

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

Report

of the Committee on Foreign Affairs

**ON THE 2013 BUDGET ESTIMATES OF THE
MINISTRY OF FOREIGN AFFAIRS**

1.0 Introduction

In accordance with Article 179 of the Constitution and Order 140(1) of the Standing Orders of the House, the Minister of Finance and Economic Planning, Hon. Seth Terkper presented to Parliament the 2013 Budget and Economic Policy Statement of the Government of Ghana .

Pursuant to Order 140(4) of the Standing Orders and Article 103(3) of the Constitution, the Estimates of the Ministry of Foreign Affairs were referred to the Committee for consideration and report.

The Committee met on Monday, 18th March 2013 for the purpose of considering the Estimates and reports as follows:

1.1 Reference

The Committee made reference to the following documents:

- (i) The 2013 Budget Statement and Economic Policy of the Government of Ghana
- (ii) The 2012 Estimates of the Ministry of Foreign Affairs & Regional Integration
- (iii) The 2013 Budget Statement and Economic Policy of the Government
- (iv) The Constitution of the Republic
- (v) The Standing Orders of the House

1.2 Mission of the Ministry

The Ministry of Foreign Affairs and Regional Integration exists to advise the government on the formulation of the Foreign Policy of Ghana and implements its objectives in the most efficient and cost-effective manner.

In pursuance of this Mission, the Ministry has set for itself a vision to establish “a well-resourced Foreign Ministry capable of establishing, developing and sustaining international goodwill, solidarity and support for national development”.

1.3 Medium Term Objectives of the Ministry

The Ministry intends to achieve the following objectives in the medium term.

- (i) Diversification and increase in export base through the promotion of new goods and services, pursuing preferential access to global markets, continuous multilateral trade negotiations and negotiation for the effective implementation of ECOWAS Trade Liberalisation Scheme with member countries.
- (ii) Acceleration of economic integration with other Regional and/or sub-regional states through the implementation of the West African Monetary Zone Programme.
- (iii) Promotion of the use of ICT in all sectors of the economy by implementing the National E-Governance Programme, ensuring the existence of a well-educated workforce which meets the high technology employment opportunities in the country.
- (iv) Minimisation of the negative impact and optimizing the potential impact of migration for Ghana’s development through:
 - (a) The formulation and promotion of national migration and development policy
 - (b) The mainstreaming of migration into national development frameworks, and

- (c) The establishment of data base on Ghanaians in the Diaspora
- (v) Upgrading of the capacity of the Ministry for transparent, accountable, efficient, timely, effective performance and service delivery by
 - (a) Developing a human resource policy, and
 - (b) Providing a conducive working environment for staff of the Ministry
- (vi) Adoption of a development outcome approach to reform driven by the Leadership of the Sector Minister by implementing institutional changes to get Ministerial Advisory Boards (MABs), Passport Application Centres (PACs) and Policy Monitoring Units (PMUs) to achieve well-defined goals and implementing capacity development interventions.
- (vii) Mainstreaming of development communication through the strengthening of communication officers within the Ministry, among others.
- (viii) Acceleration of economic and social integration with regional and/or sub-regional states by
 - (a) working towards the establishment of a Common Customs Union
 - (b) ensuring that national trade policies incorporate ECOWAS Protocols,
 - (c) mainstreaming of international protocols into national laws for the promotion of international peace and sustainable development
 - (d) strengthening sub-regional and global collaboration for the promotion of international peace, security and sustainable development, and

- (e) acting in concert with other countries to address threats to international peace and security.

- (ix) Strengthening of Ghana's bilateral diplomacy by leveraging Ghana's democratic and governance credentials to promote its political and economic interests abroad.

