, and seed money. This subject was part of the policy approval of the Budget after the extensive debate.

## **RESPONSE TO PARLIAMENT**

18. Subsequently, regular updates on the progress of the construction of the National Cathedral have been provided to Parliament and the nation. These include:

- i. **2020 Budget Statement and Economic Policy – Paragraph 385:** which announced the establishment of the Board of Trustees and Secretariat for the Cathedral.
- ii. **Mid-Year Review of the 2020 Budget Statement – Paragraph 279:** which provided an update on the ground-breaking ceremony held on 5<sup>th</sup> March 2020 to mark the formal commencement of the construction phase of the project.
- iii. **2021 Budget Statement and Economic Policy – Paragraphs 1132 and 1134:** which informed the House of the Letter of Intent (LoI) signed on 25<sup>th</sup> November 2020 between NCG Trustees and RIBADE JV (led by Rizzanni de Eccher with M Barbisotti & Sons and Desimone. And, the Appointment of Apostle Prof. Opoku-Onyinah as new Chairman of the Board of Trustees on 8<sup>th</sup> February 2021.
- iv. **Mid-Year Review of the 2021 Budget Statement – Paragraphs 354 and 355:** which announced the expansion of the Cathedral project to include a Bible Museum (Bible Museum of Africa - BMOA) and Biblical Garden; as well as

## **RESPONSE TO PARLIAMENT**

the establishment of the 100-Cedis-a-Month “*Ketewa Biara Nsua*” Club, in line with the original plan to encourage as many donors as possible to contribute towards the establishment of this national monument.

In conclusion, Co-Chairs, all the payments made for the National Cathedral were lawfully done and from the Contingency Vote under the “Other Government Obligations” vote and not from the Contingency Fund as alleged by the Proponents.

I now focus on the grounds claiming “*Deliberate and dishonest misreporting of economic data to Parliament*”.

19. The issue of deliberate misreporting of economic data to Parliament is not just unfortunate but simply untrue.

20. I and, for that matter, the Ministry of Finance (MoF) have never misreported data to Parliament as has been alleged.

21. On Tuesday 13th November 2022, the Proponents clarified their concerns relating to the reporting of fiscal data.

22. In their submission, they alleged that different sets of data were presented to the IMF and the people of Ghana. That is untrue. The 2019 Article IV, which they cited, actually clearly demonstrates that the computing and Reporting of the deficit is



## ***RESPONSE TO PARLIAMENT***

consistent between the Government and the IMF as shown on the Table labelled - Ghana: Selected Economic and Financial Indicators, 2017–24 on Page 4 of the IMF Article IV and appendix 3A of the 2019 budget. More importantly, we were under a Fund programme and could not have been able to exit if there were inaccuracies with the data we reported and the methodology used for computing the deficit.

23. In actual fact, in the most recent IMF Article IV Report from 2021, one sees clearly demonstrated that the methodology utilized in computing the deficit is and has been consistent as shown in the Table labelled - Ghana: Selected Economic and Financial Indicators, 2019–22 on Page 3 of the Press Release numbered PR21/221.

24. According to Hon. Ato Forson ---“Mr Chairman, paragraph 16, page 11 of the Staff Report – article 4 says, fiscal rules under Ghana; Public Financial Management Act. Fiscal rules could be strengthened – Box one – it goes on to say that about 2.8 percentage point of GDP in financial and energy sector payment were recorded below the line in the year 2019 Budget because the Government considers the financial sector cost as a one off and energy cost, as debt amortisation. Best international practices would include these transactions above the line as they reflect either direct Government obligation or Government transactions, transfers to State-owned Enterprises.”

## RESPONSE TO PARLIAMENT

25. Because of the exceptional nature of the expenditure – financial sector cleanup and energy sector IPP payment, we agreed with The Fund that it could be treated below the line as shown in the Table earlier referred to. (Turning to the Presentation on the Board: *In fact, as can be seen in the presentation, the style is consistent. We both report with Finsec and without Finsec. All information is reported and none hidden*).

26. Co-Chairs, it is also alleged that I have breached the second fiscal rule under the Fiscal Responsibility Act, 2018, (Act 982) namely the primary balance, in 2018 and 2019.

