

**IN THE THIRD SESSION OF THE SIXTH
PARLIAMENT**

OF THE

FOURTH REPUBLIC OF GHANA

REPORT OF THE COMMITTEE

ON

TRADE, INDUSTRY AND TOURISM

ON THE

**2016 ANNUAL BUDGET ESTIMATES OF THE
MINISTRY OF TRADE AND INDUSTRY**

16TH DECEMBER, 2015

THE REPORT OF THE COMMITTEE ON TRADE, INDUSTRY & TOURISM ON THE 2016 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 2016 Financial Year was presented to the House on Friday, 13th November, 2015 by the Hon. Minister of Finance, Mr. Seth Emmanuel Terkper.

The Rt. Hon. Speaker referred the 2016 Annual 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 Constitution of Ghana and pursuant to Orders 140(4) and 159 of the Standing Orders of the House.

In considering the Annual Estimates, the Committee met with the Hon. Deputy Minister of Trade and Industry, Hon. George Kweku Ricketts-Hagan and the technical team from the Ministry, its 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 2015 Actuals
- iv. 2016 Budget Statement and Economic Policy
- v. Programme-Based Budget Estimates of 2016 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 & 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 strong 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
- Ghana Export Promotion Authority -GEPA
- GRATIS Foundation
- Central Regional Development Commission – CEDECOM and
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
- Export Development and Agricultural Investment Fund (EDAIF)

- Northern Star Company – Pwalugu
- Ayensu Starch Company
- Ghana Trade Fair Authority
- Ghana National Procurement Agency
- GCNET

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

4.0 PERFORMANCE REVIEW OF 2015 BUDGET

4.1 Financial

4.1.1 Status of 2015 Budget

In the year under review, Parliament approved an amount of One Hundred and Eighty Three Million, **Eighty Hundred and Thirty Thousand, One Hundred and Ninety-Nine Ghana Cedis (GH¢ 183,830,199.00)**, however, the actual total releases for the year amounted to **Thirty-Seven Million, Fifty-Eight Thousand Four Hundred and Eighty Ghana Cedis, Seventy-Six Pesewas (GH¢ 37,058,480.76)**. The variance of **One Hundred and Forty-Six million, Seven Hundred and Seventy-One Thousand, Seven Hundred and Eighteen Ghana Cedis, Twenty-Four Pesewas (GH¢ 146,771,718.24)** amounted to 80% of the total budgetary allocations (Table 1).

Table 1: Budget allocation and actual expenditure as at September, 2015.

2015	GoG		IGF		Donor	
	Budget	Actual Exp.	Budget	Actual Exp.	Budget	Actual Exp.
Compensation	36,302,697.00	12,927,027.00				
Goods and Services	1,442,805.00	812,000.00	58,573,787.00	16,932,160.56	12,377,617.00	1,052,134.80
CAPEX	2,000,000.00	1,990,577.00	23,622,823.00	3,344,581.40	49,510,470.00	
Total	39,745,502.00	15,729,604.00	82,196,610.00	20,276,741.96	61,888,087.00	1,052,134.80

Source: MOTI, 2016 Budget Estimates.

Actual expenditure on Compensation constituted about 36% of the total budget allocation to Compensation. This was attributed to the delay in payment of salaries and allowances to foreign missions. The problem with the implementation of the Private Sector Development Strategy II was the main reason for the low actual expenditure from Donor Funds which constituted about 2% of the budgeted Donor Funds.

4.2 Non-Financial

4.2.1 Management and Administration

Phase One of the Integrated Business Establishment Survey

A draft report on Industrial Register which provides vital information on all registered businesses in the country including current levels of employment has been completed and ready for launching

4.2.2 Trade Development

Preparation for implementation of Economic Partnership Agreement

A strategy document to enable Ghana to maximize benefits and minimize losses from the implementation of EPA has been developed. A draft report was validated at a stakeholders meeting in December, 2015.

Promotion of Made in Ghana Goods

A Made-in Ghana Logo has been launched to serve as a seal of quality and hallmark of excellence to enhance the implementation of the campaign which was launched in November, 2015.

For the year under review, Eight Hundred and Fifty-Two (852) Small Medium Enterprises (SMEs) have been registered to showcase their goods and services free of charge on the Ministry's Web-Based Product Gallery. This represents an increase of 280% over 304 SMEs that were registered over the same period in 2014.

Bilateral and Regional Trade Negotiations

The Ministry engaged in bilateral trade agreements with strategic countries including United Kingdom, Kenya, Belgium, Togo, Vietnam, Chile and the Czech Republic to take advantage of business opportunities as well as encourage foreign direct trade investments.