1.4 Agencies under the Ministry

The Ministry relies on the under-listed Agencies in the pursuit of its objectives

- The Headquarters
- Ghana Diplomatic Missions abroad
- Three subvented organisations:
 - Legon Centre for International Affairs and Diplomacy (LECIAD)
 - National African Peer review Mechanism-Governing Council (NAPRM-GC)
 - All Africa Students' Union (AASU)

Pursuant to the mandate of the Ministry, these agencies have the responsibility of handling specific operational functions including formulating and executing Ghana's foreign policy; in order to achieve the country's foreign policy objectives; organizing intensive monitoring of activities, undertaking sensitization and dissemination exercises on the African Peer Review Mechanism; training foreign service officers and other public servants in international affairs and diplomacy; and fostering co-operation among African Students and educational institutions.

2.0 Performance of the Ministry in 2012

For the performance of its mandate in 2012 the Ministry of Foreign Affairs and Regional Integration, having regard to its assessed costs on its international

obligations and on the basis of its previous year's expenditure, sought a total amount of **One Hundred and Forty-eight Million, Three hundred and Ninety-two Thousand, Two Hundred and Seventy-three Ghana Cedis, Ninety-three Pesewas (GHS148,392,273.93)**.

However, an amount of **Ninety-three Million, Four Hundred and Thirty-eight Thousand, Seven Hundred and Twenty-six Ghana Cedis (GH93,438,726.00)** was approved for the 2012 operation of the Ministry.

2.1 Challenges in the Performance of the 2012 Programmes of the Ministry

2.1.1 Low Budgetary Ceiling

The Committee was informed that being a service oriented Ministry and in particular given the milieu in which most of its agencies perform their duties, expenditure items charged to the allocation for goods and services are not recurrent but fixed costs. These include rent charges for Diplomatic Missions and Consulates abroad, payment for utilities and other items most of which are meant for Missions abroad and related cost centres.

The Committee noted that the low budgetary ceiling meant the non-payment of some obligations which tended to compromise the image and integrity of a number of such Missions. It came to light that a number of Missions were indebted to landlords with attendant threats of evictions and the discontinuation of services by various providers. This has led to additional charges for late payment which only contribute to increasing the costs of maintenance of the Missions.

2.1.2 Poor Maintenance of the Ministry's Facilities

The Committee was informed that related to the low budgetary ceiling is the challenge of the Ministry in respect of the maintenance of its Missions abroad.

The Committee learnt that a number of the facilities used by the Ministry were in various stages of disrepair and needed to be renovated and refurbished urgently.

However, for reason of the lack of adequate funding, the Ministry is unable to maintain these facilities regularly as the few attempts at maintenance has left the Ministry in huge debts for reason of non-payment of contractors' fees.

Besides, delayed payments have also resulted in the upward review of contract fees which further worsens the plight of the Ministry.

2.1.2 Poor Maintenance of the Ministry's Facilities

The low budgetary ceiling coupled with delayed releases of funds affected the regular payment of remittances to Missions abroad. These delayed payments included employee compensation which meant that salaries of personnel of some Missions were in some instances a few months in arrears. The Committee was informed that although salaries for staff of the Ministry of Foreign Affairs were more often than not paid regularly, in some instances because the releases for payments of rents and utilities which came under the heading goods and services were delayed, staff would have to use their salaries to pay rent and utilities which left them with little or no money in respect of salary payments which was a cause of hardship to the staff. It was also noted that the releases for the payment to staff seconded from their MDAs delayed even more and put stress on the Missions' finances.

The Committee noted that the trend was becoming endemic and had the effect of reducing the morale of personnel who are required by the nature of their duties to be pleasant and cheerful to be able to effectively pursue their diplomatic duties.

2.2 Achievements of the Ministry of Foreign Affairs in 2012

In spite of the afore-enumerated challenges, the Ministry made significant achievements in its programme of activities for 2012. The following are some of the achievements.

