

**IN THE FIRST SESSION OF THE EIGHTH PARLIAMENT OF  
THE FOURTH REPUBLIC OF GHANA**

**REPORT OF THE FINANCE COMMITTEE ON THE  
ANNUAL ESTIMATES OF OTHER GOVERNMENT  
OBLIGATIONS FOR THE 2021 FINANCIAL YEAR**

**1.0 INTRODUCTION**

The Expenditure Estimates of *Other Government Obligations* for the **2021 Financial Year** were *laid* in the House on Friday the 12<sup>th</sup> day of March, 2021 and *referred* to the Finance Committee for consideration and report in accordance with the Constitution and the Standing Orders of the House following the presentation of the Budget Statement and Financial Policy of the Government for the 2021 Financial Year.

The Committee subsequently met and considered the Estimates with the President's representative at the Ministry of Finance, Hon. Charles Adu-Boahen, a Senior Advisor at the Ministry of Finance, Hon. Abena Osei-Asare, the Chief Director and other officials from the Ministry of Finance and hereby presents this report to the House pursuant to Order 161(1) of the Standing Orders of the House.

**2.0 2021 ESTIMATES**

The total amount of **Eighty Billion, Eight Hundred and Sixty-Nine Million, Five Hundred and Twenty Five Thousand, Four Hundred and Eighty-Two Ghana Cedis (GH¢80,869,525,482)**

*[Faint signature and stamp]*

has been allocated to be expended on the under-listed Government Financial Obligations also referred to as Statutory Payments for the 2021 financial year.

<b>General Government Services</b>	<b>GH¢786,973,140</b>
<b>Other Expenditures</b>	<b>GH¢7,884,158,132</b>
<b>Subscriptions</b>	<b>GH¢50,000,000</b>
<b>Contingency Vote</b>	<b>GH¢186,829,891</b>
<b>Ghana Infrastructure Inv. Fund</b>	<b>GH¢361,914,186</b>
<b>Pensions</b>	<b>GH¢1,651,123,621</b>
<b>Gratuities</b>	<b>GH¢515,976,131</b>
<b>Social Security</b>	<b>GH¢2,347,691,398</b>
<b>Interest Payments</b> -	<b>GH¢35,863,814,494</b>
<b>Lifeline Consumers of Electricity</b>	<b>GH¢165,084,002</b>
<b>Subsidies on Petroleum Products</b>	<b>GH¢247,678,856</b>
<b>National Health Fund</b>	<b>GH¢1,903,907,554</b>
<b>Ghana Education Trust Fund</b>	<b>GH¢1,442,796,479</b>
<b>Road Fund</b>	<b>GH¢1,191,805,239</b>
<b>Petroleum Related Funds</b>	<b>GH¢29,807,346</b>
<b>District Assemblies' Common Fund</b>	<b>GH¢2,402,331,910</b>

Transfer to GNPC from Oil Revenue	GH¢1,047,451,904
Other Earmarked Funds	GH¢3,807,603,596
Arrears Clearance (net charge)	GH¢3,700,000,000
Amortization	GH¢15,282,577,604
<b>TOTAL</b>	<b>GH¢80,869,525,482</b>

## **ATTACHMENT**

**Please find attached as APPENDIX 1 the detailed justification/assumptions underlying the 2021 Budget Estimates of *Other Government Obligations*.**

### **3.0 OBSERVATIONS AND RECOMMENDATIONS**

#### **3.1 District Assemblies' Common Fund**

3.1.1 The Committee took note of the judgment of the Supreme Court in Suit No. J1/3/2018 dated the 12<sup>th</sup> day of June, 2019 regarding the computation of revenue for purposes of allocation to the District Assemblies' Common Fund. The Committee thus enquired to know whether the DACF allocation for 2021 had complied with the said judgment.

3.1.2 To this, officials of the Ministry of Finance explained to the Committee that the allocation to DACF for 2021 had indeed been in compliance with Article 252(2) of the 1992 Constitution and the decision of the Supreme Court.

