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

Report of the Committee on Food, Agriculture and Cocoa Affairs

on

The 2017 Annual Budget Estimates of the Ministry of Food and Agriculture

March, 2017

REPORT OF THE COMMITTEE ON FOOD, AGRICULTURE AND COCOA AFFAIRS ON THE 2017 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF FOOD AND AGRICULTURE

1.0 INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the year ending 31st December, 2017 was presented to Parliament, by the Minister for Finance, Mr. Ken Ofori-Atta in accordance with Article 179 of the 1992 Constitution.

Pursuant to Standing Orders 140(4) and 176, Rt. Hon Speaker referred the estimates of the Ministry of Food and Agriculture to the Committee on Food, Agriculture and Cocoa Affairs for consideration and report to the House.

1.1 DELIBERATIONS

The Committee met for two days and examined the Draft Estimates of the Ministry. Present at the meeting were the following:

a. Minister for Food and Agriculture, Hon. Afriyie Osei Akoto
b. The Chief Director of the Ministry, Mr. B.K Gyasi
b. Directors and Project Co-ordinators of the following Directorates and Projects:

i. Human Resource Development and Management Directorate;
ii. Crop Services Directorate;
iii. Ghana Irrigation Development Authority;
iv. Grains and Legumes Development Board;
v. Plant Protection and Regulatory Services Directorate;
vi. Women in Agricultural Development (WIAD);
vii. Veterinary Services Directorate;
viii. Animal Production Directorate;
ix. Agricultural Extension Services Directorate;
x. Agricultural Engineering Services Directorate; and
xi. Policy Planning, Monitoring and Evaluation Directorate
xii. National Buffer Stock Company

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The Committee is grateful to the Minister, Directors and Project Co-ordinators for their insightful inputs and clarifications.

1.2 REFERENCE MATERIALS

In considering the sector estimates, the Committee was guided by the following documents:

I. The 1992 Constitution of Ghana;
II. The Standing Orders of Parliament;
III. The Budget Statement and Economic Policy of the government of Ghana for 2016 Financial Year;
IV. The Budget Statement and Economic Policy of the government of Ghana for 2017 Financial Year;
V. The 2016 Annual Budget Estimates of the Ministry of Food and Agriculture; and
VI. The 2017 Annual Budget Estimates of the Ministry of Food and Agriculture.

1.3 MISSION STATEMENT OF THE MINISTRY

The Ministry of Food and Agriculture exists to promote sustainable agriculture through research and technology development, effective extension and other support services to farmers, processors and traders for improved livelihood.

1.4 STRATEGIC POLICY OBJECTIVES

The strategic policy objectives of the Ministry of Food and Agriculture are as follows:

a. Promote Agriculture Mechanisation
b. Improve science, technology and innovation application
c. Promote seed and planting material development
d. Increase access to extension services and re-orientation of agriculture education
e. Improve institutional co-ordination for agriculture development
f. Increase private sector investment in agriculture
g. Improve post-production management
h. Develop an effective domestic market

i. Expand agriculture exports

j. Promote irrigation development

k. Improve Agriculture Financing

l. Promote sustainable environment, land and water management

m. Promote the development of selected staple and horticultural crops

n. Promote the development of selected cask crops and

o. Promote livestock and poultry development for food security and income generation

1.5 CORE FUNCTIONS OF THE MINISTRY

The core functions of the Ministry of Food and Agriculture are:

- Plan and advise the government on agricultural development policies, administration and management of the agricultural sector of Ghana's economy
- Monitor and evaluate the agricultural sector with emphasis on crops, livestock, irrigation and mechanization of the agricultural industry
- Develop and/or manage agricultural programmes and projects
- Co-ordinate agricultural research

2.0 REVIEW OF PERFORMANCE FOR 2016

2.1 Financial Performance for 2016

In the 2016 fiscal year the Ministry of Food and Agriculture was allocated an amount of of ***Five Hundred and One Million, Five Hundred and One Thousand, Seven Hundred and Eight Ghana Cedis (GH¢501,501,708)*** to implement its planned programmes and projects. The allocation comprised of a GoG component of **GH¢59,776,323** representing **(12%)**, a donor element of **GH¢175,341,831** (35%), an IGF of **GH¢4,065,650** (1%) and ABFA of **GH¢262,317,904 (52%)**. The breakdown of the allocation is as shown in tables 2 and 3 below.

