

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

**REPORT OF THE
FINANCE COMMITTEE**

ON THE

2017 ANNUAL BUDGET ESTIMATES

OF THE

MINISTRY OF FINANCE

23rd MARCH, 2017

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3.0 BACKGROUND

The Ministry of Finance exists to ensure macro-economic stability for the promotion of sustainable growth and development of Ghana and her people through:

- The formulation and implementation of sound financial, fiscal and monetary policies;
- The efficient mobilization, allocation and management of financial resources;
- Establishing and disseminating performance-oriented guidelines and accurate user-friendly financial management information system.
- Creating an enabling environment for investment.

In furtherance of the foregoing, the ministry is committed to the pursuit of excellence, transparency, probity and accountability in the management of financial resources.

4.0 OBJECTIVES AND FUNCTIONS

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.

Pursuant to the Ghana Shared Growth and Development Agenda (GSGDA II), the ministry is pursuing nine (9) Policy Objectives that are relevant to its functions. These are to:

- i. Ensure price and exchange rate stability
- ii. Deepen the capital market
- iii. Improve access to the capital market
- iv. Improve fiscal revenue mobilization and management
- v. Improve public expenditure management
- vi. Improve capacity for effective public sector debt management
- vii. Develop a financial sector which is more efficient and responsive to private sector needs
- viii. Enhance production and management of statistical information
- ix. Improve availability of quality data for policy formulation, analysis and decision-making

The core functions of the Ministry include the following:

- ❖ Mobilization of external and internal resources
- ❖ Allocation of resources to all sectors of the economy
- ❖ Ensuring sustainability of public debt
- ❖ Preparation and implementation of the annual budget and economic and financial statement of Government
- ❖ Management of public expenditure
- ❖ Development and implementation of financial sector policies
- ❖ Develop an efficient financial sector integration into the global financial system
- ❖ Enhance the institutional capacity of the Ministry and provide public financial management training for public and private sectors

5.0 2016 BUDGET PERFORMANCE

ITEM	2016 PROVISION GH¢	2016 ACTUAL EXPENDITURE GH¢	VARIANCE GH¢	%UTILISATION
Compensation of Employees	196,324,071	191,715,074.54	4,608,996.46	97.65
Goods and Services	9,334,676	7,581,876.63	1,752,799.37	81.22
Capex	0	0	0	0
SUB-TOTAL	205,658,747	199,296,951.17	6,361,795.83	96.91
IGF Retained	14,775,826	17,265,875.74	(2,490,049.74)	116.85
ABFA	967,774	967,000.00	774.00	99.92
Donor	51,015,436	101,430,314.90	(50,414,878.90)	198.82
GRAND TOTAL	272,417,783	318,960,142.81	(46,542,358.81)	117.08

Table 1: Source – Ministry of Finance

6.0 THE 2017 ANNUAL ESTIMATES FOR THE MINISTRY OF FINANCE

A total amount of **GH¢573,251,781** has been allocated to the Ministry of Finance and its Departments and Agencies for the year 2017. The breakdown of the allocation is as follows:

COMPENSATION OF EMPLOYEES:

Government of Ghana	-	GH¢215,170,788
Internally Generated Funds	-	GH¢4,322,877
Donor Sources	-	<u>0</u>
Subtotal:		GH¢219,493,665

GOODS AND SERVICES:

Government of Ghana	-	GH¢ 265,078,652
Internally Generated Funds	-	GH¢7,567,972
Donor Sources	-	<u>GH¢14,578,698</u>
Subtotal:		GH¢287,225,322

CAPITAL EXPENDITURE:

Government of Ghana	-	GH¢ 4,000,000
Internally Generated Funds	-	GH¢2,318,004
Donor Sources	-	<u>GH¢58,314,790</u>
Subtotal:		GH¢64,632,794

Funds/others (ABFA) GH¢1,900,000

GRAND TOTAL - GH¢573,251,781

6.1 ALLOCATIONS TO DEPARTMENTS AND AGENCIES OF THE MINISTRY

The amounts stated below represent allocations to the various Departments, Divisions and Agencies of the Ministry of Finance:

6.1.1 Finance Headquarters

The Headquarters of the Ministry has been allocated a total of **GH¢337,197,121** to prosecute its activities for the 2017 financial year:

Compensation of Employees:	GH¢30,815,416
Goods and Services:	GH¢252,264,236
Capex:	GH¢52,217,469
Other Funds (ABFA):	<u>GH¢1,900,000</u>
Total	<u>GH¢337,197,121</u>

This amount would be spent on the various units of the Headquarters as follows:

General Administration	GH¢39,555,284
Budget Division	GH¢11,810,000
Debt Mgt Division	GH¢520,000
External economic relations	GH¢33,549,687
Economic research and forecasting	GH¢460,000
Real sector Division	GH¢3,863,802
Financial Sector Division	GH¢225,791,097
Public investment Division	GH¢9,459,722
Monitoring and Evaluation	GH¢360,000
Revenue policy Division	GH¢11,827,529

6.1.2 Controller and Accountant General's Department (CAGD)

For the year 2017, the Controller and Accountant General's Department (CAGD) has been provided the following allocations:

Compensation of Employees:	GH¢162,161,740
Goods and Services:	GH¢10,793,326
Capex:	GH¢10,885,378
Other Funds (ABFA):	<u>0</u>
TOTAL	<u>GH¢183,840,444</u>

6.1.3 Ghana Statistical Service (GSS)

An amount of GH¢37,821,267 has been allocated to the Statistical Service for the 2017 Financial year. The breakdown is as follows:

Compensation of Employees:	GH¢18,703,019
Goods and Services:	GH¢18,818,248
Capex:	GH¢300,000
Other Funds (ABFA):	<u>0</u>
TOTAL	<u>GH¢37,821,267</u>

6.1.4 Public Procurement Authority (PPA)

For the year 2017, an amount of GH¢3,266,520 has been allocated to the PPA as follows:

Compensation of Employees:	GH¢1,410,418
Goods and Services:	GH¢1,556,102
Capex:	GH¢300,000
Other Funds (ABFA):	<u>0</u>
TOTAL	<u>GH¢3,266,520</u>

6.1.5 Institute of Accountancy Training (IAT)

The Institute of Accountancy Training (IAT) has been allocated an amount of GH¢1,586,517 as budget estimate for the 2017 financial year to be spent as follows:

Compensation of Employees	GH¢1,064,709
Goods and Services	GH¢321,808
Capex	GH¢200,000
Other Funds (ABFA)	<u>0</u>
TOTAL	<u>GH¢1,586,517</u>

Approved by the Finance Committee

The Chairman of the Finance Committee

Dr. Kwame Ninsin

6/5/2017

Approved by the Minister

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6.1.6 Securities and Exchange Commission (SEC)

The Securities Funds and Exchange Commission (SEC) will for the year 2017 generate internally and retain an amount of GH¢7,414,019 to be spent on its programmes and activities as follows:

Compensation of Employees:	GH¢4,322,877
Goods and Services:	GH¢2,561,195
Capex:	GH¢529,947
Other Funds (ABFA):	<u>0</u>
TOTAL	<u>GH¢7,414,019</u>

6.1.7 Financial Intelligence Center (FIC)

The financial Intelligence Center has been allocated a Budget Estimate of GH¢2,125,893 for the implementation of its programmes and activities for the 2017 financial year. The breakdown is as follows:

Compensation of Employees:	GH¢1,015,486
Goods and Services:	GH¢910,407
Capex:	GH¢200,000
Other Funds (ABFA):	<u>0</u>
TOTAL	<u>GH¢2,125,893</u>

7.0 OBSERVATIONS AND RECOMMENDATIONS

7.1 Policy Formulation and Implementation

The Committee observed that the Ministry of Finance has a key responsibility of formulating and implementing sound macro-economic policies, effective mobilization and efficient allocation of internal and external resources to all sectors of the economy and ensuring sustainable debt management.

7.2 IMF Extended Credit Facility

In the year 2016, three (3) programme reviews were conducted under the current IMF Extended Credit Facility (ECF) Programme, and performance was adjudged satisfactory. The Ministry also hosted the 2016 West African Monetary Zone's (WAMZ) Statutory Meetings in Accra and participated in the mid-year WAMZ meetings in Guinea.

