

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



REPORT OF THE COMMITTEE ON TRADE, INDUSTRY AND TOURISM

ON THE

2018 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF TRADE AND INDUSTRY

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**REPORT OF THE COMMITTEE ON TRADE, INDUSTRY AND TOURISM
ON THE 2018 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF
TRADE AND INDUSTRY**

1.0 INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the 2018 Financial Year was presented to the House on Wednesday, 15th November, 2017 by the Hon. Minister of Finance, Mr. Ken Ofori-Atta.

The Rt. Hon. Speaker referred the 2018 Annual Budget Estimates of the Ministry of Trade and Industry to the Committee on Trade, Industry and Tourism for consideration and report in accordance with Article 179 of the 1992 Constitution of Ghana and pursuant to Orders 140(4) and 159 of the Standing Orders of the House.

In considering the Annual Budget Estimates, the Committee met with the Deputy Minister, Mr. Robert Ahomka-Lindsey, the Chief Director and the technical team from the Ministry, Departments and Agencies. The Committee appreciates their invaluable assistance.

2.0 REFERENCE DOCUMENTS

The following documents served as reference guide during the Committee's deliberations:

- i. 1992 Constitution of the Republic of Ghana
- ii. Standing Orders of the Parliament of Ghana
- iii. MDA's 2017 Actuals
- iv. 2017 Budget Statement and Economic Policy
- v. Programme-Based Budget Estimates of **2018** for the Ministry of Trade and Industry.

3.0 MANDATE AND MSSION OF THE MINISTRY

The Ministry over the years has been formulating and implementing policies towards the realization of its goal of developing a vibrant, technology-driven, liberalized and competitive trade and industrial sector that significantly contributes to inclusive and sustainable economic growth and employment creation.

3.1 POLICY OBJECTIVES OF THE MINISTRY

The policy objectives of the Ministry are as follows:-

- i. Improve export competitiveness;
- ii. Diversify and increase exports and markets;
- iii. To accelerate economic integration with other regional and/or sub-regional blocks and/or markets;
- iv. Improve private sector productivity and competitiveness, domestically and globally;
- v. Pursue and expand market access;
- vi. Ensure the health, safety and economic interest of consumers;
- vii. Improve efficiency and competitiveness of Micro Small and Medium Enterprises (MSMEs)
- viii. Ensure rapid industrialization driven by string linkages to agriculture and other natural resource endowments.

3.2 KEY AGENCIES UNDER THE MINISTRY

For the realization of the policy objectives, the Ministry will implement its policies and strategies through the following Agencies:

- Ghana Standards Authority – GSA
- National Board for small Scale Industries – NBSSI

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- Ghana Export Promotion Authority – GEPA
 - GRATIS Foundation – GRATIS
 - Central Regional Development Commission – CEDECOM and
 - Regional Offices of the Ministry

3.3 Regional Offices of the Ministry

Other Agencies under the Ministry which are not being funded from the Consolidated Fund are:

- Ghana Heavy Equipment
- Ghana Free Zones Board
- GIHOC Distillery
- Northern Star Company – Pwalugu
- Ayensu Starch Company
- Ghana Trade Fair Authority
- Ghana National Procurement Agency
- Ghana Community Network Services Ltd.

The Committee also has oversight responsibilities over the Ghana Investment Promotion Centre.

4.0 2017 PERFORMANCE REVIEW

4.1 Financial

4.1.1 Status of 2017 Budget

In the year under review, Parliament approved an amount of **Two Hundred and Sixty-Nine Million, One Hundred and Thirty Five Thousand, Seven Hundred and Forty-Seven Ghana Cedis (GH¢269,135,747.00)**. However, actual releases for the year amounted to **Seventy-Two Million, One Hundred and Thirteen Thousand, One Hundred and Eighty-Three Ghana Cedis, Four Pesewas (GH¢72,113,183.04)**. The variance of **One Hundred and Ninety-Seven Million, Twenty-Two Thousand, Five Hundred and Sixty-Three Ghana Cedis, Ninety-Six Pesewas (GH¢197,022,563.96)** amounted to 73% of the total budgetary allocations (Table 1).

