

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



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

ON THE

**2021 ANNUAL BUDGET ESTIMATES OF
THE MINISTRY OF TRADE AND INDUSTRY**

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REPORT OF THE COMMITTEE ON TRADE, INDUSTRY AND TOURISM ON THE 2021 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF TRADE AND INDUSTRY

1.0 INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the 2021 Financial Year was presented to the House on Friday 12th March, 2021 by Hon. Osei Kyei-Mensah-Bonsu, Minister for Parliamentary Affairs, Majority Leader & Leader of Government Business.

Pursuant to Orders 140 (4) and 159 of the Standing Orders of the House, the Rt. Hon Speaker referred the 2021 Annual Budget Estimates of the Ministry of Trade and Industry to the Committee on Trade, Industry and Tourism for consideration and report.

In considering the Annual Budget Estimates, the Committee met with the Hon. Minister, Mr. Alan Kwadwo Kyeremanten, Chief Director of the Ministry and his Technical Team from the Ministry, Departments and Agencies. The Committee appreciate their valuable assistance.

2.0 REFERENCE DOCUMENTS

The following documents served as a reference guide during the Committee's deliberations:

- i. 1992 Constitution of the Republic of Ghana
- ii. Standing Orders of the Parliament of Ghana
- iii. Budget Statement and Economic Policy of the Government of Ghana for the 2021 Financial Year
- iv. Programme-Based Budget Estimates for 2021 for the Ministry of Trade and Industry.
- v. The Public Financial Management Act, 2016 Act 921.

3.0 VISION

The Vision of Ministry of Trade and Industry is to establish Ghana as a globally competitive manufacturing and trade hub in Africa.

In order to meet its Vision, the Ministry is implementing a Ten- Point Industrial Transformation Agenda aimed at establishing Ghana as a major manufacturing hub in Africa.

3.1 Ten Point Industrial Transformation Agenda

- National Industrial Revitalization Programme (Stimulus Package)
- One District One Factory (Decentralization industrial development)
- Development of Strategic Anchor Industries (towards diversifying the economy)
- Establishment of Industrial Parks in all regions
- Development of Small and Medium-scale Enterprises (SMEs)
- Export Development Programme
- Enhancing Domestic Retail Infrastructure
- Improving the Business Environment through regulatory reforms
- Industrial sub-contracting exchange
- Improving Public-Private sector Dialogue

4.0 MISSION OF THE MINISTRY

The mission of the Ministry is to develop a vibrant, technology-driven, liberalized and competitive trade, industrial and services sector that significantly contributes to inclusive and sustainable economic growth and employment creation, particularly involving mass mobilization of rural communities and other vulnerable groups including women.

5.0 POLICY OBJECTIVES

The policy objectives underpinning this strategic vision are set within the context of the National Medium Term Development Plan (NMTDP). These are as follows:

- i. Promote international trade and investment
- ii. Pursue flagship industrial development initiatives
- iii. Enhance business enabling environment
- iv. Support entrepreneurs and SME development
- v. Enhance domestic trade
- vi. Ensure consumer protection and
- vii. Promote Public-Private Sector Dialogue.

6.0 2020 BUDGET PERFORMANCE

6.1 Financial

6.1.1 Status of 2020 Budget Allocation

In 2020, the Ministry was allocated an amount of **Four Hundred and Seventy-Five Million, Three Hundred and Forty-Four Thousand, Nine Hundred and Thirty-Five Ghana Cedis, Eighty-Six Pesewas (GH¢475,344,935.86)** for the implementation of its programmes. Actual releases for the year amounted to Three Hundred and Eighty-Six Million, Seven Hundred and Forty-Five Thousand, Nine Hundred and Seventy-Nine Ghana Cedis, Fifty-Seven Pesewas **(GH¢386,745,979.57)**.

The variance of Eighty-Eight Million, Five Hundred and Ninety-Eight Thousand, Nine Hundred and Fifty-Six Ghana Cedis, Twenty-Nine Pesewas (GH¢ 88,598,956.29) amounted to 19% of the total budgetary allocation for the 2020 Financial year 2020 (Table 1).