A Memorandum of Understanding has been signed with the US Government to expand bilateral trade and investment cooperation under the new US Trade Africa initiative. Within this framework, the US Government has pledged USD4.8 million to implement ten (10) out of twenty-four (24) of Ghana's WTO Trade Facilitations Category C measures to improve the ease of doing business.

Export Promotion - National Export Strategy (NES)

A five (5) year Budget and Work plan for July to December 2015 have been completed. The National Export Steering Committee (NESC) and Inter-Agency Committee (IACC) for implementation of NES have been operationalized. Also a Project Coordinating Management Unit Secretariat has been established.

The Ministry, through the Ghana Export Promotion Authority (GEPA), assisted eleven (11) manufacturing companies to obtain approval for twenty-one (21) products to be exported to the West African sub-region under the ECOWAS Trade Liberalization Scheme.

The GEPA has given training to the following: One Thousand, One Hundred and Twenty (1,120) horticultural farmers in Good Agricultural Practices and Export Quality Management; One Thousand, Seven Hundred and Fifty (1750) groundnut farmers in the prevention of Aflatoxin; Two Hundred and Forty (240) craftsmen in the handicraft sector on quality management; Seven Hundred and Fourteen (714) exporters were given advisory services.

Export Development and Agricultural Investment Fund (EDAIF)

The development of the five (5) year Corporate Strategic Plan has been completed and approved by the Board for implementation.

Four (4) Zonal offices were opened in Tamale to cater for Northern, Upper East and Upper West, Kumasi for Ashanti and Brong Ahafo, Takoradi for Western and Central and Ho for Volta and Eastern regions.

Under Phase II of the EDAIF Finance Mango Project, the financial support model has been reviewed from grant to an interest-free credit facility to be disbursed through a Financial Institution to the beneficiaries. One hundred and twelve (112) applications have been approved by the Board to cultivate a total of Two Thousand, Eight Hundred (2,800) acres of mango. The third tranche disbursement has been processed for Thirty-two (32) applicants.

To reduce graduate unemployment, EDAIF has started an initiative to provide financial and mentoring support to Tertiary Graduates to start their own businesses.

Seventy-five (75) applications have been shortlisted for appraisal. The fund has engaged the services of a technical partner to assist in the appraisal of applicants and the implementation of the project.

As part of EDAIF's mandate to support industrial development and to contribute to reducing rural poverty, the cassava value chain programme which is aimed at increasing the production and processing of cassava for industrial use was initiated. Out of the One hundred and eleven (111) applications that the Board received, it approved to support Three (3) out of Ninety-eight (98) applicants short-listed.

Trade Facilitation

GCNet has fully deployed the Ghana Integrated Cargo Clearance System (GICCS) Phase 2, which is a web-based module which is designed to minimize data entry and errors by more than 55% and also make declaration submission virtual and efficient. A Working Group which was constituted to streamline port clearance procedures has completed its work and submitted its report for cabinet consideration.

A Ministerial meeting between Ghana and Cote d'Ivoire was held in Takoradi from 4th to 8th May, 2015 for preparations towards the implementation of the Elubo-Noepe Joint Border Post project. Meetings have been held to discuss the operationalization of the Joint Border post at Noepe and draft documents have been forwarded to the Attorney for legal advice.

4.2.3 Development and Promotion

Business Technology Transfer, Research and Product Development

GRATIS Foundation

GRATIS provided training for One Hundred and Fourteen (114) vulnerable men and women in various food processing and other income generating skills. Four Hundred and Seventy-four (474) persons received training in Mechanical Craft practice, and Master Craftsmen in various engineering skills. One Hundred and Fifty-Six (156) students were prepared for NABTEX Examination while One Hundred and Eighty-four (184) persons received training in Welding and Fabrication and Forty-four (44) in Metal Machining.

Four Thousand, Three Hundred and Two (4,320) assorted agro-processing and general equipment were manufactured and sold while Four Thousand, One Hundred and Twenty-Two (4,122) repair, maintenance and manufacture of spare parts were produced for both local and West African markets.

National Board for Small-Scale Industries (NBSSI)

The National Board for Small Scale Industries (NBSSI) assisted One Hundred and Ninety-three (193) MSEs (One Hundred and Thirty-three (133) males and Eighty (80) females) to access institutional credit. It provided Business Development Services (BDS) to a total of Nineteen Thousand, Three Hundred (19,300) MSEs (Seven Thousand, One Hundred and Seventy-two (7,172) males and Twelve Thousand, One Hundred Twenty-eight (12,128) females) to enhance their operations and make them competitive through the Business Advisory Centres (BACs) located in the One Hundred and Thirty-four (134) districts across the country.

