



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

REPORT OF THE FINANCE COMMITTEE ON THE 2019 ANNUAL REPORT
ON THE COLLECTION AND UTILIZATION OF THE AFRICAN UNION
IMPORT LEVY

1.0 INTRODUCTION

The 2019 Annual Report on the Collection and Utilization of the African Union Import Levy was first presented to Parliament on 13th November, 2019 by Hon. Minister for Finance, Mr. Ken Ofori-Atta.

Rt. Hon. Speaker referred the report to the Finance Committee for consideration and report in accordance with the 1992 Constitution and the Standing Orders of Parliament.

The Committee met with a Deputy Minister for Finance, Hon. Charles Adu Boahen, and officials from the Ministry of Finance and the Ghana Revenue Authority (GRA) to consider the Report.

The Committee is grateful to the Hon. Deputy Minister and the team of officials for attending upon the Committee.

2.0 DOCUMENTS REFERRED TO

The Committee referred to the following documents in the consideration of the report:

1. The 1992 Constitution;

2. The African Union Import Levy Act, 2017 (Act 952); and
3. The Standing Orders of Parliament.

3.0 BACKGROUND

At the 27th African Union Summit held in Kigali, Rwanda in July 2016, the Heads of State and Government (HOSG) of the African Union (AU) took a decision to impose a 0.2 percent levy by Member States, on the value of eligible imports originating from Non-Member States.

The main objectives of the levy are to:

- a. Provide reliable and predictable funding for Continental Peace and Security Fund of the AU;
- b. Provide an equitable and predictable source of financing for the African Union;
- c. Reduce dependency on partner funds for implementation of continental development and integration programmes; and
- d. Relieve the Governments of pressure on national treasuries with respect to meeting national obligations for payment of assessed contributions to funding the AU.

Contributions from the member-states to AU is expected to finance One Hundred (100) percent of the African Union's Operational Budget, Seventy-Five (75) percent for its Program Budget and Twenty-Five (25) percent for Peace Support Operations, as well as any other expenditure of the Union that may be determined by the Assembly.

Historically, about Ninety (95) percent of the programme budget as well as a significant percentage of the budget of Peace and Security of the African Union were funded by external partners. Prior to the imposition of the 0.2 percent levy, the African Union's budget was continuously underfunded by both the Member States and Development Partners. On average, 67 percent of the assessed contribution was collected annually from Member States. Annually, about an

average of 30 Member States defaulted in the payment of their assessed contributions to the budget of the AU. This created a significant funding gap between planned budget and actual funding, thereby, hindering the effective delivery of the African Union's agenda. The effective implementation of the AU Levy is expected to significantly remove the funding gap.

In line with the decision taken at the 27th African Union Summit, Ghana passed the African Union Import Levy Act in 2017 to impose a 0.2 percent AU levy on goods imported into the country by non-members.

Section 7 of the African Union Import Levy Act, 2017 (Act 952), requires the Minister for Finance to submit to Parliament, an annual report on the collection and utilization of the levy as part of the annual budget.

It is in compliance of Act 952 that the Minister for Finance submitted this report to Parliament.

The report covers:

- i. The details of the receipts from the Levy and the utilization of the funds for the financial year ended 31st December 2018. This provides for a full-year implementation of the Levy after promulgation of Act 952; and
- ii. The details of the receipts from the Levy and the utilization of the funds for the period January 2019 to 5th November 2019.

4.0 PURPOSE OF THE REPORT

The purpose of the Report is to comply with Section 7 of the African Union Import Levy Act, 2017 (Act 952) which requires the Minister for Finance to submit a report to Parliament on the collection and utilization of the African Union levy annually.

4.1 Coverage of the Report

The Committee was informed that Section 7 of the AU Levy Act, 2017 (Act 952) imposes a requirement on the Minister for Finance to present an annual report

on the collection and utilization of the Levy to Parliament as part of the annual budget.

In view of this, the report covers up to the time of the budget presentation and not the entire year. The Report for 2019 therefore contains the full account of the 2018 receipts and utilization of the AU levies.

5.0 COLLECTION AND UTILIZATION OF THE AU LEVY FOR THE FINANCIAL YEAR 2018 (1ST JANUARY TO 31ST DECEMBER, 2018)

The details of the collection and utilization of the AU levy in 2018 is captured below:

5.1 2018 Receipts

Total collection from the Levy lodged into the AU Levy Account for the financial year ended 31st December, 2018 stood at GH¢71, 647,315.51. This represents full-year receipts realized in 2018 financial year.