Table 1: Budget Allocation and total releases as at December, 2020

Source of Funds	Budget (A) GH¢	Total Amount Released and Utilized (B) GH¢	Variance (A-B) GH¢	% Variance
GOG	260,053,823.00	184,367,638.54	75,686,184.46	29
IGF	75,693,357.86	80,481,517.03	(4,788,159.17)	(6)
DONOR	139,597,756.00	121,896,824.00	17,700,932.00	13
TOTAL	475,344,936.86	386,745,979.57	88,598,957.29	19

Source: MOTI 2020 Budget Estimates

6.1.2 Financial Performance of the Coronavirus Alleviation Programme

In order to provide relief to mitigate the effects of the COVID-19 Pandemic on MSMEs, the NBSSI was allocated an amount of **Seven Hundred and Fifty Million Ghana Cedis (GH¢ 750,000,000.00)**. NBSSI disbursed GH¢450,000,000 (which represents 60% of the Approved Budget (Table 2)) to 277,511 beneficiaries.

Table 2: Approved Budget and total releases for CoronaVirus Alleviation Programme Business Support Scheme

Expenditure Item	2020 Approved Budget	Actual Expenditure	Budget performance (%)
CoronaVirus Alleviation Programme	750,000,000	450,000,000	60

Source: MOTI 2021 Budget Estimates

6.2 Non Financial

6.2.1 Industrial Development Programmes

i. One District One Factory (1D1F) Initiative

- As at the end of 2020, a total of 232 projects were at various stages of implementation out of which 76 are currently in operation. In addition, 107 are under construction, 36 are ready to commence construction (mobilization stage) whilst 13 are pipeline projects to be financed by Participating Financial Institutions.

- Fifty-Six (56) percent of these projects were into Agro-processing, 22 per cent into General Manufacturing, 5 percent into Meat processing, 4 percent into primary agriculture and 13 percent into industrial enterprises.

- Under the 1 District 1 Factory, the following milestones were achieved:
 - total of 139,331 direct and indirect jobs created by 76 1D1F companies in operation
 - An additional 285,915 direct and indirect jobs are projected to be created from the projects under construction.

- A total of GH¢603 million Import Duty Exemptions on capital goods and raw materials was approved by Parliament for 37 1D1F companies.
- GH¢2.3 billion mobilized from Participating Financial Institutions
- A total of GH¢213 million in interest subsidy paid.
- Table 3 shows the Regional spread of 1D1F projects with Greater Accra and Ashanti receiving the highest:

Table 3: Regional Spread of 1D1F Projects

Region	No. of Projects
AHAFO	6
EASTERN	28
BONO	15
VOLTA	12
ASHANTI	44
CENTRAL	17
UPPER WEST	7
UPPER EAST	6
NORTHERN	9
WESTERN	13
BONO EAST	9
SAVANNA	6
NORTH EAST	5
OTI	5
WESTERN NORTH	6
GREATER ACCRA	44
TOTAL	232

ii. Micro, Small and Medium Enterprise (MSME) Development

- Thirty-seven (37) Business Resource Centres (BRCs) at the district level were established in 2020 and are currently in operation with full deployment of staffing, equipment, and other facilities.
- Five (5) new Technology Solution Centres (TSCs) were established and 26 existing Technology Centres were upgraded and re-equipped to provide technology solutions and maintenance support to industries located at the district level throughout the country.
- The Ghana Enterprises Agency (GEA) Bill, 2020 was passed into law to transform the National Board for Small Scale Industries (NBSSI).

Strategic Anchor Industries

iii. Automobile Manufacturing

- Kantanka Automobile Company Limited doubled its production capacity to serve the local and the African market as a result of the Auto Policy.
- Sinotruck of China commenced production of heavy duty trucks through its local partners, Zondac Tech Ghana Limited
- Volkswagen (VW) commenced trial production in March 2020 and launched commercial production in August.

iv. Garments and Textiles Manufacturing

- At the end of 2020, One Hundred and Ten (110) local Garment manufacturing companies were assisted to enhance their production capacity and given orders for the production of Personal Protective Equipment (PPEs) to combat the COVID-19 Pandemic.
- A total of 19.5 million face masks, 90,000 hospital gowns, 90,000 head covers, and 50,000 medical scrubs were produced in 2020 with fabric procured from 3 local textile manufacturing companies.