Rural Enterprises Programme

The Rural Enterprises Programme (REP) in collaboration with NBSSI and GRATIS Foundation provided Business Development Services to strengthen the capacity of Twenty-three Thousand, Six Hundred and Thirty-eight (23,638) rural Micro and Small Enterprises (MSEs) and their associations within various rural communities at the district level. In addition, Eighty (80) members of staff of financial institutions were trained. Fourteen training programmes were organized for MSEs to support institutions at district, regional and national levels. A total of Two Thousand, Two Hundred Thirty-two (2,232) rural master craft persons and apprentices were supported with Technology services

CEDECOM

CEDECOM started works on the construction of a six (6) Seater W/C and a nursery as part of a Community market project at Bisease. It refurbished Swedru SHS Assembly Hall and Library as well as completed Phase 1 of the rehabilitation works on the Agona Swedru Sports Stadium. Construction works are on-going for Thirty-two (32) CHPS Compounds across the Region. Eight (8) ICT Centres in selected districts in the region were completed.

4.2.4 Trade and Industry Promotion

Foreign Trade Services

The Ministry's Trade Mission in Lagos facilitated the admission of eight (8) out of eighteen (18) Ghanaian companies into the ECOWAS Trade Liberalization Scheme since the beginning of 2015. The Ministry's Overseas Trade and Investment Mission facilitated the visit to Ghana by the following business delegations: Two (2) delegations from UK; One delegation from Vietnam; and another delegation from Belgium.

Regional Offices of the Ministry

The Regional offices carried out sensitization workshops to educate the public on key government initiatives such as: National Export Development Programme; Implementation of the Promotion of Made in Ghana Campaign; and strategies to maximize the benefits and minimize the threat from the implementation of the Economic Partnership Agreement (EPA).

4.2.5 Standardization and Conformity Assessment

During the year, twenty-eight (28) laboratories at Ghana Standards Authority (GSA), Food and Drugs Authority (FDA), Plant Protection and Regulatory Services Directorate (PPRSD) and Veterinary Services Directorate (VSD) of Ministry of Food and Agriculture (MoFA), Food Research Institute (FRI), Institute for Industrial Research (IIR) of Council for Scientific and Industrial Research (CSIR) and Customs Laboratory were supplied with laboratory equipment under the Trade Related Assistance and Quality Enabling (TRAQUE) programme.

To safeguard the health, safety and economic interest of consumers, the Ghana Standards Authority inspected Forty-three Thousand, Seven Hundred and Ninety-one (43,791) imported high risk goods at the port of entry, conducted Three Hundred and Ninety-two (392) market surveillance activities throughout the country and also tested and analysed Thirteen Thousand, Five Hundred and Thirteen (13,513) product samples to ascertain their conformance to applicable standards.

The Authority inspected and verified Twenty-Seven Thousand, Four Hundred and Fifty-six (27,456) weighing and measuring devices used for trading purposes to ensure

consumer safety. It issued One Thousand, Three Hundred and Ninety-four (1,394) export certificates, inspected Three Hundred and Seventy-Six (376) export consignments and certified Two Hundred and Eight-eight (288) locally manufactured products to improve their competitiveness. In addition, Four Hundred and One (401) standards were developed to guide industry and other stakeholders whilst Sixteen (16) training programmes were organized for industrial operators to build their capacity in industrial production.

4.2.6 Industrial Development Programme

To promote the development of adequate raw material base for local manufacturing activities, Shea nut, soya beans, cassava, cotton and groundnut have been identified for large scale commercial cultivation.

Data on location and deposits of selected mineral products such as limestone, Clay, Salt, Aluminum and Gold has been collected from relevant agencies.

Komenda Sugar factory

In order to ensure adequate supply of raw material for the factory, a Cabinet Memo on access to Credit of USD 24.59 million for irrigation and sugarcane plantation for the Komenda Sugar Factory has been submitted to the Ministry of Finance for finalization and onward submission to Cabinet for consideration.

Seftech, the company constructing the sugar plant is also financing seedlings and mobilizing farmers to cultivate Five Hundred (500) acres of sugar cane to be used for trials.

New Industrial Zones

Survey and mapping have been completed for lands identified at Shama and Sekondi for the establishment of industrial zones. Investors are being invited to develop the sites and manage them.

Tema Export Processing Zone

The occupancy rate of the Tema Export Processing Zone increased from fifty-nine (59) companies to Sixty-five (65) and Zenith Bank has been attracted to open a branch to provide services to companies operating in the enclave.

