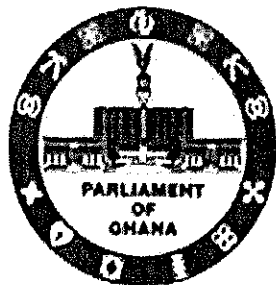


*IN THE SECOND SESSION OF THE EIGHTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA*



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

ON THE

BUDGET ESTIMATES

FOR THE

**MINISTRY OF TRADE AND
INDUSTRY**

FOR THE

2023 FINANCIAL YEAR

December 2022

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

**REPORT OF THE SELECT COMMITTEE ON TRADE, INDUSTRY
AND TOURISM ON THE 2023 ANNUAL BUDGET ESTIMATES OF
THE MINISTRY OF TRADE AND INDUSTRY**

1.0. INTRODUCTION

The *Programme Based Budget Estimates for the Ministry of Trade and Industry for the 2023 Financial Year* were laid in the House on Thursday 24th November, 2022 and referred to the *Committee on Trade, Industry and Tourism* for consideration and report in accordance with article 179 of the 1992 Constitution and Order 140 (4) of the Standing Orders of the House. This followed the presentation of the Budget Statement and Economic Policy of the Government for the 2023 Financial Year by the Minister responsible for Finance, Hon. Ken Ofori-Atta.

The Minister for Trade and Industry, Hon. Alan Kyerematen, Deputy Minister for Trade and Industry, Hon. Michael Okyere Baafi, Chief Director and other officials from the Ministry of Trade and Industry and its Agencies attended upon and assisted the Committee in its deliberations on the Estimates.

The Committee expresses its gratitude to the Hon. Minister and his deputy, the Chief Director and the other officials from the Ministry of Trade and Industry and its Agencies for attending upon the Committee.

2.0. REFERENCE DOCUMENTS

In considering the Estimates, the Committee referred to and was guided by the following documents:

- i. The 1992 Constitution of the Republic of Ghana.
- ii. Standing Orders of the Parliament of Ghana.
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2023 Financial Year.
- iv. Public Financial Management Act, 2016 (Act 921).

3.0. BACKGROUND

The Ministry of Trade & Industry is the lead policy advisor to government on trade, industrial and private sector development with responsibility for the formulation and implementation of policies for the promotion, growth and development of domestic and international trade and industry. The Ministry is also the advocate for the private sector within government and is the principal agency responsible for monitoring and implementing the Government's private sector development programmes and activities.

The Ministry also ensures that Ghana derives maximum benefit from international trade relations and that domestic trade is conducted in a smooth and orderly manner. Furthermore, it is the responsibility of the Ministry to strengthen trade relations with all friendly countries on a most favoured nation basis consistent with Ghana's membership of the World Trade Organisation (WTO).

Special attention continues to be focused on the diversification of markets and the commodity export base by promoting the development of non-traditional exports industries with the view to developing an export-led economy.

In industry, the Ministry's policy thrust continues primarily to be the development of a more competitive industrial sub-sector with potentials to make in-roads into the international market with value added local products derived from local resources.

3.1. 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.

Ten Point Industrial Transformation Agenda

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

3.2. 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.

4.0. OBJECTIVES AND FUNCTIONS

The policy objectives underpinning the strategic vision of the Ministry 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.

The core functions of the Ministry are:

- i. To formulate and harmonize policies that will ensure inter-sectoral collaboration in the implementation of trade and industrial policies both at national and global levels.
- ii. Improve entrepreneurial skills, technological capabilities and accessibility to credit and markets
- iii. To develop programmes and activities for institutional capacity building to meet the challenges of the global market.
- iv. To develop standards and Quality Systems to meet production requirements for local and international markets

- v. To facilitate the development and promotion of non-traditional Export products.
- vi. To facilitate the development of the production base and Expansion of cross-border trade.
- vii. To collect, collate process, store and disseminate timely and accurate information for stakeholders.
- viii. To facilitate the removal of institutional and legal bottlenecks.
- ix. To facilitate private sector access to capital.
- x. To ensure that private sector development programmes are complementary and cover broad range of needs.
- xi. To encourage and facilitate the provision of public service by the private sector; and
- xii. To facilitate innovation and entrepreneurship.