3.1.3 Accordingly, the DACF allocation for 2021 has not been subjected to capping.

### 3.3 National Health Insurance Fund

3.3.1 A total amount of GH¢1,903,907,554 has been allocated to the National Health Insurance Fund (NHIF).

3.3.2 The Committee was informed by officials of the National Health Insurance Authority (NHIA) that the Authority will need at least **GH¢370 Million** additional funds to be able to successfully implement its programmes for the 2021 financial year.

3.3.3 The Committee urges the Ministry of Finance to ensure that the required additional resources are made available to the National Health Insurance Authority so as to enable the Authority meet the expanded burden placed on the NHF especially in these COVID-19 pandemic times.

### 3.4 Capping Weights for the 2021 financial year

3.4.1 The Committee noted that the Earmarked Funds Capping and Realignment Act, 2017 (Act 947) provides a cap on specified Earmarked Funds to ensure that revenue encumbered by the Earmarked Funds as a result of allocations is twenty-five percent of tax revenue.

3.4.2 In accordance with Section 3 of Act 947, the Ministry of Finance provided the weights for the allocation of the capped earmarked funds for the 2021 financial year.

**Please find attached as APPENDIX 2, the weights for earmarked funds for 2021.**

### **3.5 Ghana Exim Bank**

3.5.1 The Committee was unanimous in expressing concerns about the expenditure profile of the Ghana Export-Import Bank (GEXIM). Of the total projected expenditure of GH¢456,535,834 in 2021, only GH¢84,464,755 had been earmarked for the Bank's core mandate, that is, loans to loan applicants in the export sector.

3.5.2 Projected costs for non-core activities, such as *"Property, Plant and Equipment to be Acquired"*, *"Legal and Other Professional Services"*, *"Public Relations & Marketing Cost"*, *"Directors Fees & Other Related Cost"*, *"Staff Training and Other Staff Related Cost"*, etc, had been projected to increase several folds over the previous year's actuals.

3.5.3 The Committee therefore recommends that the Ghana Exim Bank's expenditures for non-core activities in 2021 be revised to generate a savings of GH¢80,000,000,

which must be added to the funds earmarked for loans to loan applicants.

- 3.5.4 The Committee further recommends that an efficiency-audit be done on the operations of Ghana Exim Bank as part of a process to ensure that the Bank prioritizes its core mandate.

#### **4.0 CONCLUSION**

The Committee, having carefully examined the Estimates of the *Other Government Obligations*, recommends to the House to adopt this report and approve the sum of **Eighty Billion, Eight Hundred and Sixty-Nine Million, Five Hundred and Twenty Five Thousand, Four Hundred and Eighty-Two Ghana Cedis (GH¢80,869,525,482)** for the discharge of the *Other Government Obligations* (also referred to as **Statutory Payments**) for the Financial Year commencing on the **1<sup>st</sup> day of January 2021** and ending on the **31<sup>st</sup> day of December 2021**.

Respectfully submitted.



HON. KWAKU KWARTENG  
(CHAIRMAN, FINANCE COMMITTEE)

PARLIAMENT OF GHANA LIBRARY



MS. EVELYN BREFO-BOATENG  
(CLERK, FINANCE COMMITTEE)

