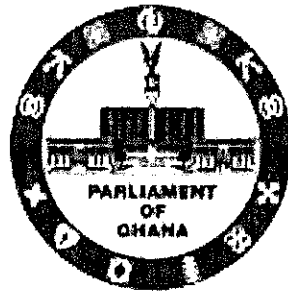


**IN THE SECOND SESSION OF THE EIGHT PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA**



**REPORT OF THE FINANCE COMMITTEE ON THE 2021 ANNUAL
REPORT ON THE COLLECTION AND UTILIZATION OF THE AFRICAN
UNION IMPORT LEVY**

1.0. INTRODUCTION

Further to the presentation of the Budget Statement and Economic Policy of the Government of Ghana for the year ended 2022, the 2021 Annual Report on the Collection and Utilization of the African Union Import Levy was presented to Parliament by the Minister responsible for Finance, Hon. Ken Ofori Atta pursuant to Section 7 of the African Union Import Levy Act, 2017 (Act 952).

The Report was referred to the Finance Committee for consideration and report to the House in accordance with the 1992 Constitution and the Standing Orders of Parliament.

The Committee met with a Deputy Minister for Finance, Hon. Dr. John Ampontuah Kumah and officials from the Ministry of Finance and the Ghana Revenue Authority (GRA) and considered the report.

2.0. REFERENCE

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 year ended 31st December 2021.

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 Import Levy for the period January to October, 2021 and an account of the utilization of the 2021 surplus on the Import Levy.

5.0. COLLECTION AND UTILIZATION OF THE AU LEVY FOR THE FINANCIAL YEAR 2021

5.1. 2021 Collection (January to October)

Total collection for the period January to October, 2021 amounted to GH¢80,100,272.87.

5.2. Utilization of the Levy

Total expenditure made from the account was GH¢50,311,250.80.

5.3. 2021 Surplus

The surplus (balance) after the payment of the 2021 assessed contribution amounted to GH¢29,789,022.07 as at 31st October, 2021.

Table 1: Summary of Receipts and Utilization of the AU Levy for the period January to October, 2021

No	Item	GH¢
1	Proceeds from levy (Receipts)	80,100,272.87
2	Payment of Ghana's Assessed Contribution to the AU for 2021 (Utilization)	(50,311,250.80)
3	Surplus	29,789,022.07

7.0. OBSERVATIONS

The Committee made the following observations:

7.1. Utilization of Surplus

The Committee observed that after reconciliation exercises and reflecting the recommendations of Parliament on previous annual reports, the surpluses on the Levy account for the years 2018, 2019 and 2020 has been determined as GH¢30,963,491.78, GH¢25,567,045.68 and GH¢31,221,048.79 respectively.

Pursuant to Section 6 (2) of the AU Levy Act, which requires that 50% of the surpluses be transferred to the Consolidated Fund, an amount of GH¢15,481,745.89, GH¢12,783,522.84 and GH¢15,610,524.40 were due to be paid into the Consolidated Fund for the 2018, 2019 and 2020 financial years respectively totally GH¢43,875,793.13.

The Ministry informed the Committee that it has initiated processes to transfer the cumulated amount of GH¢43,875,793.13 into the Consolidated Fund. The transfer will be fully reported in the 2022 Annual Report.

7.2. Balances in the AU Import Account

The Committee observed that as at 31st October, 2021 the balances on the AU Import Levy Account after settlement of the 2021 assessed contribution stood at GH¢96,857,040. However, it is expected that after the transfer of GH¢43,875,793.13 to the Consolidated Fund is effected, the balances would reduce to the full extent of the transfer. Details of the balances are captured in Table below:

No.	Description	Amount (GH¢)
1	Balance brought forward from 2020	67,068,018.88

2	Collection for Jan-Oct 2021	80,100,272.87
3	Utilization: payment of Ghana's Assessed Contribution to the AU for 2021	(50,311,250.80
4	Account Balance as at 31 st October, 2021	96,857,040.95

7.3. Submission of the Full Report on 2021 to Parliament

The Committee observed that the report under consideration covers the period from January to October, 2021. The Ministry, in its response, explained that in compliance with Section 7 of Act 952, which provides that the AU report be submitted to Parliament as part of the Annual Budget, the Ministry is unable to submit a full year's report but rather the report only covers January to October of the reporting year. Due to this, the full report for 2021 would be presented as part of the 2022 Annual Report when the Ministry is presenting the 2023 Budget Statement to the House.

After careful consideration, the Committee observed that there was the need to amend Section 7 of Act 952 to enable the Ministry report to Parliament on the full year within three months after the close of the year. This in the committee's view would enable Parliament perform its oversight function better.

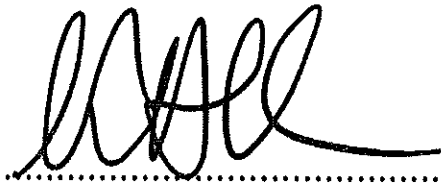
The Committee therefore recommends that the Ministry of Finance initiates an amendment of Section 7 of Act 952 to enable the Ministry submit to Parliament a full Annual report (covering the 12 months) on the collection and utilization of the African Union Import Levy, three months after the close of the accounting year.

8.0. CONCLUSION

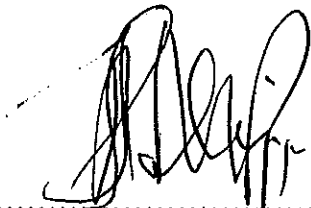
After a careful consideration, the Committee is of the view that the report complies with provisions of Act 952.

The Committee accordingly recommends to the House to adopt its report and adopt the 2021 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.



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HON. KWAKU AGYEMAN KWARTENG
CHAIRMAN, FINANCE COMMITTEE



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

2nd November, 2022

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