

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

**REPORT OF THE FINANCE COMMITTEE ON THE
BUDGET PERFORMANCE REPORT IN RESPECT OF
THE MINISTRY OF FINANCE FOR THE PERIOD
JANUARY TO DECEMBER, 2019**

1.0 INTRODUCTION

The **Budget Performance Report** in respect of the **Ministry of Finance** for the period **January to December, 2019** was *presented* to the House on 8th April, 2020 by the Minister responsible for Finance, Hon. Ken Ofori-Atta.

In accordance with Article 103 of the Constitution and Order 169 of the Standing Orders of the House, the Report was *referred* to the Finance Committee for consideration and report.

The Committee subsequently met and considered the Report with the Deputy Minister for Finance, Hon. Mrs. Abena Osei-Asare, the Chief Director and other officials from the Ministry of Finance Headquarters, the Controller and Accountant General's Department (CAGD), the Ghana Statistical Service (GSS), Securities and Exchange Commission (SEC), the Ghana Revenue Authority (GRA) and the Public Procurement Authority (PPA) and hereby presents this report to the House.



Acc no: 1167 C1
Class No BE/MOF/19

2.0 BACKGROUND

The Ministry of Finance, formerly the Ministry of Finance and Economic Planning, was established under Sections 11 & 13 of the Civil Service Law 1993 (PNDCL 327) and amended by the Civil Service (Ministries) (Amendment) Instrument, 2017 (E.I. 28)

The Ministry exists to ensure effective and efficient macroeconomic and financial management of Ghana's economy.

2.1 VISION

The vision of the Ministry is to be the lead economic management institution for development and prosperity for all Ghanaians.

2.2 MISSION

The Ministry exists to ensure effective economic policy management for the attainment of macroeconomic stability and sustainable economic growth through sound fiscal policy and efficient public financial management, competent staff and robust systems for the development of Ghana.

2.3 GOAL

The goal of the Ministry is to ensure efficient and effective management of the economy towards the attainment of upper middle income status and poverty reduction.

3.0 FUNCTIONS

- Support the development of an efficient financial sector that supports structural transformation of the economy, promotes financial inclusion and is well integrated into the global financial system.
- Formulate, implement, monitor and evaluate macroeconomic, fiscal and financial policies for sustainable development.
- Ensure effective mobilization of domestic and external resources.
- Ensure efficient and effective allocation and prudent management and utilization of resources.
- Establish and disseminate performance-oriented guidelines and deploy efficient financial management information systems.
- Ensure commitment to transparency, probity and accountability in the management and utilization of financial resources.
- Ensure sustainable public debt levels.

4.0 SUMMARY OF 2019 BUDGET AND EXPENDITURE

For the 2019 financial year, the Ministry of Finance and its six agencies namely Controller and Accountant General's Department (CAGD), Ghana Statistical Service (GSS), Public Procurement Authority (PPA) Securities and Exchange Commission (SEC), Institute of Accountancy Training (IAT) and the Financial Intelligence Centre (FIC) were allocated a total budget of GH¢563,808,391.

This figure was reduced by 5.4% in the midyear review of the 2019 Budget to **GH¢533,551,480**. The sources of funding were

GoG GH¢306,146,170

DP Funds GH¢199,482,972

IGF GH¢24,944,309

ABFA GH¢2,978,028

Actual expenditure outturn for the 2019 financial year amounted to **GH¢524,522,567.39** representing 98.3% of the revised budget. Funding for these expenditures consisted of the following

GoG GH¢246,194,899.58

DP Funds GH¢267,180,233.71

IGF GH¢8,247,434.10

ABFA GH¢2,900,000.00

A summary of the revised budget and expenditure by economic classification of the Ministry for the 2019 financial year is presented in the table below:

Expenditure Item	2019 Budget/Appropriation	Revised	Amount Released
Compensation of Employees (GoG)	264,677,513.00		241,677,375.34
Use of Goods and Services (GoG)	17,851,199.00		13,316,668
Capital expenditure	23,617,459.00		6,989,440.08
TOTAL	306,146,171		261,983,483.42

5.0 OBSERVATIONS

5.1 Real Gross Domestic Product

Real GDP growth recovered strongly from 3.4 percent in 2016, growing at 8.1 percent and 6.3 percent in 2017 and 2018 respectively.

