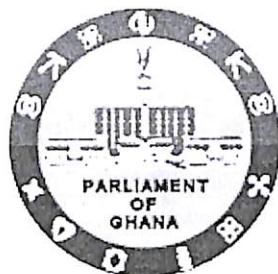


IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA

PARLIAMENT OF GHANA LIBRARY



**REPORT OF THE COMMITTEE ON
WORKS AND HOUSING**

ON THE

**2020 ANNUAL BUDGET ESTIMATES OF
THE MINISTRY OF WORKS AND
HOUSING**

DECEMBER, 2019

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BUDGET ESTIMATES OF THE MINISTRY OF WORKS AND HOUSING**

1.0 INTRODUCTION

In accordance with Article 179 of the Constitution and Standing Order 140(4) of the Standing Orders of the House, the 2020 Annual Estimates of the Ministry of Works and Housing were referred to the Committee on Works and Housing. This followed the presentation of the Budget Statement and Economic Policy of the Government for the Financial Year ending 31st December, 2020 by the Hon. Minister for Finance, Ken Ofori-Atta on Wednesday 23rd October, 2019.

The Hon. Minister for Works and Housing, Mr. Samuel Atta-Akyea, his two Deputies, Mr. Eugene Boakye Antwi and Ms. Barbara Ayisi and a technical team from the Ministry assisted the Committee with its deliberations. Officers from the Ministry of Finance were also at the meetings and provided clarifications and explanations to the issues raised by the Committee.

The Committee is grateful to the Hon. Minister and the Deputy Ministers, the technical team, as well as the officers from the Ministry of Finance for the assistance.

2.0 REFERENCE

In addition to the 2020 Budget Statement and Economic Policy of the Government and the 2020 Annual Estimates of the Ministry of Works and Housing, the Committee also referred to the following documents during its deliberations:

- a) The 1992 Constitution of Ghana;

- b) The Standing Orders of the Parliament of Ghana;
- c) The Budget Statement and Economic Policy of the Government of Ghana. for the 2018 Financial Year;
- d) The 2018 Annual Estimates of the Ministry of Works and Housing;
- e) The Budget Statement and Economic Policy of the Government of Ghana. for the 2019 Financial Year;
- f) The 2019 Annual Estimates of the Ministry of Works and Housing; and
- g) A presentation on the 2020 Budget and Annual Estimates by the Minister for Works and Housing.

3.0 BACKGROUND INFORMATION

The Ministry of Works and Housing (MWH) is, a Government of Ghana, Central Management Agency responsible for formulating, implementing, monitoring and evaluating the policies and programme for the Works and Housing sub-sector under the infrastructure sector of the economy.

3.1 Vision and Goals

The Ministry is to become a pacesetting ministry in the provision of a Robust and Sustainable Development of Works and Housing Infrastructure. In line with the Sector's Medium Term Development Plan, the Ministry has three broad sectoral goals in line with its mandate. The goals are:

- Reduce the national housing deficit through the provision of adequate, safe, secure, quality and affordable housing schemes in collaboration with the private sector;
- Reduce coastal and marine erosion and build a competitive and modern construction industry to protect life, property and the environment; and
- Address recurrent devastating floods and promote proper maintenance culture to protect life, property and the environment.

In furtherance of the above, the Ministry is committed to maintaining high standard of excellence, transparency, probity, accountability, integrity and competence

3.2 Mission Statement

The Ministry exists to formulate and implement policies, plans and programmes for the sustainable provision of secure, decent and affordable housing; the management of public landed properties, coastal protection works, operational hydrology and storm water drainage system for the country.

3.3 Sectorial Policy Objectives

The key policy objectives the Ministry will apply over the medium term are:

- To reduce coastal and marine erosion;
- To address recurrent devastating floods;
- To provide adequate, safe, secure quality and affordable housing;
- To build a competitive and modern construction industry;
- To enhance quality of life in the rural areas;
- To promote resilient urban development; and
- To enhance capacity for policy formulation and coordination.