2.2 BUDGETARY ALLOCATION FOR THE 2016 FISCAL YEAR

Table 2: Breakdown of the 2016 Budgetary Allocation by Economic Classification

Expenditure Item	Sources of Funding				
	GOG (GH¢)	IGF (GH¢)	ABFA (GH¢)	Donor (GH¢)	Total (GH¢)
Compensation	57,042,535	–	-	–	57,042,535
Goods & Services	2,733,788	2,810,326	163,615,132	60,102,522	**229,261,768**
Capital Expenditure	-	1,255,324	98,702,772	115,239,309	**215,197,405**
Grand Total	**59,776,323**	**4,065,650**	**262,317,904**	**175,341,831**	**501,501,708**
percentage	**12%**	**1%**	**52%**	**35%**	**100%**

Source: The Budget Statement and Economic Policy of the Government for 2016 Financial Year.

Table 3: Breakdown of Allocation by Programme

Source: Programme Based Budget Estimates for 2016, Ministry of Food & Agriculture.

Programme	Sources of funding				
	GOG (GH¢)	IGF (GH¢)	ABFA (GH¢)	Donor (GH¢)	Total (GH¢)
Management and Administration	16,232,380	166,235	3,000,000	8,439,004	**27,837,619**
Food Security & Emergency Preparedness	35,801,837	1,434,136	224,317,904	127,482,084	**389,035,962**
Increased Growth in Incomes	7,612,884	2,465,279	–	22,617,329	**32,695,492**
Marketing of Agric. Products at International Markets	35,350	–	–	–	**35,350**
Management of Land and Environment	10,000	–	–	-	**10,000**
Application of Science and Technology in Food & Agric. Development	83,871	–	35,000,000	16,803,413	**51,887,284**
Total	**59,776,323**	**4,065,650**	**262,317,904**	**175,341,830**	**501,501,708**

Source: The Budget Statement and Economic Policy of the Government for 2016 Financial Year.

2.3 PERFORMANCE OF THE AGRICULTURE SECTOR IN 2016

The ministry of Food and Agriculture in the 2016 fiscal year, committed its budgetary allocation to the following activities:

Food Security and Emergency Preparedness Programme

The Ministry under this programme procured 50 tractors to support Agriculture Mechanization Service Enterprise Centres (AMSECS) and 549 agricultural tractors were assembled for sale to support AMSECS.

In 2016, 20 metric tonnes of maize foundation seed, 3,055 metric tonnes of certified seeds of rice, sorghum, cowpea, soybean, groundnut and citrus foundation seeds were produced and distributed to farmers. In addition, 50,000 mini tubers of seed yam, 3,000 suckers of plantain, 300,000 cuttings of cassava and 3,000 seedlings of citrus were also produced and distributed to farmers.

The Ministry continued its collaboration with Ghana Irrigation Development Authority (GIDA) to rehabilitate dams and dugouts in the three Northern Regions. In 2016, 112 dams and dugouts were completed.

The Ministry through the Rice Sector Support Project completed the development of water regulatory structures covering 715. 1ha in 27 valleys in the Volta Region for rice production. This brought the total coverage area under the project to 4,892.3ha out of a total designed area of 5,697. 1ha.

The Ministry under GCAP developed 700ha of land in the Nasia-Nabogo valleys in the Northern Region for commercial investors to produce rain-fed rice. Works were also completed on a 1,003ha flood recession scheme in the three northern Regions to increase the area for rain-fed rice and high value vegetable production. All seven schemes are expected to be in use in the 2017 cropping season with over 2,000 farmers expected to benefit from the schemes.

The Ministry constructed a number of warehouses and pack houses ranging between 75 and 95 percent stages of completion for the storage of cereals, grains, fruits, and vegetables across the country. Under the Northern Rural Growth Programme (NRGP), five out of eight warehouses were taken over.

Increased Growth in Incomes Programme

To improve the performance of local livestock breeds, 2,584 various livestock species were supplied to livestock farmers at a subsidized rate. Under the West Africa Agricultural Productivity Programme (WAAPP) an additional 90 farmers were supported with 450 small ruminants of superior breed quality.

Science and Technology in Food and Agricultural Development Programme

90,000 metric tonnes of subsidized fertilizer were procured and distributed to 650,000 crop farmers nationwide.

