

**REPORT OF THE FINANCE COMMITTEE ON THE  
REQUEST FOR THE WAIVER OF TAXES AND DUTIES  
ON GOODS AND SERVICES AND OTHER CHARGES  
AMOUNTING TO FIVE MILLION, TWO HUNDRED AND  
NINETY-THREE THOUSAND, FOUR HUNDRED AND  
EIGHTY-SIX UNITED STATES DOLLARS  
(US\$5,293,486.00) RELATING TO THE PROCUREMENT  
UNDER THE MINISTRY OF FOOD AND AGRICULTURE'S  
MODERNIZING AGRICULTURE IN GHANA (MAG)  
PROGRAMME**

**1.0 INTRODUCTION**

The Request for the Waiver of Taxes and Duties on Goods and Services and Other Charges amounting to Five Million, Two Hundred and Ninety-Three Thousand, Four Hundred and Eighty-Six United States Dollars (US\$ 5,293,486.00) relating to the Procurement under the Ministry of Food and Agriculture's Modernizing Agriculture in Ghana (MAG) Programme was presented to Parliament on 19<sup>th</sup> July, 2018 in accordance with article 174 (2) of the 1992 Constitution and referred to the Finance Committee for consideration and report.

PARLIAMENT OF GHANA



Pursuant to the referral, the Committee met with officials from the Ministry of Finance and the Ministry of Food and Agriculture (MoFA).

## **2.0 REFERENCES**

The Committee referred to the following documents;

- The 1992 Constitution of Ghana
- The Public Financial Management Act, 2016 (Act 921)
- The Standing Orders of the Parliament of Ghana

## **3.0 BACKGROUND**

The Modernizing Agriculture in Ghana (MAG) Programme is a five – year Canadian Government initiative which seeks to extend an amount of One Hundred and Thirty-Five Million Canadian Dollars (CAD\$135 million) to the Ministry of Food and Agriculture (MOFA) in budgetary support.

The MAG programme involves technical and logistical support to the Ghanaian Agricultural Sector to help boost crop and livestock production. It is also to ensure food security and sufficiency and provide incentives for higher profits for farmers. The Programme aims at having an agriculture sector that contributes to poverty reduction, food security, structural transformation, as well as job creation.

The MAG programme follows two previous Canadian Government support for the implementation of the Government of Ghana’s Food and Agriculture Sector Development Policy (FASDEP).

These were the Food and Agriculture Budget Support (FABS) and the Support to Food and Agricultural Sector Development Policy (SFASDEP) Program.

Food and Agriculture Budget Support (FABS) provided budgetary support of Twenty Million Canadian Dollars (CAD\$20 million) per year from 2004 to 2008 followed by a one-year Twenty Million Canadian Dollars (CAD\$20 million) bridging program.

From 2009 to 2013, an additional One Hundred and Ten Million (CAD\$110 million) was also provided to finance the Food and Agricultural Sector Development Policy (FASDEP) Program.

The MAG Programme therefore has evolved from the two (2) earlier programmes. It also took into consideration lessons learnt from their implementation.

Modernizing Agriculture in Ghana (MAG) Programme will go to support the Government's increased investment into the agriculture sector in order to propel growth in incomes and job creation. It will also support the planting for Food and Jobs (PFL) Programme in the following areas:

- a. Seed research and development:
- b. Farmers registration for effective targeting;
- c. Extension services through the provision of vehicles, motorbikes, training and other logistics:
- d. Facilitation of linkages within value chains: and
- e. Provision of logistics to run the various agricultural offices.

Section 4.4.6 of the Contribution Agreement provides that taxes, import duties, customs tariffs, inspection fees and all other levies, duties and fees cannot be funded with the Contribution.

In view of this and in order to successfully implement the programme, a request for waiver of taxes and duties on goods to be procured under this Contribution Agreement has been submitted to the House for approval.

#### **4.0 PROGRAMME OBJECTIVES**

The MAG Programme is expected to improve the productivity of farmers by supporting the implementation of a comprehensive market-oriented approach to farming and by strengthening and modernizing agricultural extension service delivery at the national, regional and district levels.