4.1. KEY AGENCIES UNDER THE MINISTRY

For the realization of the policy objectives, the Ministry will implement its policies and strategies through the following Agencies:

- a) Ghana Standards Authority (GSA)
- b) Ghana Export Promotion Authority (GEPA)
- c) Ghana Free Zones Authority (GFZA)
- d) GRATIS Foundation
- e) Ghana Enterprise Agency (GEA)
- f) Ghana International Trade Commission (GITC)
- g) Central Regional Development Commission (CEDECOM)
- h) Business Development

5.0. 2022 BUDGET PERFORMANCE

A summary of Budget and Actual Expenditure by the Ministry of Trade and Industry for the 2022 Financial Year is presented in Table 1 below:

Table 1: Breakdown of MoTI Budget 2022 by Economic Classification and Source of Funding

| Economic Classification | GOG | ABFA | IGF | Donor | Total |
|--------------------------------|----------------|---------------|----------------|---------------|----------------|
| Compensation | 76,237,000.00 | - | 23,875,000.00 | - | 100,112,000.00 |
| Goods and Services | 48,299,000.00 | - | 115,788,000.00 | 48,642,000.00 | 212,729,000.00 |
| Assets | 180,836,000.00 | 17,215,000.00 | 58,745,000.00 | 32,428,000.00 | 289,224,000.00 |
| Total | 305,372,000.00 | 17,215,000.00 | 198,408,000.00 | 81,070,000.00 | 602,065,000.00 |

MOTI BUDGET PERFORMANCE FOR 2022 BY ECONOMIC CLASSIFICATION AND SOURCE OF FUNDING

Table 2: GOG/ABFA

Source: MOTI, Programme Based Budget Estimates for 2022

| | Approved Budget (GHC) | Revised Budget (GHC) | Releases (Warrants issued as at Sept.) | Actual Expenditure (GHC) (As at Sept) | Budget Perf (%) |
|---------------------------|-----------------------|-----------------------|--|---------------------------------------|-----------------|
| Compensation of Employees | 76,237,000.00 | 76,237,000.00 | 54,600,785.25 | 54,600,785.25 | 71.62 |
| Item Goods and Services | 48,299,000.00 | 34,180,204.00 | 4,409,063.36 | 4,372,703.87 | 12.74 |
| Capital Expenditure | 198,051,000.00 | 143,814,315.00 | 154,179.60 | 100,000.00 | 0.07% |
| Total | 322,587,000.00 | 254,231,519.00 | 59,164,028.21 | 59,073,489.12 | |

Table 3: IGF PERFORMANCE (GH¢)

| Source | Approved budget (GH¢) | Actual expenditure (GH¢) (As at Sept) | Budget Performance (%) |
|----------------------------------|------------------------------|--|-------------------------------|
| Compensation of employees | 23,875,000.00 | 14,111,635.21 | 59.11 |
| Goods and Services | 115,788,000.00 | 32,428,000.00 | 28.01 |
| Capital expenditure | 58,745,000.00 | 14,057,051.61 | 23.93 |
| Total | 198,408,000.00 | 60,596,686.82 | |

Source: MoTI

Table 4: DP Funds (GH¢)

| Source | Approved Budget (GH¢) | Actual Expenditure (GH¢) as at Sept. | Budget Performance (%) |
|---------------------------|-----------------------|--------------------------------------|------------------------|
| Compensation of employees | 0.00 | 0.00 | 0.00 |
| Goods and Services | 48,642,000.00 | 30,868,830.64 | 63.46 |
| Capital expenditure | 32,428,000.00 | 30,838,182.57 | 95.10 |
| Total | 81,070,000.00 | 61,707,013.21 | |

Source: MoTI

5.1. ACHIEVEMENTS AS AT SEPTEMBER 2022

The Ministry of Trade and Industry in the period January to September 2022 achieved a number of successes. Among these are the following:

5.1.1. One District One Factory Initiative (1D1F) Implementation

The Committee was informed that the Government's industrialisation initiative dubbed 1D1F had resulted in the

establishment of 278 factories as at the end of 2021 with the number of factories targeted to reach 323 by the end of 2022.