2.2.1 Renovation/Construction Works

The Ministry was able to pay for the renovation and refurbishment of some of its facilities. These include the part payment for the renovation works at the Chancery of the New York Mission and the works at the official residence of the High Commissioner in London. It also included the full refurbishment of the Chancery building in Ottawa. Also, the Ministry completed a significant percentage of its headquarters building in Accra.

2.2.2 Passports Office

The Ministry was able to streamline the operations of the Passport office for speedy and efficient service delivery. It expanded the Accra Passport Application Centre and implemented the Biometric Passport project. The Ministry also commissioned the Tamale and Ho Passport Application centres moving closer to its goal of fully decentralizing passport application and collection to ease the burden of Ghanaians who have to travel long distances in their quest to process passports.

2.2.3 Good Neighbourliness

The Committee was informed that the Ministry successfully used diplomacy to promote peace and stability, the hallmark of its foreign policy, especially, within ECOWAS to promote good neighbourliness. The high point was the promotion of mutual trust between H.E. the President and his counterparts which facilitated the

addressing of some common challenges to development including the issue of money laundering and the illicit trafficking in small arms and weapons, drugs and children across national frontiers, among others.

The initiative involved facilitating visits of the H.E. President to neighbouring countries at different times and the hosting of other Heads of State from the sub-region who visited Ghana at various times in pursuit of peace, tranquility and regional cooperation.

2.2.4 Support for Regional Integration

The Ministry gave credence to Government's commitment to make regional integration a strong point in its foreign policy as it actively participated in deliberations in ECOWAS and other sub-regional and regional meetings.

To this end, the Ministry spear-headed Ghana's contribution to the harmonization of regional development policies towards accelerating the integration process of ECOWAS and facilitating the realization of the free movement of persons and goods.

In all these, the Ministry assisted various government delegations with the requisite briefs to enhance their participation in technical meetings and subsequently assisted in disseminating information to the various MDAs for implementation.

In the same way, the Ministry coordinated Ghana's participation in the 18th Ordinary Session of the Assembly of Heads of State of the African Union where the late President J. E. A. Mills delivered a keynote address on the topic "Boosting Intra-Africa Trade" which was the theme for the AU's activities on promoting the continental free trade area.

2.2.5 Developing and Sustaining International Goodwill and Solidarity

In keeping with its objective of developing and sustaining international goodwill, solidarity and support for national development, the Ministry maintained a reasonably high diplomatic presence which yielded significant gains for the country in respect of foreign direct investment, international solidarity and a sustained positive image. This was expressed in exchanges of high profile visits which provided the opportunity for the consummation of a number of bilateral agreements that brought great gains to the country.

2.2.6 Economic Diplomacy

The Committee was informed that the Ministry collaborated with other MDAs to achieve the national objective of diversifying and expanding the export base of the country by seeking markets for Ghanaian products abroad and also working to ensure that the country benefitted from preferential access to markets and other arrangements which were the direct benefits of multilateral trade agreements.

The ministry also helped to market Ghana abroad in a bid to grow the tourism industry for purposes of employment and income generation. The Committee was further informed that the Ministry coordinated with various MDAs and Foreign Diplomatic Missions in Ghana to facilitate the conclusion of a number of bilateral economic cooperation agreements while helping to secure development assistance in the form of loans and grants for the country.

2.2.7 Multilateral Diplomacy

In much the same way, the Ministry coordinated Ghana's participation in the deliberations of a number of international organisations including the United Nations and the Commonwealth and coordinated Ghana's contribution in the global

quest for solutions to the challenges that confront international peace, stability and development at the sub-regional, continental and global levels.

The Ministry coordinated the participation of the Late President Mills in the 38th G8 Summit at Camp David, USA and the participation of President John Mahama in the 67th Session of the UN General Assembly where H.E. the President delivered his maiden address in September 2012.

2.2.8 Welfare of Ghanaian Citizens Abroad

In recognition of efforts of Ghanaians abroad towards the development process of the country, the Ministry intensified its efforts in providing consular assistance to Ghanaians abroad and worked further to ensure the dignity, safety and freedom of Ghanaians who were domiciled abroad.