A new power substation which will boost power supply at the Tema Export Processing Zone has been completed and commissioned.

5.0 OUTLOOK FOR THE MINISTRY (2016)

5.1 Financial

5.1.1 Outlook for the Ministry for 2016

In 2016, the Ministry has been allocated a total amount of **Two Hundred and Fifty-Nine Million, Three Hundred and Sixty Thousand, Two Hundred and Twenty-Eight Ghana cedis (GH¢ 259,360,238.00)** for its operations (Table 2).

Table 2: Breakdown of MOTI Budget 2016

2016	GoG	IGF	Donor	Total
Compensation	29,420,928.00	18,260,812.00	-	47,681,740.00
Goods and Services	721,981.00	25,360,569.00	81,398,799.00	107,481,349.00
Assets	-	48,746,247.00	55,450,902.00	104,197,149.00
Total	30,142,909.00	92,367,628.00	136,849,701.00	259,360,238.00

Source: MOTI, 2016 Budget Estimates

Table 3 also shows expenditure to the various programmes by source of funding with Management and Administration programme taking the largest share (38.1%) of the total allocation. The share of Trade development programme to the Ministry's total allocation decreased drastically from 54.6% in 2015 to 6.8% in 2016 as a result of reduction in Donor Funds.

Table 3: Expenditure to the Various Programmes by Source of Funding (2016)

Programme	GoG	IGF	Donors	Total
Trade Development	2,821,426.00	102,460.00	14,593,357.00	17,517,243.00
Business Development and Promotion	11,561,852.00	422,260.00	22,669,928.00	34,654,040.00
Standardization and Conformity Assessment	5,695,527.00	41,736,445.00	-	47,431,972.00
Industrial Development	706,857.00	20,096,752.00	26,676,260.00	47,479,869.00
Trade and Industry Promotion	4,951,934.00	-	8,508,430.00	13,460,364.00
Management and Administration	4,405,314.00	30,009,712.00	64,401,726.00	98,816,752.00
Total	30,142,910.00	92,367,629.00	136,849,701.00	259,360,240.00

5.2 Non-Financial

5.2.1 Trade Development Programme

The Ministry will continue to play its key role in trade facilitation by expanding GCNet connectivity to all key MDAs, border posts, freight forwarders and other users.

A consumer protection law will be enacted to enhance confidence and strengthen consumer position in the marketplace.

The Ministry will complete the Competition Policy and initiate enactment processes into law. The policy is intended to promote fair competition by ensuring that consumers are adequately protected from exploitation.

The Ministry intends to continue its collaboration with the Ghana Export Promotion Authority (GEPA) and other trade-related institutions to carry out the implementation of the National Export Strategy (NES). This is to move Non-Traditional Exports (NTEs) from US\$2.4 Billion to US\$5.0 Billion by 2017.

5.2.2 Business Development and Promotion Programme

Rural Enterprises Programme will establish Ninety-fifty (95) new Business Advisory Centres (BACs) at the district level and train about Thirty-Five Thousand (35,000) rural poor people in community-based income generating activities and small business management and marketing. Business counselling services will be provided to Fifteen Thousand (15,000) operators of rural micro and small enterprises.

GRATIS will continue to provide training to the youth in employable skills for self-employment and fit into industry.

5.2.3 Trade and Industry Promotion Programme

Regional offices will be strengthened to facilitate the implementation of the National Export Strategy, the Promotion of Made-in-Ghana programme and other regional specific interventions.

The Ministry's Overseas Trade and Investment Missions will continue to identify and promote investment opportunities to new and existing investors.

5.2.4 Standardization and Conformity Assessment

The Ghana Standards Authority (GSA) will commence the implementation of a project that will lead to development of Hydrocarbon Standards for Custody Transfer and Allocation Metering System Project.

GSA will acquire Custody Transfer and Allocation Metering System to enable the authority to monitor the flow of oil and gas into loading vessel and ascertain the quantity thereof. GSA will further develop a gas metering station at Atuabo in the Western Region and establish a new Metrology Laboratory for the oil, gas and petro-chemical industry.

5.2.5 Industrial Development

The Ministry has initiated the Small-Scale District Industrialization Initiative (SSDII) programme to operationalize the core strategies underpinning the industrialization programme of Government. The programme is being implemented by NBSSI on a pilot basis in thirty (30) districts with three (3) projects in each region.

6.0 OBSERVATIONS

In its deliberations with the Ministry of Trade and Industry, the Committee came out with the following observations:

6.1 2015 Budget Implementation Challenges

The Committee observed that untimely and partial release of Government of Ghana funds and the delay in the release of funds from collaborating Developing Partners affected the full implementation of the Ministry's programmes and projects.