27. Firstly, I maintain the legal position that Act 982 was not passed to take a retrospective effect. It is equally instructive to note that the fiscal and primary balance targets presented to Parliament for those two years did not have any estimate on the finsec clean-up cost above-the-line. Consequently, the primary balance target that we were targeting were, actually, surpluses of 1.6% of GDP in the main budget for 2018 and 1.1% in 2019. This, per our definition, excluded the finsec clean-up cost. Thus, if applicable, could not be said to have breached the law. To reiterate, the agreed style of reporting with the IMF was to show both a deficit including finsec clean-up and one excluding it.

## *RESPONSE TO PARLIAMENT*

### I wish to state that:

28. The allegation of deliberate misreporting of economic data to Parliament is completely not true. Since I took office in 2017, I have served the country with integrity and honesty.
29. Under my leadership at the Ministry of Finance, there have been significant improvements in the accurate reporting of public finances. Today, under President Nana Akufo-Addo, Ghanaians are enjoying greater accountability and transparency in the management of the public purse than any other period under the Fourth Republic.
30. Since 2017, Government has complied with the reporting provisions in the Public Financial Management Act 2016 (Act 921), including Budget Implementation report, Fiscal Reports, Public Debt Report, Petroleum Revenue Management Reports, ESLA report, etc.
31. The Proponents have raised the issue of treatment of energy sector IPP payments and financial sector clean-up payments in the fiscal tables. The Ministry of Finance has explained its position on the treatment of these two items to the relevant Committees of Parliament during their scrutiny of the annual budget from 2018 to 2021. The Ministry of Finance actually

## **RESPONSE TO PARLIAMENT**

issued a Press Release on the subject on 10<sup>th</sup> May 2020, which we had hoped should have put this matter to rest.

32. The Ministry included the energy sector IPP payments in the “amortisation” line in the Fiscal Framework during the 2018-2021. Financial sector clean-up costs were included in the fiscal framework annually for the period 2018 to 2021 to reflect the issuance of bonds to cover the non-cash costs.

33. Contrary to the position of others that the MOF did not reflect the Finsec Payments and the energy sector IPP payments in the fiscal framework, I want to emphasize, with the Budget document as evidence, that these payments were reflected in the fiscal framework. Energy sector IPP payments were treated as “amortisation” and the non-cash financial sector clean-up payments were reflected in the “memo item” (**Refer to Appendix 2A of the Fiscal Tables in the relevant Annual Budget**).

34. The MoF reflected Finsec clean-up payments in the memo item called “*fiscal deficit (including finsec payments)*” for the following reasons:

- i. They are extra-ordinary payment items which need not be mixed-up with traditional fiscal operations; and
- ii. They are largely bonds and capturing them above the line will imply recognizing their payments now and recognizing their payments again when the payments fall

## **RESPONSE TO PARLIAMENT**

due in the future – a possible double counting. A method that the proponent is or ought to have been very much familiar with from his years as Deputy Minister of Finance.

35. Likewise, the Energy sector IPP payments were reflected in the fiscal framework as part of the Amortisation line under the Financing part of the fiscal table for the following reasons:

- i. They are debts of SOEs that have been assumed by Government and are largely contingent liabilities that have crystallised for payments; and
- ii. They are extraordinary, one-off payments which need not be mixed up with traditional expenditure items. Something, again, which the proponent should be very familiar with.

36. **However, the MoF** agreed with the Finance Committee of Parliament in 2021 that going forward from 2022 onwards, both the Energy IPP payments and the Finsec Payments will be treated “above the line” in the fiscal framework for the following reasons:

- i. the Finsec bailout exercise is largely completed and, therefore, ceases to be an extraordinary budget item; and
- ii. IPPs payments are expected to be made over the medium-term. Given that they have become explicit contingent liabilities, appropriately budgeting for them “above the line” ensures that resources are duly allocated for their settlement.

## **RESPONSE TO PARLIAMENT**

37. The 2022 Budget, therefore, reflects this decision. Neither the Ministry, nor I have deliberately or dishonestly misreported economic data to Parliament.

38. This is buttressed by the submissions made in May 2020 by the IMF Country Director, Dr Albert Touna Mama: *“Our number includes these two elements (financial sector payments and energy sector payment) and we know why the Governor of Bank of Ghana made the decision not to have these two elements in the fiscal deficits.”*

There is also a claim on “Fiscal recklessness leading to the crash of the Ghana Cedi which is currently the worst performing currency in the world”, I will respond as follows:

39. Hon. Co-Chairs, the grounds of recklessness presuppose that I have not been guided by the laid-down regulations. I want to state that I have not been reckless in the management of the FISCAL Operations of Government. Rather, our strenuous efforts to protect the public purse is what has helped this government to have achieved much, much more than any government over a similar period in virtually all sectors, including education, health, social welfare, policing, security in general, roads, railways, agriculture, industrialisation, tourism, digitization, and funding for anti-corruption institutions.