4.0 SUMMARY OF 2019 PERFORMANCE AND OUTLOOK FOR 2020

4.1 *Infrastructure Sector Management Programme*

The coastal protection works were continued to protect lives, livelihood and properties of vulnerable communities from tidal wave erosion. The current stages of completion of these projects are Blekusu (100 percent), Adjoa (95 percent), Elmina (85 percent), Dansoman (80percent), Amanfu Kumah (50 percent), Dixcove (30 percent) and Axim (24 percent). Construction also commenced on the Cape Coast, Komenda and Anomabu coastal protection works and will continue in earnest through 2020.

The Ministry continued drainage improvement works to mitigate the disaster risks associated with flooding in various parts of the country. These projects included Sakaman Lot 1 and Goaso Lots 1 and 2, which are progressing steadily. The drainage works at Ejura

Lot 2 and Tepa Lots 1 and 2 are 32 percent, 100 percent and 10 percent complete respectively.

In 2020, construction of various reinforced concrete drains will be undertaken in 62 communities across the country.

4.2 *Human Settlement and Development Programme*

Provision of accommodation for the Security Services remained high on the Government's priorities. In line with this, the Phase III of the Security Services Housing Programme which is for the Ghana Police Service, commenced. The project comprises 320 units located at the Ghana National Police Training School, Tesano. The overall progress of work stands at 17 percent and will be continued in 2020.

Also, the Government affordable Housing Project at Asokore-Mampong, Kumasi for 1,030 housing units is progressing steadily and currently at 90 percent completion. Similarly, the Kpone Affordable Housing Project handed over to Tema Development Corporation limited (TDCL) comprising 24 blocks to provide 321 units of apartments is 95 percent complete, and will be ready for habitation early next year.

In the year 2020, the Ministry will arrange for appropriate financing for the completion of the Wa, Tamale (Wamale) and Koforidua Affordable Housing Projects which commenced in 2006. In a similar vein, the Saglemi Housing Project would be continued after the conclusion of the value-for-money audit.

Furthermore, the completed 43 unit townhouses and 24 units of flats at Roman Ridge, under the Redevelopment Programme, were fully allocated to Public and Civil Servants. Additional 6 unit townhouses are expected to be completed by the end of December, 2019.

In the year 2020, an additional redevelopment will commence at the Roman Ridge enclave of which the people of Ghana would be the beneficiaries of 444 mixed use housing units comprising 198 No. 4-Bedroom-Executive Townhouses and 246 No. 3-Bedroom Apartments.

5.0 SUMMARY OF BUDGET ALLOCATION AND PERFORMANCE IN 2019

For the year under review, the Ministry of Works and Housing was allocated a revised budgetary amount of *Two Hundred and Sixty-eight Million, Six Hundred and Two Thousand, Eight Hundred and Ninety-two Ghana Cedis (GH¢268,602,892.00)*, consisting of GoG, IGF and Development Partners' contributions. The break-down were as follows:

	<i>GH¢</i>
GoG	188,645,096.00
IGF	111,796.00
DP	<u>79,846,000.00</u>
Grand Total	<u>268,602,892.00</u>

Summary of allocation by programme were also as follows:

	<i>GH¢</i>
Management and Administration	7,049,818.00
Human Settlement Development	47,275,011.00
Infrastructure Management	<u>214,278,063.00</u>
Grand Total	<u>268,602,892.00</u>

Summary of expenditure performance as at 31st October 2019 is presented below:

Table 1: Expenditure by funding source

No	Funding Sources	Total in Ghana Cedis (GH¢) (A)	Actual Expenditure (GH¢) (B)	Variance (A - B)	% Release
1	GoG	188,645,096.00	196,303,929.00	-7,658,834.00	104
2	IGF	111,796.00	38,616.000	73,180.00	35
3	Development Partners	79,846,000.00	1,802,513.00	78,043,487.00	2
4	Total	268,602,892.00	198,145,058.00	70,457,833.00	74

Source: 2019 Budget Statement and MWH 2019 Budget Performance Report to the Committee