#### **4.1 COMPONENTS OF THE MAG PROGRAMME**

The Programme has four (4) components namely:

- 1. Support to increase the efficiency of local farmers through the value chain development** which is focused on providing direct support to the District Departments of Agriculture in order to support general agricultural extension services to farmers at the local level;
- 2. Support to specialized agricultural services to build national market linkages and promote efficiencies in commodity development along value chains** - This support targets the Regional Departments of Agriculture in order to

maintain pools of highly trained development officers who would provide expertise that is more specialized than the general extension services provided at the district level;

3. **Support to agricultural research to strengthen agricultural extension services and improve agriculture productivity** – this component is to help identify production needs and demands of smallholder farmers and define appropriate agricultural research and innovations that can be efficiently rolled-out;
4. **Developing the enabling environment to improve agricultural productivity and competitiveness** – this component is to support all technical and line directorates at MoFA that are not included in Component 3. Activities under this will include
  - Addressing specific barriers to commercial agriculture and agribusiness
  - Development of food safety
  - Import/ export regulations, and
  - Standards in the promotion of good agricultural practices for priority crops, etc.

## 5.0 ASSESSMENT OF TAXES TO BE WAIVED

Tax assessment conducted by Ghana Revenue Authority (GRA) on the goods and services to be procured under the Contribution Agreement amounted to a total of Five Million, Two Hundred and Ninety-Three Thousand, Four Hundred and Eighty-Six United States Dollars (US \$5,293,486.00). Details are given below in Table 1.

Table 1 – Summary of Assessment of taxes and Duties

<b>No.</b>	<b>ITEM</b>	<b>AMOUNT (USD)</b>
1	Import Duty	1,908,950.00
2	Import Vat	2,317,268.00
3	Import NHIS	386,211.00
4	ECOWAS Levy	67,855.00
5	EXIM	101,783.00
6	Inspection Fee	135,710.00
7	Withholding Tax	135,710.00
8	Special Import Levy	240,000.00
	<b>TOTALS</b>	<b>5,293,486.00</b>

## 6.0 OBSERVATIONS

### 6.1 Allocation of Funds

The Technical team from the Ministry of Food and Agriculture stated that under the Contribution Agreement, the Ministry would assess up to One Hundred and Twenty-Five Million Canadian Dollars

(CAD\$125million) to implement activities outlined in the four (4) Components of the Agreement.

Allocation of the CAD125 million to the various components are shown in Table 2 below.

Table 2 – Breakdown of the Allocation

<b>Component</b>	<b>Amount to be utilized in 5yrs (CAD\$)</b>
Component 1	58 million
Component 2	22 million
Component 3	30 million
Component 4	15 million
<b>Total</b>	<b>125 million</b>

The remaining Ten Million Canadian Dollars (CAD\$10million) is to be used by the Canadian Government for monitoring, evaluation, auditing and technical advisory services under the programme.

## **6.2 Benefits of the Project**

The Committee also observed that this support would help facilitate the implementation of the Planting for Food and Jobs Programme. It will also ensure that two hundred and sixteen (216) District Departments of Agriculture, and their allied agencies would have the needed logistics and financial resources to function and deliver their core mandates.



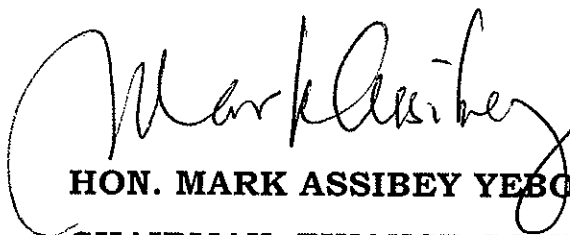
The ultimate beneficiaries are the farm households who would have increased access to relevant and appropriate technologies and expertise which would result in increased incomes and food production.

## **7.0 CONCLUSION**

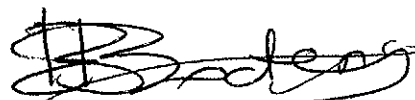
After a careful consideration, the Committee is of the view that the Programme will go a long way to ensure a more modern, equitable and sustainable agriculture sector that contributes to food security.

The Committee therefore recommends to the House to adopt this report and approve the Request for Waiver of Customs Duties and Other Related Imposts totaling US\$5,293,486.00 on Goods and Equipment to be Procured under the Ministry of Food and Agriculture (MoFA)'s Modernizing Agriculture in Ghana (MAG) Programme in accordance with Article 174(2) of the Constitution and the Standing Orders of the House.

Respectfully Submitted.



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



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

24<sup>th</sup> July, 2018