## *RESPONSE TO PARLIAMENT*

40. Hon. Co-Chairs, I have come to Parliament House ten (10) times (eleven times since this Government) in the last 6 years to present the Annual and Mid-Year Budgets. On all occasions, I have discussed all proposed fiscal operations of Government (revenues, expenditures and financing).

41. On all those occasions, I received approval as Parliament subsequently passed Appropriations Bills for all those Budgets. Every key expenditure made has been supported by this House. Indeed, we all saw the dire consequences when the House, for months, refused to pass a major revenue generation item introduced by this Government to support the fiscal stability of the economy. Sadly, the Minority Leader, when this government was compelled to approach the Fund this year, triumphantly took credit for frustrating government's efforts to meet its half-year revenue targets.

"He told the Parliamentary Press Corps last June that, "Thanks to the opposition Government has already lost half-year revenue. That can only be attributed to the purpose and tenacity of the Minority Group in Parliament."

42. The consequences of this intentional stance have been dire. It precipitated a lack of confidence in the international market and closed access to Ghana's traditional Eurobond issuance.

43. Hon. Co-Chairs, it is worthwhile to note that indeed, the Proponents offered only one item as not having been approved

## ***RESPONSE TO PARLIAMENT***

by Parliament for Payment –The National Cathedral of Ghana, and I have shown that to be untrue.

44. I would hope we can take it that by extension of their proposition, they accept that all other expenditures have been approved by Parliament.

45. We must all boldly share in the positive achievements regularly reported by the Bank of Ghana in its quarterly 'Fiscal Development Reports' for the years 2017-2021.

46. Hon. Co-Chairs, it cannot be sustained that I have been reckless in supporting the implementation of the decisions of Parliament.

## **FUNDING ECONOMIC GROWTH AND TRANSFORMATION**

47. Hon Co-Chairs, with the approval of funds by Parliament in the last 6 years, we have undertaken major transformative investments to improve the quality of life of Ghanaians:

- i. We have mobilised and invested in excess of **GH¢28.3 billion (as at Sept, 2022)** to Implement transformative Flagship Programs that improve social mobility and the quality of life of Ghanaians; (most of these did not exist prior to 2017); this include:



## **RESPONSE TO PARLIAMENT**

- a) Supporting 1,765,977 Ghanaian students under Free SHS/TVET to promote human Capital Development and social mobility.
- b) Enrolling 15,656,160.Ghanaians aged 15years and above on the National Identification Programme by Sept, 2021 to enhance security and economic efficiency.
- c) support about 100,000 Young graduates to enter the job market.
- d) Providing needed infrastructure to support decentralization and local governance to expand access to public services under the Regional Re-organisation programme.
- e) Promoting the development of railway network to advance national and regional connectivity
- f) Supporting the on-going construction of fishing harbours to service key coastal communities including Axim, Dixcove, Moree, Mumford, Winneba, Senya Bereku, Gomoa Feteah, Teshie and James Town.
- g) Increasing School Feeding beneficiaries from 1,677,322 in 2016 to 3,300,000 pupils in 2021.
- h) Increasing LEAP beneficiaries from 195,860 households in 2017 to 344,023 in 2021 to improve the livelihoods of for the underprivileged in our society.

## ***RESPONSE TO PARLIAMENT***

- i) Increasing food production and security through Planting for Food and Jobs. It has led to a 71% increase in the national production of maize and 34% in paddy rice.
- ii. We have invested significantly in retooling the security sector to maintain territorial integrity and improve internal security (CCTV, motor bicycles, vehicles, Forward Operating Bases, recruitment of security personnel etc);
- iii. We have recruited over 200,000 Ghanaians into crucial service areas such as Education, Health, Security and Local Government; and
- iv. Established a Tree Crop Development Authority with a focus on mango, cashew, rubber, oil palm, shea and coconut, in order to diversify our economy and provide raw materials for industrialisation.

48. These and many more we have done.

## **ON THE ISSUE OF FISCAL RECKLESSNESS AND DEPRECIATING CEDI**

49. Hon. Co-Chairs, the idea that the depreciation of the Cedi is the result of fiscal recklessness is not supported by the available facts.