6.2 Compensation of Foreign Missions

It was revealed that Trade Officers who are on missions aboard are paid through transfers by the Bank of Ghana. However, there is always a delay since Trade Officers' salaries are transferred from the Ministry's payroll to Controller and Accountant General's Department for onward transfer to the missions. These transfer do not go monthly and as such the Foreign missions are compelled to use their own budgetary allocations to pre-finance the payment of rents of these Trade Officers until they are

reimbursed within three to four months. This thus affects the operational funds of the foreign missions.

6.3 GATIS Foundation

It came to light that budgetary allocation to GRATIS Foundation was woefully inadequate given the important role it plays in technology transfer, research and development.

6.4 Komenda Sugar Factory

The Committee expressed concern about the water and power challenges facing the factory. It was also not pleased about the fact that government is considering taking a Credit of USD 24.59 million for irrigation and sugarcane plantation.

6.5 Allocation of Internally Generated Funds (IGF) to Agencies

The Committee noted that IGF estimated for 2016 was unrealistic considering its performance for 2015. The Committee was not happy about how allocations of IGFs were distributed among Agencies of the Ministry. It was also observed that Ghana Standards Authority alone was allocated 45% of the total IGF leaving very small amounts for the other Agencies.

6.6 Difficulty in accessing Donor Funds

The Committee observed that 2% of the budgeted Donor Funds was actually accessed as a result of challenges with the implementation of the Private Sector Development Strategy II.

6.7 Domestic Trade – overland importation of Rice

The Committee was made aware that directives on the restriction of overland importation of rice has had negative impact on the livelihoods of the people living along the towns bordering La Cote d' Ivoire. This has not only raised serious national security concerns but also reduced revenue generation through the payments of custom duties and taxes.

6.8 Ghana Standards Authority

It was revealed that fake and expired goods such as drugs, canned foods, etc. imported into the country had potential health implications.

7.0 RECOMMENDATIONS

In view of the above observations, the Committee wishes to make the following recommendations:-

Ministry of Finance

- The Ministry of Finance should ensure the timely release of funds to the Ministry, its Departments and Agencies for effective implementation of their programmes and activities.
- The Ministry of Finance should take the necessary steps to come out with a distribution formula for the allocation of IGF to ensure that other Agencies who are not able to generate enough IGFs are catered for.
- The Ministry of Finance and the Controller and Accountant General's Department should ensure the timely release of funds for the payment of salaries and allowances to Trade Officers on foreign missions.

Ministry of Trade and Industry

- The Ministry should ensure that adequate budgetary allocation is given to GRATIS Foundation due to its potential in driving the agenda of economic transformation.
- The Ministry should put in more efforts to resolve the challenges associated with the implementation of the Private Sector Development Strategy II to ensure the smooth flow of funds from Donors.
- The Committee therefore considers it important that the Ministry of Trade and Industry reviews the directives on the restriction of overland importation of rice to enable importers return to perform their normal course of business. This would not only help in improving the livelihoods of the people living in towns along the border of La Cote d'ivoire but also

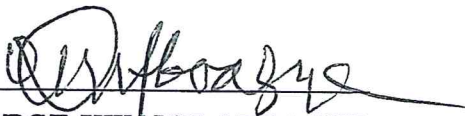
enable the Ghana Revenue Authority to get more revenue from the payment of duties and taxes.

- The Ministry should support the Ghana Standards Authority to combat fake and expired goods imported into the country.
- The Ministry should as a matter of urgency ensure adequate provision of water and electricity to the Komenda Sugar Factory.
- The Government of Ghana, through the Ministry should look for alternative source of funding for the irrigation and sugarcane plantation instead of going for a credit facility.

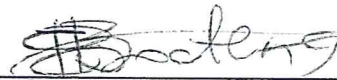
7.0 CONCLUSION

In conclusion, the Committee having carefully examined the 2016 budget estimates of the Ministry of Trade and Industry, recommends to the House to adopt its report and approve the sum of **Two Hundred and Fifty-Nine Million, Three Hundred and Sixty Thousand, Two Hundred and Twenty-Eight Ghana cedis (GH¢ 259,360,238.00)** being budgetary allocation for the Ministry of Trade and Industry to enable it undertake its programmes and activities for the 2016 fiscal year.

Respectfully Submitted.



**GEORGE KWAME ABOAGYE
(CHAIRMAN TO THE COMMITTEE)**



**MS. EVELYN BREFO-BOATENG
(CLERK TO THE COMMITTEE)**

