

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

**REPORT OF THE FINANCE COMMITTEE ON THE 2020 ANNUAL REPORT ON
THE COLLECTION AND UTILIZATION OF THE AFRICAN UNION IMPORT LEVY**

1.0 INTRODUCTION

The 2020 Annual Report on the Collection and Utilization of the African Union Import Levy was first presented to Parliament on Friday, 12th April, 2021 by the Minister for Parliamentary Affairs, Majority Leader and Leader of Government Business, Hon. Osei Kyei-Mensah-Bonsu.

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 officials from the Ministry of Finance to consider the report.

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% 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-Five (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 the details of the receipts from the Levy and the utilization of the funds for the financial years ended 31st December 2019 and 31st December 2020.

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

As indicated supra, the Report covers the collection and utilization of the Levy for the financial years ending 31st December 2019 and 31st December, 2020.

5.0 COLLECTION AND UTILIZATION OF THE AU LEVY FOR THE FINANCIAL YEAR 2019

The details of the collection and utilization of the AU levy in 2019 is captured below:

5.1 2019 Collection

Total collection from the Levy lodged into the AU Import Levy Account for the financial year January to 31st December, 2019 stood at GH¢70,453,697.68. This represents full-year receipts realized from the implementation of the Levy. The total receipt from the Levy for the period Jan-31st December 2019 does not include the balance of GH¢30,963,491.37 which was brought forward from end 2018. The balance brought forward from 2018, including the total receipts becomes GH¢101,417,189.05.

5.2 Utilization of the Levy

An amount of GH¢44,886,652.00 was disbursed in November, 2019 from the AU Import Levy Account to settle Ghana's assessed contribution to the AU for the financial year 2019. The payment of the AU assessed contribution from the Levy proceeds is in compliance with Section 6(1) of Act 952, which requires the first charge on the Levy account to be for the full settlement of Ghana's assessed contribution to the African Union.

5.3 2019 Surplus

The surplus (balance) after the payment of the assessed contribution for 2019 collections amounted to GH¢56,530,485.79 as indicated in Table 1. Thus the balance in the AU Import Levy Account as at the end of 2019 was GH¢56,530,485.79.

Table 1: Summary of Receipts and Utilization of the AU Levy for the Year Ended 31/12/19

No	Item	GH¢
	Balance brought forward	30,963,491.37
1	Proceeds from levy (Receipts) for 2019	70,453,697.68
2	Payment of Ghana's Assessed Contribution to the AU for 2019 (Utilization)	(44,886,652.00)
3	Surplus (Account Balance) as at 31 st Dec, 2019	56,530,485.79

6.0 COLLECTION AND UTILIZATION OF THE AU LEVY FOR THE FINANCIAL YEAR 2020

The collection and utilization of the levy is summarized below:

6.1 Receipts for 2020

Total collection from the Levy lodged into the AU Levy Account for the period 2020 stood at **GH¢69,861,048.79**. This represents total receipts realized from the levy for the period under review.

6.2 Utilization of the Funds

In the fiscal year 2020, an amount of **GH¢59,323,515.70** was disbursed from the AU Import Levy Account. The details of the disbursement are as follows:

- a) Payment of Ghana's Assessed Contribution to the AU for 2020 of GH¢38,640,000.00;
- b) Part payment for settlement grant for the AfCFTA Secretariat of GH¢16,610,400.00; and
- c) Payment in respect of the organization of AU 4th STC Meeting in Accra of GH¢4,073,115.70

6.3 Surplus Balance for 2020

As at 31st December 2020, the balance on the AU Import Levy Account after settlement of the 2019 assessed contribution and other AU related expenditures stood at **GH¢67,068,018.88**.

6.4 Summary of Collection and Utilisation of the AU Import Levy Account for the year 2020

Table 2: Summary of Receipts and Utilization of AU levy Account for the period 2020.

No	DESCRIPTION	GH¢
1	Balance (surplus) brought Forward from 2019	56,530,485.79
2	2020 Collection	69,861,048.79
	Total Receipts including 2019 balance brought forward	126,391,534.58
	Utilization:	
	Payment of Ghana's Assessed Contribution to the AU for 2019	38,640,000.00
	Part Payment for settlement grant for the AfCFTA Secretariat	16,610,400.70
	Payment in respect of the organization of AU 4 th STC Meeting in Accra	4,073,115.70
	Total of Expenditure	59,323,515.70
	Surplus (Account Balance) as at 31st December, 2020	67,068,018.88

7.0 OBSERVATIONS

The Committee made the following observations:

7.1 Utilization of Surplus

The Committee observed that in compliance with Section 6 of the African Union Import Levy Act, 2017 (Act 952), the Ministry is undertaking the necessary steps to implement the provisions of the Act in respect of Utilization of surplus on the AU Import Levy Account

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 observed that assessed contributions of Member States usually fall due from 1st January of each financial year. This practice hinders the ability of the Ministry to fully settle Ghana's assessed contributions from the levy account when presented, as enough revenue will not have accrued into the levy account.

The Ministry indicated that it 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 Benefits

The Committee observed that 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 has also led to a reduction in the over-reliance on Development Partner (DP) 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 2020 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. KWAKU KWARTENG
CHAIRMAN, FINANCE COMMITTEE



EVELYN BREFO BOATENG (MS)
CLERK TO THE COMMITTEE

27TH OCTOBER, 2021