For 2019, real GDP was projected to grow by 7.6 percent. However, this target was revised downwards to 7.0 percent on

the back of lower than expected crude oil and gas volumes envisaged at the time of the budget.

Provisional estimates for the first three quarters of 2019 indicate an average real GDP growth rate of 6.0 percent, thus being on track to achieving the revised 7.0 percent target for the entire year 2019.

5.2 Total Domestic Revenue as a Percentage of GDP

As at end-2019, total domestic revenue stood at 15.0 percent of GDP compared to a target of 16.7 percent of GDP. The 2019 outturn compares to the outturn of 14.9 percent of GDP and 15.5 percent in 2018 and 2017 respectively. In nominal terms, total domestic revenue increased by 11.8 percent from 2018 to 2019 compared to a target growth rate of 24.3 percent.

5.3 Fiscal Deficit as a Percentage of GDP

The fiscal Deficit on cash basis as a percentage of GDP declined from 4.8 percent in 2017 to 3.9 percent in 2018. The 2019 Budget Deficit target of 4.2 percent of GDP was revised upwards to 4.5 percent of GDP during the Mid-Year Fiscal Policy Review. Provisional outturn for end-2019 shows Fiscal Deficit as a percentage of GDP stood at 4.8 percent (excluding the Financial Sector Bailout/Clean-up).

The Committee notes that this provisional outturn is within the Fiscal Responsibility Act threshold of not more than 5 Percent of GDP.

5.4 Economic Policy Management

Through this programme, the Ministry seeks to formulate and implement sound economic and financial sector policies to strengthen economic policy management to ensure synergetic development of strategic sectors.

In the year under review, Ghana through the Ministry of Finance concluded the International Monetary Fund's Extended Credit Facility (ECF) Programme in April 2019. The immediate effect was that an amount of US\$185.2 Million was accessed, bringing the cumulative disbursement under the programme to US\$925.9 Million.

Despite the completion of the ECF Programme, Ghana's working relationship with the IMF continues.

5.5 Fiscal Responsibility Act

To better address macro-fiscal challenges and to entrench macroeconomic gains made thus far, the Ministry in 2019 led the process of operationalizing the Fiscal Responsibility Act, 2018 (Act 982) which subsequently led to the establishment and inauguration of the Presidential Fiscal Responsibility Advisory Council to improve regulation of the financial sector and mitigation of risks in the sector.

5.6 Economic Policy Coordination Committee

The Economic Policy Coordination Committee (EPCC) was reconstituted in the year under review and given legal backing under the Public Financial Management Regulations (L.I. 2378).

The EPCC is co-chaired by the Honourable Minister for Finance and the Governor of the Bank of Ghana and is tasked with the responsibility of ensuring effective coordination and implementation of macro-fiscal policies.

5.7 Governance of State Owned Enterprises

In view of the need to strengthen the governance framework for State-Owned Enterprises (SOEs), the State Interests and Governance Authority Act, 2019 (Act 990) was enacted and the Board duly inaugurated. The SIGA Act, 2019 (Act 990) seeks to centralise the framework for state interests and governance of State-Owned Enterprises (SOEs), Joint Venture Companies (JVCs) and other state entities, including regulatory bodies.

5.8 Rebasing of the Consumer Price Index

In line with best practices, the Ghana Statistical Service (GSS) rebased the Consumer Price Index (CPI) in August 2019. The rebased CPI series used 2018 as the base year compared to the previous base year of 2012. The number of items in the basket increased from 267 in the old basket to 307 to make the basket of goods more representative of consumer purchases.

5.9 Anti-Money Laundering and Financing of Terrorism.

During the year 2019, the Financial Intelligence Center successfully coordinated the implementation of the International Corporation Review Group (ICRG) Action Plan to address strategic deficiencies in anti-money laundering and countering the financing of terrorism.