Actual Performance as at the end of September 2022 was 296 factories.

Breakdown of Projects as at end 2022 at various Stages of Implementation is as follows:

| <u>DESCRIPTION</u> | <u>NO. OF PROJECTS</u> |
|---|-------------------------------|
| 1D1F Projects in operation | 125 |
| 1D1F Projects under construction | 144 |
| Pipeline Projects | <u>27</u> |
| Total | <u>296</u> |

5.1.2. Tax Exemptions for 1D1F – 2022

The Committee noted with worry that no exemptions were granted in 2021 and 2022 for 1D1F projects even though various requests are pending in Parliament.

Pending requests for Exemption in 2022:

- i. 37 Exemption requests are in Parliament, pending approval.
- ii. 72 exemption requests being processed by the Ministry of Finance.
- iii. In 2019 and 2020, a total of GHS 589 million import duty Exemptions on Capital Goods and Raw Materials were approved by Parliament for 1D1F companies

5.1.3. National Implementation of AfCFTA - 2022

In 2022, the Ministry had a target to support 100 Companies to enhance their capacity to access the AfCFTA Market.

As at September 2022, the following performance results were achieved:

- **135** companies completed Enterprise Audit/Assessment under AfCFTA Market Expansion Project (MEP)
- **43** companies applied for Rules of Origin certification (in compliance with AfCFTA rules;
- Certificates of **21** Companies verified by the AfCFTA Secretariat
- Verification process for the Certificates of **60** additional companies commenced;
- National Policy Framework and Action Plan launched in August 2022
- AfCFTA Guided Trade Initiative commenced with shipments in October 2022: **Participating Countries** - Ghana, Kenya, Rwanda, Cameroun, Egypt, Mauritius, Tunisia and Tanzania); **Products** – Ceramic Tiles, Tea, Coffee, Batteries, Processed Meat, Corn Starch, Sugar, Pasta, Glucose Syrup, Dried Fruits, Sisal Fibre.

5.1.4. Business Development Performance for 2022

The Ministry of Trade and Industry (MoTI) had a Business Development target of operationalizing 30 Business Resource Centres (BRCs) by the end of 2022.

However, performance as at September 2022 indicated the following:

- 20 BRCs to be completed, furnished and equipped by the end of 2022 and expected to be fully operational in 2023.
- 37 existing/operational BRCs supported to provide business development, entrepreneurship and regulatory support services to enterprises operating in the districts. Their current client base is 18,000 MSMEs.

5.1.5. Strategic Anchor Industries Performance for 2022

Targets of the Ministry under the Strategic Anchor Industries (SAIs) included the following:

- 4 new assembly plants established
- Component Manufacturing Development Policy developed
- Ghana Pharmaceutical Manufacturing Policy developed
- Textile and Garments Manufacturing Policy developed
- Auto Development Centre operationalized
- Auto Development Council established

As at September 2022 SAIs performance showed the following:

- 3 new assembly plants established namely Nissan, Kia, Hyundai.
- Component Manufacturing Development Policy formulated and engagement with investors commenced
- Ghana Pharmaceutical Manufacturing Policy formulated
- Textile and Garments Manufacturing Policy formulated
- Auto Development Centre operationalized
- Auto Development Council (ADC) Bill drafted and an Interim ADC constituted.

6.0. THE 2023 ANNUAL ESTIMATES FOR THE MINISTRY OF TRADE AND INDUSTRY

A total amount of **GH¢587,214,053.00** has been allocated to the Ministry of Trade and Industry, its Departments and Agencies for the year 2023.