5.2 Utilization of the Levy

A total amount of GH¢40,683,823.73 was disbursed in November, 2018 from the AU Levy Account to fully settle Ghana's assessed contribution to the AU for the financial year 2018.

5.3 2018 Surplus

The surplus, after the payment of the assessed contribution for 2018 collections, amounted to GH¢ 30,963,491.37. This also represents the balance in the AU Levy Account as at 31st December, 2018. Table 1 shows the collection and utilization of the Levy as at 31st December, 2018.

Table 1: Summary of Receipts and Utilization of the AU Levy for the Year Ended 31/12/18

No	Item	GH¢
1	Proceeds from levy (Receipts)	71,647,315.51
2	Payment of Ghana's Assessed Contribution to the AU for 2018 (Utilization)	(40,683,823.73)
3	Surplus (Account Balance) as at 31 st Dec, 2018	30,963,491.37

6.0 COLLECTION AND UTILIZATION OF THE AU LEVY FOR THE FINANCIAL YEAR 2019 (1st January to 5th November, 2019)

The collection and utilization of the levy is summarized below:

6.1 Receipts for 2019

Total collections from the Levy lodged into the AU levy Account for the period 1st January to 5th November, 2019 stood at **GH¢ 60,024,125.85**.

6.2 Utilization of the Funds

An amount of **GH¢44,897,024.78** was disbursed in May, 2019 from the AU Levy Account to fully settle Ghana's assessed contribution to the AU for the financial year 2019.

6.3 Surplus Balance for 2019

The surplus as at 5th November, 2019 after the payment of the assessed contribution of GH¢44,897,024.78 from the 2019 collections of GH¢ 60,024,125.85 amounted to **GH¢15,127,101.07**.

6.4 Closing Balance

As at 5th November 2019, the Account Balance on the AU Levy Account after payment of the 2019 assessed contribution stood at **GH¢46,090,592.44**.

This is made up of the opening balance of GH¢ 30,963,491.37 and the Surplus Balance for 2019 amounting to GH¢ 15,127,101.07. Table 2 shows the summary of the collections and utilization of the levy for 2019:

Table 2: Summary of Receipts and Utilization of AU levy Account for the period 1st January to 5th November, 2019.

No	DESCRIPTION	GH¢
1	Balance (surplus) brought Forward from 2018	30,963,491.37
2	Receipt: Proceed from Levy (Jan to 5 th November 2019)	60,024,125.85
4	Utilization: Payment of Ghana's Assessed Contribution to the AU for 2019	(44,897,024.79)
6	Surplus (Account Balance) as at 5 th Nov, 2019	46,090,592.44

7.0 OBSERVATIONS

The Committee made the following observations:

7.1 Utilization of Surplus

The Committee observed that Section 6 of Act 952 provides for the utilization of the surplus in the Account. However, the Ministry of Finance is yet to utilize the surplus in accordance with the Act. The Ministry indicated that it was undertaking the necessary steps to implement the provisions of the Act in respect of Utilization of surplus on the AU Levy Account and will duly report to Parliament.

7.2 Billing System of the African Union

The Committee was informed that the billing system of the African Union is such that assessed contributions of Member States are due from 1st January of each financial year. This practice hinders the full settlement of Ghana's assessed contribution from the levy account when presented, as enough revenue will not have accrued into the levy account.

The Committee was assured that Ghana will continue to hold discussions with AU to come up with pragmatic measures for the payment of Ghana's assessed contribution in a manner that does not affect the business of the AU and constrain the AU levy account.

7.3 Payment of Subscription

The Committee was informed that prior to the passage of the AU levy Act, Ghana's AU subscription was paid from the consolidated fund as part of the annual budget. This led to delays in payment. The implementation of the African Union Import Levy Act, 2017 (Act 952) has enabled Ghana to settle its assessed contribution to the AU from the AU Levy Account timely. It is expected that the effective implementation of the AU levy will reduce the over-reliance on Development Partner support.


8.0 CONCLUSION

After a careful consideration, the Committee is of the view that the report complies with provisions of Act 952.

The Committee accordingly recommends to the House to adopt its report and adopt the 2019 Annual Report on the Collection and Utilization of the African Import Levy in accordance with Section 7 of the African Union Import Levy Act, 2017 (Act 952) 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

10TH DECEMBER, 2019