5.10 Resource Mobilisation

As part of the drive to improve Tax Administration and expand the tax base, the Ministry in 2019 undertook some major technological initiatives to offer enhanced online services to taxpayers. These included the online Taxpayer Identification Number (TIN) registration, introduction of the Integrated Tax Application and Preparation System App (iTAPS) to encourage voluntary filing, and payment and deployment of an Integrated Management System for customs administration.

The Ghana Revenue Authority successfully registered 1,394,842 taxpayers in the year 2019. Cumulatively, the total number of taxpayers registered with TINs stood at 3,394,488 as at 31st December, 2019.

5.11 Expenditure Management

The Ministry's expenditure management programme seeks to ensure formulation and implementation of the National Budget and to promote efficient and effective Financial Management Services in the public sector.

In furtherance of this programme, the Ministry in 2019 deployed the GIFMIS to four IGF generating sites namely Medical and Dental Council, Ghana Export Promotion Authority, Ghana Free Zones Board, National Health Insurance Authority. Additionally, the Ghana Electronic Procurement System (GHANEPS) was launched and five pilot entities were trained on how to operate the e-Government Procurement System.

5.12 Public Debt Management

Pursuant to the Public Financial Management Act, 2016 (Act 921) and in line with the macro-fiscal framework, the Ministry updated and published the 2019-22 Medium-Term Debt Management Strategy (MTDMS).

The Ministry, acting on behalf of the Government of Ghana, issued its seventh Eurobond in March 2019. This was in line with the Medium Term Debt Management Strategy. An amount of US\$3.00 Billion was raised on the International Capital Market in a historic first triple-tranche of 7-year, 12-year and 31-year Eurobonds of US\$750 Million, US\$1.25 Billion and US\$1.00 Billion respectively.

5.13 Headquarters Building Enhancement Project

The Ministry in 2019 commenced a facelift of its Headquarters building within the Ministerial Enclave. The project has a contract sum of GH¢8,996,668.29 and is 90% complete. As at the end of December 2019, an amount of GH¢4,867,629,34 had been disbursed.

Additionally, the Ministry awarded a contract in the sum of GH¢480,919.43 for installing an Access Control System to enhance security.

5.14 Challenges

Despite the achievements made by the Ministry and its agencies in the 2019 financial year including but not limited to those

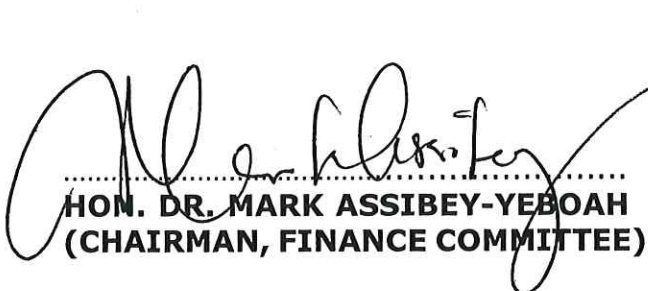
mentioned in this report, the Ministry is still faced with a myriad of challenges.

These challenges include delays in receiving inputs from the various stakeholders for the preparation of reports and documents, inadequate financial resources to complete planned activities on time, crystallisation of contingent liabilities from take-or-pay power purchase agreements in the Energy Sector, and a huge cost emanating from the Financial Sector clean-up.

6.0 CONCLUSION

The Committee, upon a thorough consideration of the Report, respectfully recommends to the House to adopt this report and approve the **Budget Performance Report in respect of the Ministry of Finance for the period January to December, 2019 in accordance with the Section 27 of the Public Financial Management Act, 2016 (Act 921).**

Respectfully submitted.



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HON. DR. MARK ASSIBEY-YEBOAH
(CHAIRMAN, FINANCE COMMITTEE)



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MS. EVELYN BREFO-BOATENG
(CLERK, FINANCE COMMITTEE)

1ST JUNE, 2020