6.0 2020 BUDGET ALLOCATION

For the 2020 fiscal year, the Ministry has been allocated the amount of *One Hundred and Forty-seven Million, Five hundred and Twenty-nine Thousand, Two Hundred and Ninety-eight Ghana Cedis (GH¢ 147,529,298.00)* for the implementation of its planned activities. This comprises a GoG component of *Sixteen Million, Four Hundred and Forty-five Thousand, Eight Hundred and Twelve Ghana Cedis (GH¢16,445,812.00)* to be expended on Employee Compensation (i.e. Wages and Salaries) and Goods and Services. The IGF component is to be also expended on goods and services amounting to *Three Hundred and Sixty-four Thousand, Seven Hundred and Eighty-six Cedis (GH¢ 364,786.00)*, *One Hundred and Twenty Million (GH¢ 120,000,000.00)* being the Annual Budget Funding Amount whilst *Ten Million, Seven Hundred and Eighteen Thousand and Seven Hundred Ghana Cedis (GH¢ 10,718,700.00)* being Development Partners' component to support capital expenditure. Table 2 below presents a summary of the budget sources.

TABLE 2: Summary of Budget Sources

No.	Source of Funding	Amount (GH¢)
1.	GoG	16,445,812.00
2.	IGF	364,786.00
3.	ABFA	120,000,000.00
4.	Development Partners	10,718,700.00
5.	GRAND TOTAL	147,529,298.00

Source: 2020 Budget Statement and MWH 2020 Annual Estimates

This allocation will be expended under the core expenditure items of the Ministry as follows:

PROGRAMME	GH¢
Management and Administration	8,548,860.00
Human Settlement and Development	27,931,586.00
Housing Sector Management	16,758,961.00
Urban Housing Management	5,910,854.00
Rural Housing Management	1,479,900.00

Management of Public Construction	3,781,871.00	
Infrastructure Management		111,048,852.00
Works Sector Management	47,474,928.00	
General Maintenance Management	8,765,001.00	
Drainage Management	21,283,923.00	
Coastal Management	33,500,000.00	
Operational Hydrology	25,000.00	
Grand Total		147,529,298.00

7.0 OBSERVATIONS AND RECOMMENDATIONS

7.1 *Actual Budget against Planned Programmes*

The Committee observed that there is no proper correlation between the planned programmes of the Ministry and the actual budget allocation from the Ministry of Finance (MoF). The Committee further realized that to enable the Ministry, effectively and efficiently, implement its planned programmes for the year 2020 in the area of Management of the country's Coastal Protection Works, Storm Water Drainage Projects, Operational Hydrology and Affordable Housing Schemes, the Ministry would require a budgetary allocation of *One Billion, Four Hundred and Twenty-three Million Ghana Cedis (GH¢ 1,423,000,000.00)*, to be expended as follows:

Flood Control	GH¢ 523,900,000.00
Coastal protection	GH¢ 600,000,000.00
Security Services Housing,	GH¢ 220,000,000.00; and
Other programmes	GH¢ 79,100,000.00

The Ministry has however, been allocated an amount of *One Hundred and Forty-seven Million, Five hundred and Twenty-nine Thousand, Two Hundred and Ninety-eight Ghana Cedis (GH¢ 147,529,298.00)*.

This acute budget situation, the Committee further learnt, has culminated in a problem resolving approach ("fire-fighting") instead of a holistic approach that could fully deal with the various challenges that confront the sector.

The Committee is of the view that the planned programmes of the Ministry are very critical to the development agenda of the country especially in the pursuit and attainment of Goal 11 of the Sustainable Development Goals (SDGs). Furthermore, the Ministry's Human Settlement Programme detailed to roll out a number of housing projects aimed at reducing the housing deficit of the country would seriously be undermined with this meagre allocation.

However, considering the heavy capital requirements of the planned programmes and the fact that they cover important social infrastructure facilities which are critical for the socio-economic development of the economy, the Ministry would require additional resources outside the budgetary allocation to be able to provide these facilities. The Committee therefore recommends to the Ministry of Finance to ensure that additional funds are made available to support the operations and the planned programmes of the Ministry for the year 2020. The Committee also urges both Ministry of Works and Housing and the Ministry of Finance to explore other funding sources to enable MWH effectively and efficiently carry out its mandate.

7.2 *Delay in the issuance of Commencement Certificate*

The Committee noted that delay in the issuance of commencement certificate plagued the Ministry during the year under review. It was indicated that the first commencement certificate for the year was only received on 4th September, 2019. The Committee was informed that the delay actually limited the achievement of the planned targets and results for the year 2019.

