

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



**REPORT OF THE COMMITTEE ON TRADE,  
INDUSTRY AND TOURISM**

ON THE

**2019 ANNUAL BUDGET ESTIMATES OF  
THE MINISTRY OF TRADE AND  
INDUSTRY**

PARLIAMENT OF GHANA

DECEMBER, 2018



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AND INDUSTRY**

**1.0 INTRODUCTION**

The Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year was presented to the House on Thursday, 15<sup>th</sup> November, 2018 by the Hon. Minister of Finance, Mr. Ken Ofori-Atta.

The Rt. Hon. Speaker referred the 2019 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 Hon Minister, Mr. Alan Kwadwo Kyeremanten, the two Deputy Ministers, Mr. Robert Ahomka-Lindsey and Mr. Carlos Ahenkora, 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 documents during the Committee's deliberations:

- i. 1992 Constitution of the Republic of Ghana
- ii. Standing Orders of the Parliament of Ghana
- iii. 2019 Budget Statement and Economic Policy
- iv. Programme-Based Budget Estimates of 2019 for the Ministry of Trade and Industry.

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### **3.0 MANDATE AND MISSION 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 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 – GRATIS
- Central Regional Development Commission – CEDECOM and
- Regional Offices of the Ministry

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### **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 2018 PERFORMANCE REVIEW**

### **4.1 Financial**

#### **4.1.1 Status of 2018 Budget**

In 2018, Parliament approved an amount of **Four Hundred and Thirty-One Million, Two Hundred and Sixty Thousand, Eight Hundred and Eleven Ghana Cedis, Ninety Pesewas (GH¢431,260,811.90)** for its operations. However, actual releases for the year amounted to **Two Hundred and Fifty-one Million, Fifty-one Thousand, and Forty-six Ghana Cedis, Sixteen Pesewas (GH¢251,051,046.16)**. The variance of **One Hundred and Eighty Million, Two Hundred and Nine Thousand, Seven Hundred and Sixty-Five Ghana Cedis, Seventy-Four Pesewas (GH¢180,209,765.74)** amounted to **42% of the total budgetary allocations (Table 1)**.

Table 1: Budget Allocation and total releases as at 30<sup>th</sup> October, 2018

<b>Source of Funds</b>	<b>Budget (A)</b>	<b>Total Amount Released and Utilized (B)</b>	<b>Variance(A-B)</b>	<b>% Variance</b>
<b>GoG</b>	256,615,180.90	141,109,934.44	115,505,246.46	45
<b>IGF</b>	102,780,631.00	73,028,948.72	29,751,682.28	29
<b>DONOR</b>	71,865,000.00	36,912,163.00	34,952,837.00	49
<b>TOTAL</b>	<b>431,260,811.90</b>	<b>251,051,046.16</b>	<b>180,209,765.74</b>	<b>42</b>

**Source: MOTI 2019 Budget Estimates**

## **4.2 Non Financial**

### **4.2.1 Trade Development Programme**

In March 2018, Ghana successfully signed the African Continental Free Trade Agreement (AfCFTA), which seeks to create a Single Continental Market for goods and services in Africa. Subsequently, Parliament ratified the Agreement and Ghana was the first country in Africa to have done so. Ghana is currently in pole position to bid for the AfCFTA Secretariat to be domiciled in Accra.

Following the implementation of the paperless electronic system through GCNet and Pre-Arrival Assessment Reporting Systems (PAARS), there has been an increment of 24% in government revenue collection and a reduction in the clearing time at the port.

220,000 grafted cashew seedlings were developed at 10 nurseries under the National Cashew Development Initiative to boost local production and export.

### **4.2.2 Business Development and Promotion Programme**

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

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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.

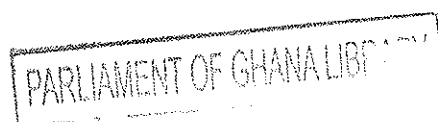
528 Micro and Small Business Enterprises (MSEs) were assisted to access institutional credit whilst 738 programmes were organized for 17, 745 MSEs during the period. Also 63 MSEs participated in fairs with support from the NBSSI.