3.0 OUTLOOK FOR 2017

3.1 BUDGETARY ALLOCATION FOR 2017

In the 2017 fiscal year the Ministry of Food and Agriculture has been allocated an amount of **Seven Hundred and Fifty Nine Million, Six Hundred and Seventy Six Thousand, Three Hundred and Forty Two *Ghana Cedis (GH¢759,676.342)*** to implement its planned programmes and projects. The allocation is comprised of a GoG component of **GH¢246,378,000,** a Donor element of **GH¢372,619,029**, an IGF of **GH¢2,465,093** and ABFA of **GH¢138,214,220**. The breakdown of the allocation is as shown in tables 2 and 3 below.

Table 3: ALLOCATION FOR 2017 – FUNDING SOURCES

	GOG	DONOR	IGF	ABFA	TOTAL
WAGES AND SALARIES	53,905,470	-	-	-	**53,905,470**
GOODS & SERVICES	191,872,529	252,622,346	1,757,495	9,814,220	**456,066,590**
CAPEX	600,000	119,996,683	707,598	128,400,000	**249,704,281**
TOTAL	**246,378,000**	**372,619,029**	**2,465,093**	**138,214,220**	**759,676,342**

Source: The Budget Statement and Economic Policy of GOG for 2017 fiscal year

Table 4: Breakdown of Allocation by Programme

Source: The Budget Statement and Economic Policy of GOG for 2017 fiscal year

Programme	*Sources of funding*				
	GOG (GH¢)	*IGF (GH¢)*	*ABFA (GH¢)*	*Donor (GH¢)*	*Total (GH¢)*
Management and Administration	*11,996,871*		*5,000,000*	*358,548,999*	***375,545,870***
Food Security & Emergency Preparedness	*219,886,802*	*2,100,000*	*98,214,220*	*13,262,030*	***333,463,052***
Increased Growth in Incomes	*13,455,240*	*365,093*	-	*778,000*	***14,598,333***
Marketing of Agric. Produce/Products				*30,000*	***30,000***
Application of Science and Technology in Food & Agric. Development	*1,039,086*		*35,000,000*		***36,039,086***
Total	***246,378,000***	***2,465,093***	***138,214,220***	***372,619,029***	***759,676,342***

Source: The Budget Statement and Economic Policy of GOG for 2017 fiscal year

3.2 ACTIVITIES FOR 2017

The allocated funds for 2017 will be committed to the following activities:

Food Security and Emergency Preparedness Programme

Government's vision for the next four years is to modernize agriculture, improve production efficiency, achieve food security and profitability of our farmers, all aimed at significantly increasing agricultural productivity. The Ministry will pursue a value addition strategy aimed at rapidly ramping up agro-processing and developing new and stable markets for our products. The Ministry will achieve these through the implementation of the following programmes:

The **"Planting for Food and Jobs"** campaign. The campaign is designed to encourage all citizens (both urban and rural) to take up farming as a full or part-time activity. It is intended to structure it along the lines of the erstwhile

"Operation Feed Yourself" (OFY) programme in the 1970s. The campaign will involve the production of maize, rice, soybean, sorghum and vegetables. Other crops will be adopted in subsequent year.

The campaign will be anchored on five pillars namely: provision of improved seeds; supply of fertilizers; provision of dedicated extension services; marketing and e-Agriculture and monitoring. It is expected to increase the production of maize by 30 percent, rice by 49 percent, soybeans by 25 percent and sorghum by 28 percent from current production levels. This will created 750,000 jobs in both direct and indirect employment.

The Ministry will also revamp existing centres and support the private sector to establish, manage and provide affordable mechanization services to farmers. It will also facilitate the supply of 549 tractors and other agricultural machinery.

To further promote seed and planting material development in 2017, expected production targets of certified seeds will include 2,250 metric tonnes of maize seed, 600 mt of rice and 100mt of sorghum from a total target area of 1,800ha. A total of 390mt of certified legumes seeds including cowpea, soyabean and groundnut will also be produced and distributed to farmers. Furthermore, a total of 1,200,000 of cassava cuttings and 50,000 yam mini setts, 3,000 plantain suckers and 3,000 seedlings of citrus will be produced and distributed to farmers. The Ministry will import improved seeds to augment any shortfall for the "Planting for Food and Jobs" campaign.

In support of the "One Village One Dam" campaign, small to medium scale irrigation schemes will be identified and rehabilitated. The Ministry through the Ghana Commercial Agriculture Project (GCAP) will rehabilitate the Torgorme Irrigation Scheme as well as build the capacities of the Water Users Association on the Scheme.

The Integrated Water Management and Agricultural Development (IWAD) Project at Yagaba in the Northern Region is expected to add 413Ha of irrigable area for various crop production including sugarcane for industrial processing into sugar. Also, the Phase Two of the Irrigation Project in Akumadan will be completed in 2017 to improve vegetable production.