v. Pharmaceutical Industry

- One of the leading local pharmaceutical companies was supported to complete the construction of a large scale state-of-the art WHO Good Manufacturing Practice (GMP) Certified production facility
- Fourteen (14) other pharmaceutical manufacturing companies were supported to expand their productive capacities and increase supplies to both the domestic and export markets.

vi. Trade Development Programmes

- A National Export Development Strategy and an action plan for Boosting Intra-African Trade (BIAT) were developed and launched.

- Ghana Export Promotion Authority provided technical assistance to 36 manufacturing companies to receive ECOWAS Trade Liberalization Scheme (ETLS) approval for 50 products.
- The Ghana International Trade Commission (GITC) concluded its maiden investigation into a case of the dumping of aluminium coils onto the Ghanaian market by a local manufacturing company. The GITC made a favourable determination of the case for the local manufacturing company and proposed safeguard measures to halt the dumping of aluminium coils.

7.0 OUTLOOK FOR THE MINISTRY (2021)

7.1 Financial

In 2021, the Ministry is allocated a total amount of **Five Hundred and Twenty-Nine Million, Five Hundred and Seventeen Thousand, Nine Hundred and Ninety-Seven Ghana Cedis (GH¢529,517,997.00)** for its operations (Table 4). Table 5 also shows expenditure to various programmes by source of funding with Industrial Development receiving 40% of the total budgetary allocation.

Table 4: Breakdown of MOTI Budget 2021 by Economic Classification and Source of Funding

Economic Classification	GOG	ABFA	IGF	Donor	Total
Compensation	64,605,110		10,082,148.00	-	74,687,258.00
Goods and Services	110,164,276		68,822,053.00	27,028,000.00	206,014,329.00
Assets	82,336,119	17,214,682	41,056,106.00	108,209,503.00	248,816,410.00
Total	257,105,505		119,960,307.00	135,237,503.00	529,517,997.00

Source: MOTI, Programme -Based Budget Estimates for 2021

Table 5: Allocations to the various programmes by Source of Funding (2021)

Programme	GOG	IGF	ABFA	Donor	Total
Management and Adm.	13,291,404.00	6,475,731.00		129,903,983	149,671,118.00
Trade Development	22,147,461.00	1,016,289.00		-	23,163,750.00
Business Development and Promotion	39,587,538.00	925,258.00		-	40,512,796.00
Trade and Industry Promotion	22,301,866.00	-		-	22,301,866.00
Standardization and Conformity Assessment	11,219,377.00	69,007,520.00		-	80,226,897.00
Industrial Development	148,557,860.00	42,535,509.00	17,214,682	5,333,520	213,641,571.00
Total	257,105,506.00	119,960,307.00		135,237,503	529,517,997.00

Source: MOTI, Programme Based Budget Estimates for 2021

7.2 Non-financial

Industrial Development Programmes

One District One Factory (1D1F) Initiative

- Additional 76 projects will be initiated and supported. This will result in a cumulative total of 308 1D1F projects will be at various stages of completion.
- District Implementation Support Teams will be established for all new 1D1F projects.
- Fiscal exemptions and incentives for 1D1F companies will be continued.

Strategic Anchor Industries

- Toyota, Suzuki, Nissan, Kia and Hyundai to commence operations
- Establish Automotive Development Support Centre for Skills Development and Innovation, Vehicle Financing and Enforcement of Technical Standards.
- Introduce the following Bills: Automotive Industry Development Council Bill and Sugar Bill.

Industrial Parks and Special Economic Zones

- Develop Special Economic Zones Policy and Bill.
- Support the development of the Greater Kumasi Industrial City and Special Economic Zone.

SME Development

- Construction, equipping and staffing of 30 Business Resource Centres to be completed
- Technology Solution Centres to be staffed and made fully operational

Standardization and Conformity Assessment

The key policy and legislative interventions for standardization and conformity assessment are:

- Enactment of the Ghana Standards Authority Bill
- Enactment of the Ghana National Accreditation Service Bill
- Development of the National Quality Policy

In addition, GSA will implement the following:

- Nationwide calibration of medical devices
- Development of National Hydrocarbons Standards
- Establishment of Metrology Laboratory to provide services to the Oil and Gas industry.