NBSSI organized the maiden Ghana Women Entrepreneurship Summit in June 2018 to find solution to the challenges facing Ghanaian women entrepreneurs. 900 participants attended the conference.

#### **4.2.3 Standardization and Conformity Assessment Programme**

As part of developing standards and quality systems to meet production requirements for both Local and International markets, the Ghana Standard Authority (GSA) developed 71 new standards in the following areas: Food and Agriculture 50, Chemicals, Cosmetics and Herbal Medicine 14, Metrology and Measuring 7. The Authority also adopted 110 International Standards in the following sectors of the economy: Oil and Gas 50, Mechanical Engineering and Metallurgy 55, Building and Construction 3, Occupational Health and Safety 1 and Electrotechnical 1.

In order to ensure the health, safety and economic interest of consumers, 910 trade related information were disseminated while 1,674 trading scales, 43,362 motorized pumps and accessories, 214 weight bridges, and 6,247 cocoa scales and test weights were verified.



#### **4.2.4 Industrial Development Programme**

Under the stimulus Package, Nine (9) Companies have received funds to the tune of GH¢150m. Twelve (12) other Companies have received broad approval and

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due for offer letters. Also, agreements have been reached with the banks on terms sheets for thirty (30) companies.

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.

Under the One District One Factory programme, a total number of 902 proposals were received. Out of this, 716 were reviewed and 65 projects approved. Twenty-six of the 65 projects approved have received funding from the participating Financial Institutions.

Under phase One (1) of the Swiss-Ghanaian Intellectual Property (SGIP) IP laws were revised. Two (2) of the revised laws; the Patents Act and Industrial Designs Act are currently before Parliament.

#### **4.2.5 Trade and Industry Promotion Programme**

To resolve trade disputes between Ghana and Nigeria, the Ministry liaised with Officials of the Nigeria Customs Service in Lagos and Abuja, and at the Seme Boarder to facilitate the exemption of STC coaches from the payment of Bonds at the border.

In addition, through the collaborative efforts of the Trade and Investment Section of Ghana's Mission in Nigeria, products from 7 Ghanaian companies, as of the end of June 2018, were at different stages of receiving approval from the National Agency for Food and Drug Administration and Control (NAFDAC) of Nigeria.

#### **4.2.6 Management and Administration Programme**

The National Quality Infrastructure Policy was formulated to establish a functional quality infrastructure that supports the integration into regional and international value chain and compliance with standards and technical protective regulations.

Ghana's ranking on the World Bank Ease of Doing Business index improved from 120<sup>th</sup> position to 114.



## 5.0 Outlook for the Ministry (2019)

### 5.1 Financial

In 2019, the Ministry is allocated a total amount of **Three Hundred and Six Million, Six Hundred and Forty-One Thousand, Eight Hundred and Seventy-Three Ghana Cedis (GH¢306,641,873)** for its operations (Table 2). Table 3 also shows expenditure to various programmes by source of funding with Industrial Development receiving the largest share (66.94%) of the total allocation.

Table 2: Breakdown of MOTI Budget 2019 by Economic Classification and Source of Funding

Economic Classification	GOG	IGF	Donor	Total
Compensation	59,358,546	18,235,050		77,593,596
Goods and Services	13,707,484	34,619,430	7,215,000	55,541,914
Assets	85,500,000	8,641,363	79,365,000	173,506,363
Total	158,566,030	61,495,843	86,580,000	306,641,873

Source: MOTI, 2019 Budget Estimates

Table 3: Allocations to the various programmes by source of funding (2019)

Programme	GOG	IGF	Donor	Total
Management and Adm.	11,885,558.00	3,461,052.00	0.0	15,346,610.00
Trade Development	9,703,071.00	705,499.00	0.0	10,408,570.00
Business Development and Promotion	19,602,349.00	668,550.00	0.0	20,270,899.00
Trade and Industry Promotion	18,842,110.00	600,000.00	0.0	19,442,110.00
Standardization and Conformity Assessment	9,863,742.00	26,043,930.00	0.0	35,907,672.00
Industrial Development	88,669,200.00	30,016,812.00	86,580,000.00	205,266,012.00
Totals	158,566,030.00	61,495,843.00	86,580,000.00	306,641,873.00

Source: MOTI 2019 Budget Estimates

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## **5.2. Non-financial**

### **5.2.0 Industrial Development Programme**

#### **5.2.1. One District, One Factory (1D1F)**

In 2019, government will mobilize an estimated US\$1.0 billion from various funding sources for small, medium and large scale enterprises to accelerate the industrial transformation agenda including the 1D1F programme.