67 dams and dugouts are expected to be completed in 2017. Additionally, the Ministry through GIDA with funding from VRA will implement the irrigation component of the multipurpose project.

In 2017, about 2,300ha of land will be developed for various investors to produce rain-fed rice and 54 warehouses will be rehabilitated and constructed.

Increased Growth in Incomes Programme

In 2017, about 100 livestock farmers from Eastern, Central and Western Regions will be supported with 500 small ruminants of superior breed quality.

To further strengthen and widen access to credit by actors along the agriculture value chain, Government is setting up the Ghana Incentive-Based Risk Sharing System for Agricultural Lending (GIRSAL) aimed at employing a holistic approach to address the challenges.

Science and Technology in Food and Agricultural Development Programme

In 2017, the Ministry will continue the Fertilizer Subsidy Programme (FSP) nationwide to help increase the productivity of farmers.

4.0 OBSERVATIONS AND RECOMMENDATIONS

4.1 General Budgetary Performance

The Committee realised that in the 2016 fiscal year the Ministry of Food and Agriculture was not provided adequate funds for the execution of its earmarked programmes. Out of the GOG allocation of GH¢59.78m the Ministry was able to access GH¢56.982. For ABFA it received 138.132m out of an allocation of 262.318m. An IGF of GH¢2,456 was also realised out of an allocation of GH¢4,066. The Ministry however over spent its Donor funds by 2.5%. It was explained that the over expenditure was as a result of a refund from the previous year's donor allocation, interests earned from bank balances and foreign exchange gains.

The Committee was not pleased with the general releases made to the Ministry due to the general benefits of agriculture to the economy. It therefore recommends that the Ministry of Finance should ensure that adequate funds are allocated in the 2017 fiscal year since the Ministry has decided to embark on a **"Planting for Food and Jobs"** programme.

4.2 Over lapping debts of the Ministry

The Committee also noted that the Ministry has a huge carry on debt of GH¢182,814,220 incurred due to constant inadequacy of budgetary allocation.. The Committee was informed that at the discussion of the Ministry's budget for 2017, the Ministry of Finance agreed to defray 20% of the debt in the 2017 fiscal year. However a letter from the Minister for Finance to the Ministry directed that all the arrears should be paid from the 2017 allocation for the Ministry of Agriculture.

The Committee noted with concern that if the directive is carried out the Ministry of Food and Agriculture may not be in a position to carry out its **"Planting for Food and Jobs" programme.** The Committee therefore recommends that the Ministry of Finance should have a second look at the issue of the debt clearance and come to an agreement with the Ministry of Food and Agriculture on appreciable means of solving the problem.

4.3 Fertilizer Programme

The Committee was informed that the Ministry would continue with its fertilizer programme within the 2017 fiscal year. According to the Ministry, farmers would be required to pay 50% of the cost of the fertilizer supplied and pay another 50% after harvest of their produce. A biometric registration of the farmers would also be done to ensure that the farmers pay for the fertilizer and seeds supplied to them. This is especially so because currently farmers owe an amount of GH¢55m in fertilizer supplies.

The Committee urges the Ministry to ensure that adequate measures are put in place to ensure that funds invested are recovered since the funds allocated for the purchase and supply of the fertilizer would be revolved.

4.4 One Village One Dam Programme

The Committee also realised that as regards the ***One Village One Dam*** programme the Ghana Irrigation Development Authority would rehabilitate existing dams and build new ones when necessary. The new dams would be small to medium scale.

The Committee also noted with concern that the One Village One dam programme according to the 2017 Budget and Economic policy (Pg. 178) has been placed under Government Machinery and funds allocated are not part of the budget of the Ministry of Food and Agriculture although all the activities would be carried out by the Ministry of Agriculture.

The Committee recommends that the Ministry of Agriculture should collaborate with office of Government Machinery to ensure that the project is carried out successfully.

4.5 Agricultural Extension Services

The Committee realised that the Farmer, Extension officer ratio for the country is One is to Thousand Five Hundred farmers (1:1500). The current number of extension officers who are expected to be an integral part of the **"Planting for Food and Jobs" programme** are not enough. To cater for the shortfall the Committee was informed that the Ministry intends to engage about 1,000 graduates. The new extension officers would be engaged and paid by the Youth Employment Agency and transferred to the Ministry of Agriculture. Some of them would be engaged by the Ministry of Food and Agriculture if the economic fortunes of the country improve. Regional Directors of Extension Services have been identified to supervise the extension officers.