The breakdown of the allocation is as follows:

COMPENSATION OF EMPLOYEES:

| | | |
|----------------------------|---|--------------------------|
| Government of Ghana | - | GH¢80,811,220.00 |
| Internally Generated Funds | - | GH¢33,090,517.00 |
| Donor Sources | - | <u>0</u> |
| Subtotal: | - | GH¢113,901,737.00 |

GOODS AND SERVICES:

| | | |
|-----------------------------|---|--------------------------|
| Government of Ghana | - | GH¢39,102,080.00 |
| Internally Generated Funds- | | GH¢102,532,132.00 |
| ABFA | - | GH¢168,555,160.00 |
| Donor Sources | - | <u>GH¢ 47,400,000.00</u> |
| Subtotal: | - | GH¢357,589,372.00 |

CAPEX:

| | | |
|-----------------------------|---|--------------------------|
| Government of Ghana | - | GH¢28,820,000.00 |
| Internally Generated Funds- | | GH¢55,302,944.00 |
| ABFA | - | GH¢ 0 |
| Donor | - | <u>GH¢31,600,000.00</u> |
| Subtotal: | - | GH¢115,722,944.00 |

GRAND TOTAL - GH¢587,214,053.00

6.1. ALLOCATIONS TO DEPARTMENTS AND AGENCIES OF THE MINISTRY

The amounts stated below represent allocations to the various Departments, Divisions and Agencies of the Ministry of Trade and Industry:

2022 MoTI Budget Allocation -All Funding Sources (GH₵)

| DADs | Compensation | Goods and Services | CAPEX | Total |
|----------------------------------|---------------------|---------------------------|--------------|-----------------------|
| MoTI H'qters | 33,153,030 | 259,337,364 | 63,806,835 | 356,297,229 |
| Ghana Standards Authority | 17,528,848 | 45,455,012 | 30,609,436 | 93,593,296 |
| NBSSI | 15,636,035 | 911,174 | 564,976 | 17,112,185 |
| Ghana Export Promotion Authority | 3,504,047 | 100,793 | | 3,604,840 |
| GRATIS | 6,437,191 | 187,990 | 127,088 | 6,752,269 |
| CEDECOM | 2,526,796 | 31,856 | 50,000 | 2,608,652 |
| Regional Trade Offices | 2,484,414 | 101,450 | 170,000 | 2,755,864 |
| Ghana Free Zones Board | 32,631,375 | 48,947,063 | 20,394,610 | 101,973,048 |
| Business Development | | 2,516,670 | | 2,516,670 |
| GRAND TOTAL | | | | 587,214,053.00 |

7.0. OBSERVATIONS AND RECOMMENDATIONS

7.1. One District One factory (1D1F)

In the year 2023, the Ministry has programmed to continue the Interest Payment Subsidies to PFIs for interest due in 2022/2023 on loans to 1D1F Companies

Technical Assistance Support for 1D1F implementation will also be continued and enhanced.

Other aspects of the 1D1F programme that would be pursued in 2023 include Monitoring and Evaluation (M&E) and Communication of results.

7.2. African Continental Free Trade Area (AfCFTA)

The Committee was informed that the National Coordination Office will in 2023 continue to support the implementation of the National Policy Framework and Action Plan for AfCFTA as well as the implementation of Special Market Expansion Programme/Guided Trade Initiative for AfCFTA exporters.

7.3. Business Development

In 2023, the MoTI will provide technical support for operationalization of new Business Resource Centres (BRCs) and Technology Solution Centres (TSCs) to further enhance and support the SME sector.

7.4. Strategic Anchor Industries

The Committee noted that in 2023 the Ministry will implement outstanding provisions in the Customs (Amendment) Act, 2020 (Act 1014).

The Ministry will also conclude consultations and approval of the following Draft Policies for implementation:

- Components Manufacturing Development Policy
- Pharmaceutical Manufacturing Policy
- Textile and Garments Manufacturing Policy
- Auto Development Council Bill

7.5. Industrial Parks (IP) and Special Economic Zones (SEZ)

To ensure a coordinated implementation of Industrial Parks and Special Economic Zones, the Ministry will provide technical assistance to formulate IP & SEZ Policy for subsequent implementation.

7.6. Youth and Women Empowerment in CEDECOM Area

The Committee was informed that CEDECOM will in 2023 seek to create 100 jobs in Business Technology and Marketing. To this end, Commission will conduct 4 skills training sessions for 500 persons in graphic designing, data processing and digital.