The Ministry of Trade and Industry under the African-Polish Cooperation Framework will establish an Assemble and Manufacturing Plant for Tractors, Modern Agricultural Equipment and Machinery, for both the Ghanaian and ECOWAS markets. This will support the Government's Industrial Transformation Agenda, particularly, in respect of rural industrialization.

#### **5.2.2 Industrial Parks and Special Economic Zones**

In addition to the existing Industrial Parks, Government will, in 2019, seek Public Private Partnership investment to develop selected Industrial Park projects. These include, the Greater Kumasi Industrial City Special Economic Zone (5,000 acres); Sekondi Export Processing Zone (2,035 acres); Shama Industrial Zone (3,200 acres); Tamale Industrial Park (63 acres); WestPark Industrial Estate, Shama (405 acres); Tema Export Processing Zone and Multipurpose Park (2,000 acres); Dawa Industrial Park; Apolonia City (Mixed use development); and Silicon Accra.

#### **5.2.3 Stimulus Package for Distressed Companies**

Under this programme 35 companies are expected to receive financial support to put them on a sound footing. This would be in addition to the GH¢227.2million disbursed to 14 companies in 2018

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### **5.3.0 Trade Development Programme**

#### **5.3.1 Ghana Export Promotion Authority**

The Ministry, through Ghana Export Promotion Authority (GEPA) will continue to facilitate market access for Non-Traditional Exports (NTEs) and expand the development of product supply base- namely: Cashew seedlings, Pineapple suckers, and Mango seedlings, Coconut seedlings Vegetable seeds and Peanuts in 2019.

#### **5.3.2 Introduction of Tax Stamp on Textiles Prints**

In order to resuscitate the textile industry, government will implement new policy measures as follows:

- Introduction of Tax Stamps for locally manufactured as well as imported textiles;
- Introduction of a Single Dedicated Entry Corridor for imported textiles products (Tema Port);
- The implementation of a Textile Import Management System to coordinate all Imports of textiles, including the vetting of designs and logos;
- Providing support and incentives to local manufacturers to improve their competitiveness;
- Attracting foreign textile manufacturing companies to locate in Ghana; and
- Conducting market surveillance exercises by the Textile Task Force to monitor compliance with the new policy measures.

Government is committed to implementing these measures by working closely with relevant MDAs, particularly the Customs Division of Ghana Revenue Authority, National Security, Workers Unions, Wholesale and Retail Traders to enhance the competitiveness of the textiles sector.

The Introduction of tax stamps on textile prints will give buyers the confidence and assurance that they are buying genuine textile fabric and that local designs have not been pirated. It would also ensure that appropriate duties are paid on imported wax prints.

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## **5.4 Standardization and Conformity Assessment Programme**

In 2019, GSA will facilitate the development of National Hydrocarbon Standards for Custody Transfer and Allocation Metering Systems (Gas Metering Project). This will enable Ghana to independently measure and verify the resources being extracted.

## **5.5 Business Development and Promotion Programme**

### **5.5.1 NBSSI**

In 2019, NBSSI will complete the construction of 67 Business Resources Centres (BRCs) in various districts. In addition, an in-house Business Incubator is to be established, and 94 Business Advisory Centres (BACs) upgraded.

### **5.5.2 GRATIS**

In 2019, GRATIS will complete the construction of five new Rural Technology Facilities (RTFs). This will add to the existing stock of 26 RTFs to support rural Industrialization, including 1D1F.

### **5.5.3 CEDECOM**

In 2019, CEDECOM will be restructured to improve its capacity to support industrial transformation in the Central Region.