Table 1: Budget Allocation and total releases as at 30th September, 2017

Source of Funds	Budget (A)	Total Amount Released and Utilized (B)	Variance(A-B)	% Variance
GoG	79,229,868.00	33,058,840.43	46,171,027.57	58
IGF	92,121,740.00	22,537,617.32	69,584,122.68	76
DONOR	97,784,139.00	16,516,725.29	81,267,413.71	83
TOTAL	269,135,747.00	72,113,183.04	197,022,563.96	73

Source: MOTI 2018 Budget Estimates

4.2 Non Financial

4.2.1 Trade Development Programme

The e-payment of the Import Declaration Form (IDF) was incorporated into the operations of the Pre-Arrival Assessment Reporting Systems (PAARS). Monitoring reports show that the IDF is being processed directly on the PAARS. A new IDF on the PAARS linked with the banking system to reduce under-invoicing and capital flight was introduced. The system allows the use of the IDF in establishing letters of credit at the banks for customs declaration.

4.2.2 Business Development and Promotion Programme

To address the challenges faced by Small and Medium Enterprises, Ghana Regional Appropriate Technology Industrial Service (GRATIS) Foundation trained about 660 apprentices and manufactured over 900 agro and non-agro equipment, with about 820 being used in the sanitation and waste management sector.

The National Board for Small Scale Industries (NBSSI) provided 2,968 tailor-made programmes for 56,669 entrepreneurs comprising 18,238 males and females. In addition, 1,982 new businesses were established, 1,277 clients adopted new improved technology, 666 business were assisted to access institutional credit, development of an in-house business incubator in Accra and 2,599 new jobs were created.

4.2.3 Trade and Industry Promotion Programme

Under the government's industrial Transformation Agenda, the implementation of the 'One District, One Factory' (IDIF) Initiative commenced. A programme implementation framework which sets out the modalities of implementation was developed. The Ministry completed technical, financial and commercial viability analysis of 462 proposals out of which 191 covering 102 districts were selected for implementation. It is envisaged that, these 191 District Enterprise Projects will collectively generate about 250,000 direct and indirect jobs.

4.2.4 Ghana Export Promotion

Ghana Export Promotion Authority (GEPA) has reached an undertaken with the Cashew Industry Stakeholders to implement a 5-year Development Plan to boost cashew production and export. Regional Co-ordination Councils and MMDAs in the Eastern, Volta, Northern, Upper East and Upper West regions were engaged to discuss the National Export Strategy. They were further encouraged to identify and develop at least one potential exportable product for promotion. In collaboration with Fresh and Processed Pineapples Exporters, GEPA re-launched the development and promotion of smooth cayenne pineapple variety for exports.

The Ministry initiated comprehensive plans to develop Industrial Parks and Special Economic Zones in each region. The Ministry is facilitating the development of 2000 acres Dawa Industrial Park by LMI Holdings

near Ada Kpetoe, 2,325 acres of Apolonia Business Park by Rendeavour Company Limited at Oyibi, 400 acres in Shama, 4,900 Boankra Industrial City, Special Economic Zone in the Ejisu Juaben Municipal Assembly, Sekondi Economic Processing Zone, Tamale Industrial Park Complex and Ashanti Technology Park.

4.2.5 Standardization and Conformity Assessment Programme

The Ghana Standards Authority undertook the first ever certification of pure gold which coincided with the establishment of the Gold Coast refinery in Accra. The Ministry in collaboration with the Ghana Standards Authority developed the Ghana Standards for 'standard gold' and 'purified gold' both of which are in line with international gold standards.