7.3 Capacity Building in Economic Policy Analysis

The Ministry in 2016 established the Ghana Economic Policy Analysis and Research Institute (GEPARI) to build capacity of both state and non-state actors in public policy analysis and promote policy-relevant and evidence-based research to inform policy. This institute is programmed to become fully operation in the course of 2017.

7.4 Deposit Protection

The Ministry facilitated the passage of the Ghana Deposit Protection Act, 2016 (Act 931) to establish a Deposit Protection Scheme to protect small depositors. The Act also made provision for the establishment of a Deposit Protection Fund and Deposit Protection Corporation to manage the scheme. The Bank of Ghana would begin the implementation of the Act in 2017.

7.5 Financial Inclusion Strategy

The Committee noted that the Ministry will in 2017 implement the National Financial Inclusion Strategy to address issues relating to access, usage and quality of financial services and products.

7.6 National Financial Risk Assessment Blueprint

The Financial Intelligence Center (FIC) will in 2017 continue implementation of the National Risk Assessment Action Plan and build capacity of all relevant stakeholders including the Police Service and other security agencies to enhance their investigative skills.

FIC Freezing Orders

The Financial Intelligence Centre (FIC) informed the Committee that in 2016 they froze ten (10) accounts / transactions out of four hundred and twenty (420) Suspicious Transactions Reports received in that year.

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Ghana Statistical Service (GSS) data show that persons in employment in Ghana totaled 3,383,206. However, only about one million of these persons are reflected on the records of the Ghana Revenue Authority (GRA). In order to bridge the gap, the Ministry would ensure that all employers file Annual Employee Returns. The Ministry would also reconcile SSNIT records with GRA *Pay As You Earn (PAYE)* data and also identify self-employed persons including practicing professionals for purposes of PAYE obligations.

7.8 ICT-led Government Payroll Management

The Committee was informed that the Controller and Accountant General's Department (CAGD) will enhance the use of Information and Communication Technology (ICT) in the management of the government payroll to ensure efficiency and integrity of the system. The CAGD intends to roll out a *GoG Staff Card* and operationalize E-Forms in addition to the E-Payslips.

7.9 Agencies weaned off Government Subvention

The Committee noted that the Ministry has taken steps to fully wean off the National Pensions Regulatory Authority (NPRO) and the Securities and Exchange Commission (SEC) from government payroll and also ensure a net transfer of their IGF into the Consolidated Fund to help free up fiscal space.

7.10 Cost of Value Books Not Provided For

The Committee's examination of the Estimates disclosed that that no provision has been made to cover the cost of value books for the year 2017. In response, officials of the Ministry of the Ministry assured the Committee that funds have been allocated under "Other Government Obligations" to meet that purpose.

7.11 Debt Sustainability Analysis

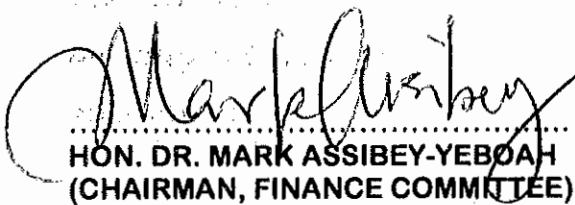
The Ministry of Finance proposes to conduct and publish Debt Sustainability Analysis (DSA), revise the Medium Term Debt Strategy (MTDS) to guide borrowing, and manage public debt at the lowest cost and at prudent levels of risk.

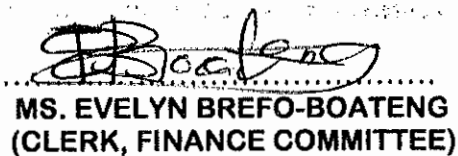
8.0 CONCLUSION

The Committee has critically examined the 2017 Annual Estimates for the Ministry of Finance and found the objectives for which the sums have been allocated to be laudable and achievable.

The Committee, in view of the foregoing, respectfully recommends to the House to adopt this report and approve the sum of *five hundred and seventy-three million, two hundred and fifty-one thousand, seven hundred and eighty-one Ghana Cedis (GH¢573,251,781)* for the Ministry of Finance and its Agencies for the 2017 financial year.

Respectfully Submitted


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


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