**29<sup>TH</sup> MARCH, 2021**

## JUSTIFICATIONS FOR OTHER GOVERNMENT OBLIGATIONS - 2021

Sn.	Ministries / Departments & Agencies	Grand Total	Justification
44	General Government Services	786,973,140	This is the summation of the General Government Services Budget
	<i>o/w Other General Government Services Expenditures</i>	646,973,140	<ul style="list-style-type: none"> <li>• The Compensation amount of Gh145 million of the General Government services is a contingency for adjustments in compensation numbers or shortfall within the year as per the actual numbers.</li> <li>• The remainder of the General Government Services includes budget for government obligations such as value books, Service Level Agreements, Judgement Debt, Legal charges, License Renewals, etc. Payments for 2020 amounted to Ghs317 million</li> </ul>
	<i>o/w National Population and Housing Census</i>	100,000,000	This amount is part of the GoG Support to the National Population and Housing Census Budget of Ghs477.2 million
	<i>o/w Project Development Facility</i>	20,000,000	<ul style="list-style-type: none"> <li>• As part of the requirement under the Public Private Partnership Act, 2020 (Act 1039), this PDF is a fund set-up for the management of the entire public investments and PPP cycle</li> <li>• It is a creation of the PPP ACT mainly for the pre investment phase of projects specifically for transaction advisory services, developing the Integrated Bank of Projects, capacity building of contracting authorities, etc.</li> </ul>
	<i>o/w PFM Reform Project</i>	20,000,000	Governments support for the Public Financial Management Reform Project (PFMRP)
45	Other Expenditures	7,884,158,132	This is a summation of ESLA Transfers, the COVID-19 related Expenditures & other Critical Spending
	ESLA Transfers	2,979,531,071	<ul style="list-style-type: none"> <li>• Portion of the ESLA earmarked for the restructuring of the energy sector legacy debt and transferred to the ESLA PLC (i.e. Energy Debt Recovery Levy);</li> <li>• Portion collected and retained by the electricity distribution companies and the Ministry of Energy (Public Lighting Levy and National Electrification Scheme Levy) and the Price Stabilisation &amp; Recovery Levy (40% of which is used to support Premix and RFO and the remaining 60% used for government's petroleum price risk management and also mitigate the adverse impact of volatilities on the international crude oil market).</li> </ul>
	COVID-19 Related Expenditures (CARES)	4,509,627,061	This is a summation of all the COVID-19 related Expenditures including Other Critical Spending.
	<i>o/w COVID-19 Alleviation Programme (Water &amp; Electricity)</i>	200,000,000	This comprises of cost of providing free electricity and water to eligible households
	<i>o/w Provision of Health Infrastructure</i>	1,476,308,149	For Agenda 111 construction
	<i>o/w National COVID-19 Response</i>	597,651,913	Part of the GH¢1,195,303,182,96 expenditure for COVID-19 response to MoH for the Implementation of the revised National Strategic COVID-19 Response Plan which includes case management and research, PPEs, Surveillance and national laboratory testing (including Africa Medical Supplies Platform and KBTH)
	<i>o/w Seed Fund For Capitalisation of Development Bank</i>	306,370,389	For the set-up of the National Development Bank to support and pre-up the Economy

Sn.	Ministries / Departments & Agencies	Grand Total	Justification
	<i>o/w Cost of Economic Revitalization payment</i>	1,000,000,000	This is the cost of mitigating the effects of the Pandemic through Economic and Social Measures, Agriculture and Agri-Business (Modernisation) support, Industry and Technology, Digitisation, Regional Hubs Programme, Establishment of National Unemployment Insurance Scheme, Training and Retraining Scheme, amongst others.
	<i>o/w COVID-19 Vaccines (Operational &amp; Procurement)</i>	929,296,610	Cost of Government's support to the Ghana COVID-19 Vaccination Programme in support of the COVAX, APC, mPharma, etc. to procure over 42 million vaccines before year end
	Other Critical Spending	395,000,000	Net adjustments budget for other critical spending such as security, Africa Games and other contingencies
46	Subscription	50,000,000	Budget to meet subscription payments such as contributions to international organisations. Eg the UN Bodies, etc. 2020 payments was about Ghs103 million
47	Contingency Vote	186,829,891	To be managed as an emergency fund to meet contingencies
48	Ghana Infrastructure Investment Fund	361,914,186	Comprises of 20% of the 70% of ABFA Capex in Accordance with re-enacted Section 5 (1)(a) of the GIIF Act 2014 (Act, 877)
49	Pensions	1,651,123,621	Using historical trend, it is projected at 6.4 percent of the estimated wage bill for 2021.
50	Gratuities	515,976,131	Using historical trend, it is projected at 2.0 percent of the estimated wage bill for 2021.
51	Social Security	2,347,691,398	Using historical trend, it is projected at 9.1 percent of estimated wage bill for 2021.
52	Interest Payments	35,863,814,494	Interest Payments for both domestic and external loans and comprises domestic and external interest payments.
53	Social Benefits (Lifeline Consumers of Electricity)	165,084,002	This amount is paid as a subsidy for lifeline consumers of electricity. The amount due is payable to ECG based on the estimated billed consumption of lifeline consumers of electricity. Lifeline consumers are those whose consumption is between 0-50 kilowatts
54	Subsidies on Petroleum products	247,678,856	Computed as 40% of the Price Stabilisation and Recovery Levy which is collected as part of ESLA levies
55	National Health Fund	1,903,907,554	<ul style="list-style-type: none"> <li>• The allocation to NHIF is determined as the product of the weight of NHIF (10.2726905123371%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299) plus a restoration.</li> <li>• In accordance with the National Health Insurance (Amendment) Act 2018 (Act, 971), the Fund is entitled to a 2.5% straight levy on goods</li> <li>• This amount does not include the 2.5% percent of the contributions from Social Security and Pensions Scheme.</li> </ul>
	<i>o/w National COVID-19 Response</i>	597,651,913	
56	Education Trust Fund	1,442,796,479	<ul style="list-style-type: none"> <li>• The allocation to GETFund is determined as the product of the weight of GETFund (10.3361732367444 %) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299).</li> <li>• In accordance with the Ghana Education Trust Fund (Amendment) Act 2018 (Act, 972), the Fund is fed with a 2.5% straight levy on goods and services before capping.</li> </ul>