7.3 *Huge Outstanding Commitments and Arrears*

The Committee was informed that due to delay and non-releases of budgetary allocations, delay by the Bank of Ghana in crediting the Ministry's account and delay in the issuance of commencement certificates for capital expenditure, the Ministry is saddled with huge outstanding commitments. The Ministry's indebtedness to contractors as at 30th September, 2019 amounted to GH¢ 330,026,180.53.

It was added that the Ministry expects to receive additional certificates for work done for the remaining months of the year, particularly for pre-financed projects. This, the

Committee believes would eventually compound the outstanding bills and arrears of the Ministry and expose it to a potential risk of being hauled to the Law Courts for deferred/delayed payments. The Committee also learnt that some of the cases have already triggered court action as a result of delayed payments.

The Committee therefore appeals to the Ministry of Finance to come to the aid of the Ministry to enable it settle its indebtedness.

7.4 *Provision of Affordable Housing*

The Committee noted with concern, the high cost of affordable housing projects currently prevailing on the market. The concept of the affordable housing was to provide decent housing to public sector low income workers who have a constant stream of income and could pay through instalments or mortgage arrangements. However, the delay in completion of these projects has made the houses more expensive and accordingly defeating the purpose for which the project was initiated. Currently, some of the affordable housing projects completed by SSNIT at Borteyman are ready for sale at **GH¢ 272,000.00** for a two bedroom flat, and **GH¢175, 000.00** for one bedroom flat respectively. Prices of the other affordable housing projects such as that at Kpone which was taken over by TDC and that of Saglemi which is under a public private partnership arrangements may not be exceptions.

The Committee also expressed dissatisfaction about the continuous delay in completing the remaining works on the Saglemi Housing project. The Committee is of the view that further delay in completing the project would lead to cost variations which would defeat the intention of the “affordable” concept. The Committee also believes that this project, when completed, could reduce the shortfall in the housing sector. The Ministry, however, assured the Committee of its preparedness and commitment to continue with the remaining works on the project after the conclusion of the value-for-money audit.

7.5 *Inability to Obtain Guarantees for Affordable Housing*

The Committee was informed that the Ministry, during the year under review, initiated discussions with a number of investors towards rolling out mass affordable housing

schemes across the country. Nonetheless, the issuance of corresponding Guarantees by Government is impeding progress since that continue to be a prerequisite for these investors to commence work. Though the Committee is not oblivious of the Ministry of Finance/ Government position on provision of Sovereign Guarantee, it is of the view that these Guarantees would serve as a mitigating factor against uncertainty on the returns of, and on capital of the investors. The Committee also calls on the Ministries of Works and Housing and Finance to expedite action on the laudable intention of creating formal financing alternatives for housing by the establishment of a robust local mortgage banks and housing financing market. In addition to the establishment of the banks, a robust Foreclosure in our mortgage laws should also be looked at to ensure certainty and speedy adjudication of mortgage disputes and conflicts.

8.0 CONCLUSION AND RECOMMENDATION

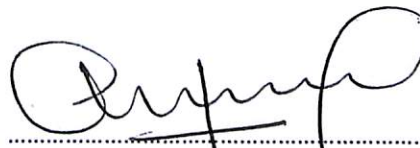
The Committee, after carefully examining the 2020 Annual Estimates of the Ministry and having regards to the strategic role of the Ministry in the development drive of the country, recommends to the House to approve the sum of *One Hundred and Forty-seven Million, Five hundred and Twenty-nine Thousand, Two Hundred and Ninety-eight Ghana Cedis (GH¢ 147,529,298.00)* to enable the Ministry of Works and Housing implement its programmes and activities for the 2020 Financial Year.

In addition, the Committee reiterates its appeal to the Ministry of Finance to come to the aid of the Ministry of Works and Housing to enable it settle its outstanding financial commitments to contractors.

Respectfully submitted.



HON. NANA AMOAKOH
CHAIRMAN, COMMITTEE ON
WORKS & HOUSING



ROSEMARY ARTHUR SARKODIE (MRS.)
CLERK, COMMITTEE ON WORKS &
HOUSING

December, 2019