## *RESPONSE TO PARLIAMENT*

50. The Ghana Cedi consistently performed very well throughout my tenure as Finance Minister, up until March 2022. The records show that between 2012 and 2016, the Cedi depreciated by an average of 17% whilst between 2017 and 2021, the average rate of depreciation was 7%.

51. The major contributors to the currency problem are not necessarily fiscal factors Hon. Co-Chairs, unlike July 2014 when the Cedi was last rated as the world's worst performing currency, the 2022 depreciation is largely attributed to extraordinary global factors including the strengthening of the US Dollar (even against major international currencies like the UK Pound and the Euro); and speculation due to economic uncertainties. For example, in this year, 2022, the Euro is worth less than the dollar for the first time in 20 years.

52. As stipulated in Article 183 of the Constitution, Section 2(a). The Bank of Ghana shall promote and maintain the stability of the currency of Ghana and direct and regulate the currency system in the interest of the economic progress of Ghana. As such, the Bank of Ghana, which manages our reserves is leading the interventions to contain the depreciation of the Cedi.

53. Government, on its part, is undertaking real sector interventions through initiatives such as 1D1F and the Ghana

## **RESPONSE TO PARLIAMENT**

CARES programme, to accelerate the import substitution of products such as poultry and rice, and promote an export led economy thereby reducing foreign exchange pressures from the imports of those products.

54. We intend to announce additional measures to promote the consumption of local produce. Furthermore, the implementation of the AfCFTA positions Ghana as a continental trade hub, and we shall take advantage and boost the export orientation of our industries.

55. The Ministry of Finance has also arranged significant financing including the US\$750 million from Afrexim Bank to support the 2022 Budget and boost our foreign exchange reserves. This forex inflow has improved the supply of foreign currency and boosted the stability of the local currency. We continue to explore avenues to secure additional financing to boost the reserve position.

**On the issue of “Alarming incompetence and frightening ineptitude resulting in the collapse of the Ghanaian economy and an excruciating cost of living crisis” I state as follows:**

56. Hon Co-Chairs, these are very strong language. The choice of words for this part of the motion is worrying, especially as it relates to the functioning of the whole national economy. The truth is, considerable progress has been made under my tenure

## *RESPONSE TO PARLIAMENT*

as Minister for Finance. Since 2017, we have competently managed the economy.

57. Hon. Co-Chairs, we have competently managed the economy since 2017. Indeed, to appreciate where we are now, we need to look back at where we came from. At the close of 2016, an assessment of the Economy revealed:

- i. limited fiscal space (fiscal deficit 6.5%);
- ii. a distressed financial sector (NPL ratio-17.3%);
- iii. an asset quality review document which had not been released;
- iv. a derailed IMF-ECF programme and reduced economic output (GDP growth-3.4%);
- v. Inflation was 15.4% at the end of 2016;
- vi. Monetary Policy rate (interest rate) was 25.5% at the end of December 2016;
- vii. Limited CAPEX to MDAs; and
- viii. 'Dumsor' which had decimated local industry and strongly impeded national productivity.

58. Hon. Co-Chairs, it is important to note that through our leadership and commitment to turn around the economy from its state in 2016, we made great strides and remarkable progress in the years before the pandemic and the records attest to this.

## *RESPONSE TO PARLIAMENT*

59. The headline facts are:

- i. We doubled economic growth in our first three years, and Ghana's growth in 2019 was touted as one of the highest globally;
- ii. Inflation came down significantly from 15.4% to 7.9% at the end of 2019 and remained in single digits till the pandemic hit in March 2020;
- iii. The fiscal deficit which was about 6.5% was brought down to under 5 percent by the end of 2019;
- iv. Exchange rate depreciation reduced significantly to under [5 percent] in 2017 and averaging [8.7 percent] between 2017 and 2019;
- v. We reduced interest rates in line with declining inflation expectations. Monetary Policy Rate declined from 25.5% at the end of December 2016 to 16% at the end of 2019 while the average lending rate for the same period declined from 31.70% to 23.7%;
- vi. The government directly spent GH¢25 billion to save the banking and SDI sector, protecting the near collapse of the financial sector; saving close to 5,400 direct jobs and 12,000 indirect jobs; making sure 4.6 million depositors were protected; and
- vii. Government also implemented comprehensive reforms across the energy sector and kept the lights on to-date.