Sn.	Ministries / Departments & Agencies	Grand Total	Justification
57	Road Fund	1,191,805,239	<ul style="list-style-type: none"> <li>The allocation to Road Fund is determined as the product of the weight of Road Fund (8.53807560309903%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299).</li> <li>In accordance with the ESLA, 2015 (Act 899), the original amount due the Road Fund is determined by the Road Fund levy on the price of specific petroleum products (petrol and diesel) as well as the projected volumes (quantity) of petrol and diesel before capping.</li> </ul>
58	Petroleum Related Funds	29,807,346	<ul style="list-style-type: none"> <li>The allocation to Energy Fund is determined as the product of the weight of Energy Fund (0.213539398123622%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299)</li> <li>In accordance with the ESLA, 2015 (Act 899), the original amount due the Energy Fund is determined by the Energy Fund levy on the price and quantity of specific petroleum products namely petrol, kerosene, diesel and fuel oil".</li> </ul>
59	Dist. Ass. Common Fund	2,402,331,910	<ul style="list-style-type: none"> <li>The 5% transfer to the DACF computed based on the recent Supreme Court Ruling.</li> <li>According to the ruling, total revenue for the purposes of allocation to the DACF include, "petroleum revenue allotted as Annual Budget Support (ABFA) and non-tax revenue paid to central Government. Total revenues of Ghana shall not include foreign loans and grants, Petroleum receipt paid into the Heritage and Stabilization Fund, retained internally generated Fund and levies imposed by Parliament for specific purposes under an Act of Parliament".</li> </ul>
	o/w School Feeding Programme	488,800,000	This is in support of the school feeding programme but was re-aligned to the DACF
	o/w ABFA	129,255,066	ABFA (Capex) component of the DACF
60	Transfer to GNPC from Oil Revenue	1,047,451,904	<ul style="list-style-type: none"> <li>The allocation to GNPC is determined as the product of the weight of GNPC (7.50393038565316%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299).</li> <li>In accordance with Section 7 of the PRMA, Act 815, the GNPC is originally entitled to 30% share of net Carried and Participating Interest and Equity Financing Cost from oil revenue before capping.</li> </ul>
61	Other Earmarked Funds	3,807,603,596	Made up of all other earmarked funds that have not been listed above: The details are shown below
	o/w Youth Employment Agency	341,770,747	<ul style="list-style-type: none"> <li>The allocation to YEA is determined as the product of the weight of YEA (2.10369718558036%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299)</li> <li>In accordance with the YEA law, the Agency is originally entitled to 80% of the Communication Service Tax (CST) before capping.</li> </ul>
	o/w Student's Loan Trust	3,670,612	<ul style="list-style-type: none"> <li>The allocation to the Students Loan Trust is determined as the product of the weight of Students Loan Trust (0.0262962148197544%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299).</li> <li>In accordance with the Student's Loan Trust Act, the Trust is originally entitled to 1% of the Communication Service Tax (CST) before capping.</li> </ul>