8.0 OBSERVATIONS AND RECOMMENDATIONS

I. GHANA ENTERPRISES AGENCY (NBSSI)

The Committee commended the Ghana Enterprises Agency for the provision of relief assistance to Micro, Small and Medium Enterprises (MSME's) which play a critical role in stimulating the economy during the outbreak of the COVID-19 pandemic.

This was operationalized by the Agency after designing a technological platform to reach the beneficiaries throughout the country.

It is recommended that the Agency should ensure that the relief interventions to enterprises to stimulate economic growth and promote empowerment and entrepreneurship must be intensified.

The Committee requested a comprehensive report by regional spread on the disbursement of the relief packages.

II. GHANA EXPORT PROMOTION AUTHORITY (GEPA)

The Committee further observed that the Authority through the Ministry officially launched the National Export Development Strategy within the context of harnessing the benefits of the African Continental Free Trade Area (AFCTA) African Continental Free Trade Area with vast opportunities created for trade, investment, employment and other economic activities.

It is recommended that the Authority liaise with the Ministry to fully implement the strategies in the document to address the numerous challenges facing the export sector.

The Ministry was urged to expedite action on the GEPA Bill and all other important bills.

III. GHANA INTERNATIONAL TRADE COMMISSION

The Committee expressed concern about the low staff strength, logistical support and the office space currently provided for the Commission which is impeding its performance.

However it was able to provide the determination on the recent matter between Alluworks and Sunda International and Yai Tin International.

It is the view of the Committee that these challenges, as a matter of urgency should be addressed to enhance their operations and also to ensure that the commission can perform.

IV. GHANA FREE ZONES AUTHORITY

The Authority informed the committee of the progress made which had involved stakeholder engagement and consultation undertaken by the Authority to come up with a new legislation which is yet to be submitted to Cabinet.

Given the potential of the new legislation to address the numerous challenges facing the Authority and boost Foreign Direct Investment, the Committee

recommends that the Ministry expedite action of acquiring the new legislation to regulate that sub-sector of the economy.

The Authority has over the years been facing restrictions on the utilization of their Internal Generated Funds, which has made them worse by the capping legislation which is impeding the exercise of the roles and responsibilities of the Authority.

It is therefore recommended that the Authority is weaned off from Government subvention.

V. GRATIS FOUNDATION

The Committee was not happy with the organisations failure to report the Internally Generated Funds which are not being lodged into the Consolidated Fund. The Committee found this as irregular and cautioned that monies collected must be lodged in the Consolidated Fund and audited.

The Committee recommends that GRATIS Foundation should take urgent steps to liaise with the Ministry to have these lapses rectified.

VI. GHANA STANDARDS AUTHORITY

The Committee also observed that the Authority generate more revenue than what they have been capped by law. The Authority is therefore facing the challenge of not being able to exercise their roles and responsibilities because of the capping restriction.

It was also pointed out that, the Authority has a challenge in their staff strength and the situation is not making them visible in all the regions in the country to address urgent challenges.

equipment for the Oil and Gas industry and the Health Sector to help maintain standards as well as address revenue losses to State.

9.0 CONCLUSION

In conclusion, the Committee having carefully examined the 2021 Annual Budget estimates of the Ministry of Trade and Industry recommends to the House to adopt its report and approve the sum of **Five Hundred and Twenty-Nine Million, Five Hundred and Seventeen Thousand, Nine Hundred and Ninety-Seven Ghana cedis (GH¢ 529,517,997)** for the year-ending 31st December, 2021 being budgetary allocation for the Ministry of Trade and Industry to enable it undertake its programmes and activities for the 2021 fiscal year.

Respectfully Submitted.



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HON. CARLOS KINGSLEY AHENKORAH
CHAIRMAN, COMMITTEE ON TRADE,
INDUSTRY AND TOURISM

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MR. SAMUEL ADDEI
CLERK, COMMITTEE ON TRADE,
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