To address issues relating to standardization and conformity assessment, Ghana Standards Authority verified the weighing and measuring devices used for trading purposes. These include 1,384 trading scales, 41,192 motorized pumps and accessories, 225 weigh bridges 3,188 cocoa scales and test weights.

4.2.6 Industrial Development Programme

The Ghana Free Zone Board participated in the Corporate Council on African Business Forum and signed a lease agreement for 105 acres of land for the construction of cement factory to support the provision of infrastructure.

A stimulus Package was created to support viable existing local companies that are currently distressed or are facing operational challenges. Over, 350 applications from business operations were received, out of which 80 were selected for support in the first phase of the programme.

To participate effectively in the new African Growth Opportunities Act (AGO), the USAID initiated a programme to assist the Ministry develop

an AGOA strategy in Ghana. The AGOA strategy document was completed, validated and presented at the Lome, Togo AGOA Conference.

5.0 Outlook for the Ministry (2018)

5.1 Financial

In 2018, the Ministry is allocated a total amount of **Four Hundred and Eighteen Million, Five Hundred and Forty-Four Thousand, Six Hundred and Eighty-Four Ghana Cedis (GH¢418,544,684.00)** for its operations (Table 2). Table 3 also shows expenditure to various programmes by source of funding with Industrial Development receiving the largest share (47%) of the total allocation.

Table 2: Breakdown of MOTI Budget 2018 by Economic Classification and Source of Funding

Economic Classification	GOG	IGF	Donor	Total
Compensation	34,039,362.00	-	-	34,039,363.00
Goods and Services	37,381,550.00	52,810,325.00	52,701,000.00	142,892,875.00
Assets	172,478,140.00	49,970,306.00	19,164,000.00	241,612,446.00
Total	243,899,052.00	102,780,631.00	71,865,000.00	418,544,684.00

Source: MOTI, 2018 Budget Estimates

Table 3: Allocations to the various programmes by source of funding (2018)

Programme	GOG	IGF	Donor	Total
Management and Adm.	42,307,278.82	1,773,283.72	9,582,000.00	53,662,562.54
Trade Development	12,710,809.96	2,129,073.62	-	14,839,883.58
Business Development and Promotion	56,261,464.69	675,576.00	-	56,937,040.69
Trade and Industry Promotion	13,866,879.97	363,551.29	-	14,230,431.26
Standardization and Conformity Assessment	61,140,000.00	22,950,063.18	-	84,090,063.18
Industrial Development	57,612,618.56	74,889,084.19	62,283,000.00	194,784,702.75

Totals	243,899,052.00	102,780,632.00	71,865,000.00	418,544,684.00
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Source: MOTI 2018 Budget Estimates

5.2 Non-financial

5.2.1 Industrial Development Programme

The Ministry will establish at least one Industrial Park in each of the ten regions financed either by the private sector, government or through a PPP arrangement. To this end the Ministry will ensure the provision of serviced land, with reliable supply of energy and other utility services, as well as common use facilities.

Further, special investment incentives will be provided to anchor tenants of the industrial parks.

5.2.2 Business Development and Promotion Programme

In 2018 GRATIS will continue to train craftsmen and apprentices as well as manufacture agro-processing equipment.

The Ministry will facilitate the restructuring of the operations of NBSSI and GRATIS as well as provide managerial and technological solutions for SMEs with the support of NBSSI and GRATIS Foundation.

Business resource centers would be established in each district.

5.2.3 Trade Development Programme

The Ministry will continue with the port infrastructure improvement and trade facilitation mechanisms to enhance trade development.

The Ministry will continue with the implementation of the comprehensive regulatory reforms to improve Ghana's rankings on the World Bank's Doing Business Index and the World Economic Forum's Global Competiveness Index.

The Ministry will also facilitate the establishment of an electronic register of business regulations, legislations and administrative processes.

The Ministry will develop and maintain a centralized interactive web portal for communication and interface with the business community.