Sn.	Ministries / Departments & Agencies	Grand Total	Justification
	<i>o/w Ghana Exim Bank</i>	192,186,389	<ul style="list-style-type: none"> <li>The allocation to the Export Development Fund is determined as the product of the weight of the Export Development Fund (1.37682053203986%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299).</li> <li>In accordance with Act 911, allocation are originally determined as 0.5% of the projected CIF value for 2021 before capping.</li> </ul>
	<i>o/w Ghana Airport Company Ltd</i>	198,780,000	<ul style="list-style-type: none"> <li>The allocation to Ghana Airport Company Limited is determined as the product of the weight of the Ghana Airport Company Limited (0.860197406794936%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299).</li> <li>The Authority is originally entitled to projected Airport Tax receipts before capping.</li> </ul>
	<i>o/w Mineral Development Fund</i>	209,351,820	<ul style="list-style-type: none"> <li>The allocation to the Mineral Development Fund is determined as the product of the weight of the Mineral Development Fund (1.49979342812055%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299).</li> <li>The Fund is originally entitled to 20% of Mineral Royalties before capping.</li> </ul>
	<i>o/w Mineral Income Investment Fund</i>	1,386,328,000	<ul style="list-style-type: none"> <li>The allocation to the Mineral Income Investment Fund is determined as the product of the weight of the Mineral Development Fund (5.99917371248219%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299). There is full restoration to the Mineral Income and Investment Fund.</li> <li>The Fund is originally entitled to 80% of Mineral Royalties before capping.</li> </ul>
	<i>o/w GRA Retention</i>	1,471,891,745	<ul style="list-style-type: none"> <li>The allocation to GRA is determined as the product of the weight of GRA (6.96261849619296%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299) plus restoration.</li> <li>This is originally determined as 3% of total non-oil tax revenues before capping.</li> </ul>
	<i>o/w Plastic Waste Recycling Fund</i>	3,624,282	<ul style="list-style-type: none"> <li>The allocation to the Plastic Waste Fund is determined as the product of the weight of the Fund (0.0259643044610605%) and the earmarked funds cap of 25% of tax revenue (GHc13,958,710,302.7299).</li> <li>This is computed based on forecasted inflows from levies imposed on plastic manufacturers before capping.</li> </ul>
62	Arrears Clearance (net change)	3,700,000,000	Comprises part of the outstanding stock of arrears and commitments from previous years programmed to be paid in 2021.
63	Amortisation	15,282,577,604	Projected as total external principal repayments due on Central Government debt plus 25% of external principal repayments due on external government guaranteed loans and the amount programmed for energy sector IPPs restructuring cost.
<b>Sub-Total -Multi Sectoral</b>		<b>80,869,525.482</b>	

## WEIGHTS FOR EARMARKED FUNDS FOR 2021 BUDGET

NO.	ITEM	WEIGHTS
1	National Health Insurance Fund (NHIF)	10.272690512
2	Ghana Education Trust Fund	10.336173237
3	Road Fund	8.538075603
4	Energy Fund	0.213539398
5	Ghana Infrastructure Investment Fund (ABFA Capex)	1.566141686
6	Internally Generated Funds (IGFs) Retention	25.504616619
7	Transfer to Ghana National Petroleum Corporation (GNPC) from petroleum revenue	7.5039304
8	Transfers to the Youth Employment Agency from the Communication Service Tax	2.103697186
9	Student's Loan Trust	0.026296215
10	Export Development Levy (Ghana EXIM Bank Ltd)	1.376820532
11	Airport Passenger Service Charges (Ghana Airport authority)	0.860197407
12	Mineral Development Fund	1.499793428
13	Minerals Income Investment Fund	5.999173712
14	Ghana Revenue Authority (GRA) Retention	6.962618496
15	Plastic Waste Recycling Fund	0.025964304
	<b>Total</b>	<b>100.000000000</b>