## *RESPONSE TO PARLIAMENT*

60. On the back of good economic management, in April 2019, Ghana successfully completed and exited the IMF-ECF programme that we inherited. To ensure irreversibility of the macroeconomic gains, Government introduced a number of measures including:

- i. passage of the Fiscal Responsibility Act, 2018 (Act 982) to cap the fiscal deficit at 5% of GDP and ensure maintenance of positive primary balance;
- ii. passage of the Public Financial Management Regulations, 2019 (LI 2378) to strengthen regulation of the Public Financial Management System; and
- iii. establishment of the two Social Partnership Programmes with Labour and Faith-Based Organisations.

61. Clearly, there was strong momentum and optimism towards Ghana Beyond Aid agenda at the end of 2019.

62. However, with the onset of the pandemic, the gains from over three years of fiscal rectitude were reversed as result of efforts to ensure lives and livelihoods were protected.

63. Ultimately, these considerations informed the raft of revenue and expenditure measures outlined in the 2022 Budget Statement.

## *RESPONSE TO PARLIAMENT*

64. We laid out the 2022 Budget to achieve Fiscal Consolidation anchored on debt sustainability. It is important at this point, to also highlight that a key component of the national debt stock related to three (3) exceptional expenditure items that are neither external nor a creation of this Government:

- i. Energy Sector Excess Capacity payments (GHC 17 billion), which relate to a legacy of take or pay contracts that saddled the country's economy with annual excess capacity charges of close to US\$1 billion;
- ii. Direct COVID-19 expenditure amounted to GHC 12.0 billion; and
- iii. the Banking Sector Clean up (GHC 25 billion).

65. These three items alone, contribute to about 23% of our annual debt servicing cost. These three items were not created through the recklessness of the New Patriotic Party. The long dumsor that Ghanaians endured under the NDC administration between 2012 and 2016 was more to do with the NDC government's inability to pay for power. So, Co-Chairs, I find it curious that Hon. Ato Forson will choose to cite energy bills as an example of the recklessness that the Minority charges me with and seek my removal by censure. Especially when we have had to pay around \$500 million dollars a year in excess capacity charges, for power the previous administration negotiated that we do not need and we do not use.



## ***RESPONSE TO PARLIAMENT***

challenges of our time: fiscal consolidation, debt sustainability, and reducing youth unemployment.

69. Unfortunately, the delay in the passage of the E-levy adversely impacted market confidence and largely contributed to the downgrade in Ghana's sovereign credit ratings in January 2022 and these resulted to a whole deterioration of the financial conditions for Ghana and closed Ghana's access to the international capital markets (ICM) due to Deteriorated perception and loss of confidence by investors.

70. For this reason, access to ICM funds was no longer available which resulted in a severe BOP problem that needs to be addressed.

71. The Government thus resorted to the IMF as a lender of last resort to not only address the immediate and active BOP need but also to protect all the macro and social policy gains made in the last 5 years.

72. Undoubtedly, the last few months have seen considerable economic uncertainty and challenges. These have been characterized by high of inflation levels and rapid depreciation of the cedi. Indeed, the economic challenges we are facing require deliberate but urgent, well thought out, strategic steps as well as the support of the Ghanaian people.

## **RESPONSE TO PARLIAMENT**

73. The above notwithstanding, there are still some bright spots.

74. Overall, our growth outturn of 3.4% and 4.8% in Q1 and Q2 2022 respectively, coupled with modest improvements in our fiscal position suggests our economy is gradually on the upswing despite the numerous shocks we have faced over the past two years.

75. This progress gives us a solid foundation to confront the challenges in front of us.

76. Undoubtedly, risks remain that we are highly attuned to; however, the Ministry of Finance is committed to working alongside all stakeholders, including the members of Parliament to ensure we can reposition our economy back on a path of growth and prosperity.

**There is a claim of “Gross mismanagement of the Ghanaian economy, which has occasioned untold and unprecedented hardship”. I want to re-state that:**

77. Hon Co-Chairs, the current economic challenges we are experiencing in Ghana is not the outcome of mismanagement. But we acknowledge the hardships our people are going through in these difficult times.

## **RESPONSE TO PARLIAMENT**

78. This assessment is wholly shared by objective observers. In the recent words of the Managing Director of the International Monetary Fund (IMF), **Kristalina Georgieva** and I quote: *“to the people of Ghana, like everybody else on this planet, you have been hurt by exogenous shocks. First the Pandemic, then Russia’s War in Ukraine and what we need to realise is not because of bad policies in the country but because of these combination of shocks...”*

79. I have already discussed the domestic triggers behind the depreciating Cedi. We simply cannot overlook the significant impact of the delayed passage of the revenue measures outlined in the 2022 Budget, which resulted in negative market reactions, credit rating downgrades, the narrowing of financing sources, and the eventual depreciation of the cedi. The timelines are obvious and cannot be ignored.