The Committee is satisfied with the programmes initiated to ensure adequate extension officers are engaged in support of the **"Planting for Food and Jobs"** programme and urges that funds allocated to the programme should be properly managed to ensure that the recruited extension officers are properly supported.

4.6 National Buffer Stock Company

The National Buffer Stock Company was established in 2010 with an initial capitalization of GH¢15m to among others manage government's emergency food security, purchase, sell, preserve and distribute food. It has currently been engaged to support the **"Planting for Food and Jobs"** programme. However the Company has only 25 silos country wide and may not be able to mop up all the excess food expected to be produced under the programme. The Committee was informed that the private sector would be engaged to support the Company in mopping up the excess food.

The Committee urged the National Buffer Stock Company to draw up a credible business plan that can be used to attract the private sector to join in the programme. The Ministry of Finance should also provide the Company with adequate funds to enable it purchase adequate stocks of food.

4.7 Agricultural Engineering Services

The Committee was informed that the Service under the **"Planting for Food and Jobs"** programme will assist with the provision and maintenance of tractors and other agricultural machines. It would again train beneficiaries in the operation of the tractors. It is expected that private companies will also assist by hiring out their tractors to them. The Service would assist in the fixing of prices for the hiring of the tractors.

The Committee urges the Service to ensure that the prices set can be affordable to the farmers.

4.8 Animal Production Directorate

The Animal protection Directorate was established to among others promote the development of appropriate technologies in the management, breeding, nutrition and housing of livestock, promote the development of the dairy industry and use of crop residue.

The directorate was able in 2016 to generate an IGF of **GH¢542,954.13** but was given a budgetary allocation of GH¢706,258.14. The budgetary allocation was however not released on time. The directorate received its second quarter allocation in January 2017. To ensure effective and efficient performance the Committee recommends that the Ministry of Finance should allow the directorate to retain its IGF and to ensure that budgetary allocations to the directorate are released on time.

4.9 Veterinary Services Directorate

The Committee realised a high attrition rate of staff of the Veterinary Services Directorate. Between the year 2013 and 2016 the number of veterinary surgeons reduced from 69 to 42, Animal Health Officers from 142 to 101 and technical officers from 533 to 457. The attrition rate was attributed to low levels of salaries

and inadequate operational funds. The paltry allocation to the directorate does not even help staff to conduct effective audit of slaughter houses in the country. The Committee urges the Ministry of Finance to adequately resource the service to ensure the service operates effectively and the staff are maintained.

4.10 Plant Protection and Regulatory Services Directorate

The Plan Protection and Regulatory Services Directorate was established to organise, regulate, implement and co-ordinate plant protection activities to support sustainable growth of the agricultural sector.

The Committee realised that the directorate's phytosanitary inspection facility under construction at the Kotoka International Airport is yet to be completed. To insure that calamity pests and foreign plants are not introduced to our country the Committee urges the Ministry of Finance to provide the directorate with funds to complete the facility within the year. Approval should also be given to the directorate to hire more staff to ensure that the requirements of the Plants and Animals Act, 2010 (Act 803) are realised.

4.11 Crop Services Directorate

The Crop Services Directorate is responsible for policy formulation and development of programmes and projects that will promote sustainable crop production systems while ensuring the conservation of environment.

The directorate under its mandate executed the fertilizer programme. To effectively execute the programme the government of Ghana secured a loan on behalf of the Ministry of Food and Agriculture. The Committee was informed that government still owes the First Bank GH¢1.1m. The amount was captured in the 2016 budget but was not released. Secondly although the government released GH¢138m for fertilizer and seeds subsidy only GH¢98m has been recovered from the farmers.

The Committee recommends that the Ministry of Finance should ensure that the project is reviewed and the funds to be paid the First Bank honoured.

5.0 CONCLUSION

"Planting for Food and Jobs" would succeed, then the Ministry of Food and Agriculture should be adequately resourced.

In this regard, the Committee recommends to the House to adopt its report and approve the total sum of **Seven Hundred and Fifty Nine Million, Six Hundred and Seventy Six Thousand, Three Hundred and Forty Two *Ghana Cedis (GH¢759,676.342)*** to enable the sector undertake its planned programmes and activities for the 2017 financial year.

Respectfully submitted.

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Hon. Kwame Asafu-Adjei
Vice Chairman

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Anita Quartey-Papafio
Clerk