Additionally, the Commission will organize capacity building in value addition for 800 women in *Twifo Atimokwaa, Hemang Lower Denkyira, and Ajumako Enyan Essiam* Districts engaged in the palm kernel oil and palm oil businesses.

7.7. Utilisation of Economic Resources in Export Production

The Committee noted that the Ghana Export Promotion Authority (GEPA) has targeted to support the achievement of Non-Traditional Exports (NTE) value of US\$4.2 billion and drive the implementation of the National Export Development Strategy (NEDs). The NEDs was launched in October 2020 as the national strategy for ensuring increased growth in non-traditional export revenue with a target of US\$25.3 billion by the end of 2029.

In the year 2022, GEPA made some relevant achievements. These include recruitment missions carried out in Nigeria (export of services) resulting in the admission of 150 students into various programs at the University of Ghana, signing of an MoU with ITC and the Netherlands Trust Fund to promote IT and IT-enabled services in Ghana and the training of 30 manufacturing and 20 handicraft SMEs in resource efficiency, voluntary and sustainable standards as well as access to green finance.

In the year 2023, GEPA will focus on *among other things* establishing Export Trade Houses (ETHs) in key markets in Africa, United States of America and Europe. The Authority will also prioritise the development of selected priority products such as cocoa derivatives, cassava value chain and the fruit and vegetable sector for enhanced export market access.

7.8. Ghana EXPORT Promotion Authority (GEPA) Transfer of GEPA's share of the Export Development Levy

The Committee noted with concern the practice whereby GEPA's share of the Export Development Levy (EDL) is transferred to the Ghana EXIM Bank before the Ghana EXIM Bank also subsequently transfers to GEPA. In the opinion of the Committee, this could lead to delays and recurring reconciliation issues.

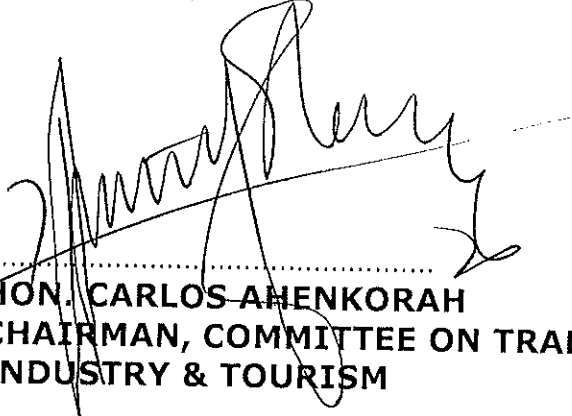
The Committee recommends that measures should be explored by the Ministry of Finance and the Ghana Revenue Authority to enable the 10% EDL due GEPA to be transferred directly into the accounts of GEPA rather than through Ghana EXIM bank.

8.0. CONCLUSION

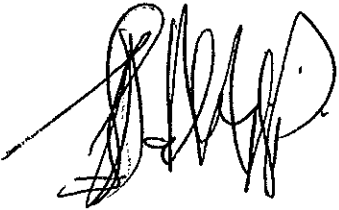
The Committee has examined the 2023 Programme Based Budget Estimates for the Ministry of Trade and Industry and found the programmes for which the sums have been allocated to be appropriate and in line with the mandate of the Ministry and its Agencies.

The Committee, in view of the foregoing, respectfully recommends to the House to adopt this report and approve the sum of **Five Hundred and Eighty Seven Million, Two Hundred and Fourteen Thousand and Fifty-Three Ghana Cedis (GH¢587,214,053.00)** for the implementation of the programmes and activities of the **Ministry of Trade and Industry** and its Agencies for the 2023 financial year.

Respectfully Submitted.



.....
HON. CARLOS AHENKORAH
CHAIRMAN, COMMITTEE ON TRADE,
INDUSTRY & TOURISM



.....

MRS. JOANA A. S. ADJEI
CLERK TO THE COMMITTEE

13TH DECEMBER, 2022