### **5.5.4 Business Regulatory Reform Programme**

In 2019, the Ministry will prioritize and fast-track the implementation of the Business Regulatory Reform programme including the Legislative and Administrative reforms to further improve Ghana's performance in the Doing Business Index. As part of the reform programme, a web-based Business Consultations Portal will be launched in 2019, which will provide direct access to business promoters to comment and contribute on relevant policies, regulations and legislations as they affect the conduct of business in Ghana.

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In addition, an online Electronic Registry will be launched in 2019. It will document all business related laws, regulations, administrative notices, procedures and fees. This will provide open and transparent access to business regulations in Ghana.

## **6.0 OBSERVATIONS AND RECOMMENDATIONS**

### **6.1 Budget Implementation Challenges**

The Committee observed that inadequate and delay in the release of Government of Ghana funds in 2018 affected the full implementation of the Ministry's programmes and projects.

For instance, the Ministry is yet to receive its allocation from the Government of Ghana for the implementation of the One District One Factory (1D1F) programme for the year 2018. Out of GH¢636 million for the 1D1F and Stimulus Package, allocated to the Ministry the amount disbursed as of the time the committee met the Ministry, stands at GH¢1million. This notwithstanding, the Ministry has been able to facilitate the process of mobilising funding from the participating financial institutions to support the programme.

The committee was informed that the issue of loan guarantee to provide comfort to participatory financial institutions has been a challenge to date. The Ministry has stated that it would liaise with the financial institutions to arrange for a loan guarantee scheme to provide security to support the beneficiary companies.

The Committee recommends that the Ministry of Finance ensure the timely and full release of funds allocated for government initiatives such as One District One Factory and Stimulus Package to facilitate their smooth implementation. This will help leverage additional funding from the participating Financial Institutions.

## 6.2 Stimulus Package

The Committee also noted with satisfaction that under the National Industrialisation Revitalisation Programme which is targeted at growth of the industrial and manufacturing sectors of the economy, several financial institutions are supporting the stimulus package facility to support private sector development in the country.

In line with the above, participating financial institutions have disbursed GH¢227.2 million to 14 Companies. An additional 35 Companies are currently being considered by the participating financial institutions for 2019.

The Committee was further informed that the Ministry has signed a memorandum of understanding with the participating financial institutions to use their base rate as interest rate on loans for the distressed Companies. With this, the Government of Ghana will pay 50% of the interest rate charge.

Additionally, Government intends to mobilise an estimated US\$ 1.0 billion from various sources for small, medium and large scale enterprises to accelerate the industrial transformation agenda including 1D1F programme. Out of the amount of US\$1 billion, US\$100 million has been earmarked to support the stimulus package programme.

The breakdown of the utilization and sources of facility is as follows:

Sn	Utilization	Amount	Source
1	<b>Total</b>	<b>US\$1.0BN</b>	<b>Various Sources</b>
2	Exim bank	US\$100m	Facility being negotiated with AfroEXIM
3	Industrial park	US\$300m	Partly Sinohydro, partly CDB, discussions on-going with the Saudi Fund, etc.
4	Stimulus package	US\$100m	
5	Big flagship	US\$400m	
6	Smaller factories	US\$100m	Local banks ,Development bank to be incorporated with World Bank support

Source: Ministry of Finance 2019

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The Ministry should as a matter of urgency liaise with the Ministry of Finance to come up with a credit guarantee scheme for the Stimulus Package and determine the modalities for their operations. This will help support the industrialisation drive of the government.

### **6.3 Ghana Standards Authority**

The Committee recognizes the need to develop a National Hydrocarbon Standards for Custody Transfer and Allocation Metering Systems (Gas Metering Project) as a matter of necessity since it gives the country the power to independently measure and verify the resource being extracted. Ghana stands to benefit tremendously if it is implemented.

The Committee was also not happy with the capping of the Internally Generated Funds (IGF) of the Authority. The Committee observed that the Authority being the statutory mandated agency responsible for all Standards, Measures and Weights must be financially empowered.