### **Going Forward**

80. Hon. Co-Chairs, it is time to have an honest national conversation on the patterns of expenditure as a people. Our preference for imported goods, which requires foreign exchange that we do not earn enough of, implies that our cedi will continue to be under pressure

81. It has become clear that we cannot continue in a business-as-usual mode. We have to significantly change our consumption

## ***RESPONSE TO PARLIAMENT***

patterns and support investments in local capacity for production and export.

82. Hon. Co-Chairs, even in these challenging times, we have not been rudderless. We have prepared the Post-COVID-19 Programme for Economic Growth (PC-PEG) as the domestic blueprint, which has benefitted from input from all key stakeholders including Civil Society Organizations (CSOs), social partners (labour unions, employers, and FBOs), academia, industry professionals, and the leadership of Parliament.

83. This document contains a set of time-bound structural reforms and fiscal consolidation measures to place our debt levels and fiscal accounts on a sustainable path over the medium-term, and has underpinned Government's engagement with the IMF.

84. The negotiation with the IMF is progressing steadily and well and we are working assiduously to achieve a Staff-Level Agreement (SLA) by end of December, 2022.

85. As the President announced recently, Government is aggressively pursuing initiatives that will structurally boost the export orientation of this economy. In the coming 2023 Budget, and following consultations with key stakeholders, including AGI, Labour and the trading community, we expect to announce critical measures in this regard. This will complement that on-

## ***RESPONSE TO PARLIAMENT***

going private sector-led interventions being promoted under the 1D1F and the GhanaCARES programme.

86. However, the world had no playbook to help us tackle the Covid-19 pandemic. Parts of the Ghanaian economy were shut-down, including hotels, restaurants, and events. Our efforts were further destabilised by the disturbances in the global supply chain. But even in those times, we provided electricity and water free, grants and loans to businesses in the formal and in formal sectors. We also paid our workers even when some were home for 9 months and did not lay off anyone.

87. No country has been saved from the disruptions in supply chains, record hikes in prices of energy, food and commodities. Every economy is facing macro-fiscal challenges, rises in public debt levels and narrowing fiscal space. Our situation was not helped by a combination of historic weaknesses in the structure of our import-dependent economy and our low capacity, even as compared to our neighbours, in raising domestic revenues. The 2023 Budget will contain policies directly aimed at tackling these vulnerabilities.

88. Hon. Co-Chairs, I am aware of the enormity of the challenges we face. I am aware that lives and livelihoods needs to be protected. We have a well-consulted plan and the commitment to address this economic challenge. The Ministry of Finance and I

## **RESPONSE TO PARLIAMENT**

have been working so hard 24/7 to quickly restore market confidence and ensure economic growth. We are nearly through with the IMF negotiations. I am confident that once we conclude our debt sustainability programme and secure a Fund programme, the nation will next year see the stability and fiscal space that can spur us back on to a sustainable economic recovery and growth, which should endure considering on the investments we have made in all sectors.

### **Concluding Remarks**

89. Co-Chairs, as a child, I was taught a hymn that has guided me throughout my life:

*Land of our birth, we pledge to thee our love and toil in the years  
to be,*

*when we are grown and take our place as men and women with  
our race.*

*Land of our birth, our faith, our pride, for whose dear sake our  
fathers died;*

*O Motherland, we pledge to thee head, heart and hand through  
the years to be.*

90. Inspired by the words of this hymn, Hon. Co-Chairs, when I assumed the position of Minister of Finance, I resolved to serve the people of Ghana with my all.

91. Under my tenure as Minister of Finance, I have overseen some great strides in the development of Ghana and the improvement of the lives of the Ghanaian people.

## **RESPONSE TO PARLIAMENT**

92. As a nation, we are being tested. Our circumstances require a united and concerted response to the crisis. I implore our chiefs, elders and churches to take the mantle and speak a common language. Let us all work as one country to support labour negotiations, find a solution to the impasse in Parliament and rise above witch-hunting and entrapment. These are not ennobling and progressive for a society seeking transformation.

93. Hon Co-Chairs, Ghana is a resilient country. Ghana has faced economic challenges since independence. Ghana has always come through each of them stronger and better than before. God willing, we shall come out of these difficult times too. Ghana, will, and must rise again!!

94. **Thank you, Co-Chairs. God bless.**