5.2.4 Standardization and Conformity Assessment Programme

The Ghana Standards Authority will expand its operations to include quality evaluation of petroleum products imported into the country, assaying of gold and other minerals for export and ensure mandatory certification of all locally manufactured products.

In addition, the Authority seeks to re-submit to Parliament for consideration and passage of the Ghana Standards Authority Bill which incorporates the review of the Ghana Standards Act, 1973 (NRCD 173) and Weights and Measures Act (NRCD 326, 1975).

6.0 OBSERVATIONS AND RECOMMENDATIONS

6.1 Shortfall in Compensation

The Committee was informed that the compensation for employees of the foreign mission amounting GH¢11,586,155 was not included in the budgetary allocation for the Ministry. The Committee noted that the shortfall meant that the Ministry would not be able to meet the salary expenditure of officers of the sector Ministry serving at their various missions abroad.

It is recommended that the Ministry liaises with the Ministry of Finance to provide the amount GH¢11,586,115.90 from the Contingency Fund under the General Government Services Votes.

6.2 Ghana Standards Authority

The Committee observed that the Ghana Standards Authority, the only Statutory Body mandated to do Standardization, Metrology and Conformity Assessment has had its functions also being performed by

other regulatory agencies in Ghana in view of the absence of a National Quality infrastructural policy. It also came to the fore that the Authority was not discharging its enforcement responsibility.

Again, as part of its activities for 2018, the Authority intends to provide a metering equipment for the Oil and Gas Industry, the absence of which is causing a huge revenue loss to the state. A public-private arrangement will be put in place in this regard.

The Committee is therefore urging the Ministry to collaborate with the Ministry of Energy and other Agencies in the Industry to pursue the policy of metering equipment to generate revenue.

The Ministry is also to take immediate steps to review the existing laws of the Authority to strengthen its roles and responsibilities as well as its enforcement procedures.

6.3 National Board for Small Scale Industries

The Committee further observed that the staff strength of the National Board for Small Scale Industries is low. It was indicated that over 66 districts of the Board have no staff and the situation is hampering productivity.

The Committee is urging the Ministry to meet with the Ministry of Finance to address the challenge.

6.4 Ghana Regional Appropriate Technology Industrial Services

The Committee noted with satisfaction that the Ghana Regional Appropriate Technology Industrial Services (GRATIS) has been successfully completed photocopying and transfer of technology of the vegetable and fruit washing equipment for pack houses under the Northern Rural Growth Programme.

It was happy that there has been the purchase and rehabilitation of vehicles across the GRATIS Network which has enhanced the purchase of raw materials for production and after sales service to customers to whom equipment has been supplied to.

The Committee would like to recommend that funds be made available by the Ministry to enable the GRATIS foundation meet the high cost of maintenance and the replacement of broken down equipment.

6.5 Ghana Trade Fair Authority

As regards the Ghana Trade Fair Authority, the Committee expressed concern about the state of the facility. It was the view of the Committee that capital is needed to be injected into the operations of the Company to revive its fortunes.

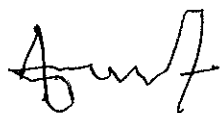
It is recommended that the Ministry meet the Board to come up with a model to partner a private investor to improve the operations of the Company.

7.0 CONCLUSION

In conclusion, the Committee having carefully examined the 2018 Annual Budget estimates of the Ministry of Trade and Industry recommends to the House to adopt its report and approve the sum of **Four Hundred and Eighteen Million, Five Hundred and Forty-Four Thousand, Six Hundred and Eighty-Four Ghana Cedis (GH¢418,544,684.00)** for the year ending 31st December, 2018 being budgetary allocation for the Ministry of Trade and Industry to enable it undertake its programmes and activities for the 2018 fiscal year.

Respectfully Submitted.

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**HON. NANA MARFO AMANIAMPONG
CHAIRMAN, COMMITTEE ON TRADE,
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