The Authority could generate more funds and eventually wean itself of government subvention in the following areas:

- Inability to employ more staff to carry out the mandate of the GSA in the Districts, Ports and Land Borders. Currently the GSA is only represented at the Regions and there is the need for the Authority to be at the District Level.
- Inability to undertake surveillance activities on the markets to flush out non-conforming and dangerous products that affect health and safety of Ghanaians. This activity is very critical as it has the dual role of protecting consumers and also our industries from unfair competition.
- Inability to procure scientific equipment which are broken down. Ever since the Authority's portion of the Customs Classification and Validation Report (CCVR) funds was slashed, the GSA has been unable to replace

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broken-down and obsolete equipment and this situation has adversely affected its testing activities in servicing manufacturers, exporters and Regulatory Agencies.

The Committee recommends that in view of the crucial role of the Organization in the industrial development of the economy, the IGF should be increased from 59% to 90% to enable the Authority carry out its mandate effectively.

#### **6.4 Ghana Free Zones Authority**

The Ghana Free Zones Authority's lack of corporate identity and legal personality is hindering its ability to transact business.

The Committee was also informed that the Authority has completed consultations with the various stakeholders on the review of its existing legislation (Free Zones Act, 1995 [Act 504]) and would soon lay before Parliament amendments to the said legislation.

It is recommended that the Authority take urgent steps to address the corporate identity challenges and the review of its laws to eliminate all barriers facing Free Zone operators to stimulate economic and industrial growth.

#### **6.5 Ghana Export Promotion Authority**

The Committee was informed that there has been a delay in the allocation of funds from the Non-Oil Import Levy which is affecting its operations. The Committee was also informed that the lack of working tools for the eight (8) Regional Offices is impeding the efficiency of the authority.

The Committee is urging that the Authority and the Ministry of Trade and Industry liaises with the Ministry of Finance to come up with appropriate arrangement to ensure that this allocation is received on time.



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It is expected that working tools would be provided in the various regional offices to enhance the Authority's operations.

### **6.6 Ghana Integrated Regional Appropriate Technology (GRATIS)**

The Committee noted that the GRATIS Foundation is responsible for the manufacturing of machines and spare parts production and the provision of manufacturing services as well as high level engineering skills development.

The Committee also took note of the fact that the Organisation has been collaborating with the Rural Enterprises Programme to work at the District level to improve rural livelihood through entrepreneurial training.

It also came to light that GRATIS Foundation operates in dilapidated workshop buildings and offices with obsolete equipment. This has resulted in challenges in meeting timelines in the manufacture of precision and standard machines and spare parts.

The Committee recommends that the Ministry of Trade And Industry ensure adequate budgetary allocation for the refurbishment of the workshop buildings and procurement of modern equipment to enhance their operations and also the Organisation be resourced to be able to reach out to all their target groups such as entrepreneurs in the agricultural and agro-business, the youth and students in engineering institutions.

### **6.7 National Board for Small Scale Industries (NBSSI)**

The Committee was pleased to note that NBSSI is working towards achieving the status of an Authority.

The Committee was further informed that the staff strength of the Organisation was low and has a human resource deficit of 250 with limited access to finance to undertake its roles and responsibilities.

To be able to formulate, develop and implement national programmes aimed at accelerating the growth of micro and small scale enterprises there is the need to

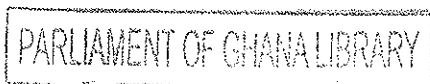
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provide the needed personnel and funding to enable the organisation contribute effectively to the national economy.

## **7.0 CONCLUSION**

In conclusion, the Committee having carefully examined the 2019 Annual Budget estimates of the Ministry of Trade and Industry recommends to the House to adopt its report and approve the sum of **Three Hundred and Six Million, Six Hundred and Forty-One Thousand, Eight Hundred and Seventy-Three Ghana Cedis (GH¢306,641,873)** for the year ending 31<sup>st</sup> December, 2019 being budgetary allocation for the Ministry of Trade and Industry to enable it undertake its programmes and activities for the 2019 fiscal year.

**Respectfully Submitted.**



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**HON. NANA MARFO AMANIAMPONG  
CHAIRMAN, COMMITTEE ON TRADE,  
INDUSTRY & TOURISM**

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**MR. SAMUEL ADDEI  
CLERK, COMMITTEE ON  
TRADE, INDUSTRY & TOURISM**