3.0 Key Programmes and Activities for 2013

In order to achieve its set objectives as encapsulated in its medium term vision, the Ministry intends to undertake a number of prioritized broad-based activities in its workplan which are guided by the Ghana Shared Growth and Development Agenda (GSGDA) parameters. The following are some of the said activities

3.1 Promoting Favourable Perceptions about Ghana

Through the instrumentality of diplomacy, the Ministry intends to project the democratic and governance credentials of the country to political and economic interests abroad with a view to creating and sustaining trust and goodwill among principal political and economic actors abroad to influence favourable perceptions about Ghana.

3.2 Promote Diversification and Increased exports

In order to effectively assist to improve the country's employment and income generation potential, the Ministry intends to coordinate its activities with other MDAs to promote exports of goods and services to markets abroad by facilitating the participation of Ghanaian companies in international trade fairs abroad and vice versa and by facilitating the preferential access to foreign markets for Ghana products and also promote our tourism potentials abroad.

3.3 Contribute to Global Peace and Harmony

The Ministry working with other Ministries, Departments and Agencies also intends to develop, coordinate and articulate Ghana's negotiating positions at international conferences on matters pertinent to international peace, security and sustainable development.

3.4 Protecting Welfare of Ghanaian Citizens Abroad

The Ministry will work to negotiate migration partnership agreements with destination countries and extend consular services to Ghanaian residents abroad all in a bid to promote and protect their welfare and to also serve as a focal point for mobilizing Ghanaians abroad to participate in national development.

In this regard, the Ministry intends to promote the use of ICT by setting up biometric passport processing centres in selected Ghana Missions abroad and further establish online application systems for biometric passports and visas.

3.5 Structural Maintenance of Missions Abroad

Notwithstanding the low budgetary ceiling the Ministry intends to prioritise and complete on-going projects which include refurbishing and equipping of Ghana Missions abroad.

3.6 Enhanced Information Dissemination

The Ministry will set up a website to help improve its information dissemination and management machinery. The Ministry will also participate in national and regional policy fairs.

3.7 Promotion of ECOWAS Ideals

The Ministry will work to promote peace and stability and further help accelerate the economic integration of the sub-region by participating in the meetings and other activities of ECOWAS and institute the necessary follow up action on the implementation of the ECOWAS Trade Liberalisation Scheme (ETLS) and the West African Monetary Zone (WAMZ) programme.

To facilitate the realisation of the free movement of goods and persons within the sub-region, the Ministry will work to sensitise the public on the ECOWAS protocols and decisions and to further strengthen consultations with stakeholder MDAs and the private sector with a view to addressing bottlenecks which militate against free movement of goods and persons with the sub-region.

4.0 2013 Budgetary Outlook

In the light of the afore-mentioned programmed activities of the Ministry and many others which have a great impact on attracting foreign direct investment and goodwill for the country, the Ministry sought a total amount of **One Hundred and Seventy-nine Million, Six Hundred and Twenty-two Thousand, Four Hundred and Thirty-Seven Ghana Cedis and Thirty-nine Pesewas (GHS179,622,437.39)** for the effective discharge of its mandate. However, the Ministry of Finance imposed a ceiling of **One Hundred and Ten Million, Two Hundred and Twenty-nine Thousand and Forty-nine Ghana Cedis (GHS110,229,049.00)** for the said programmes and activities of the Ministry for the 2013 Financial year.

Below is a tabular representation of the said amount and its various components.

Table 1 - 2013 Budget Requirements and Approved Ceiling

Item	Budget requirement GHS	Approved ceiling GHS	Shortfall GHS	%
Employee Compensation	92,814,339.80	73,625,903.00	19,188,435.60	26.06
Goods and Services	50,333,762.14	21,402,242.00	28,931,520.14	57.48
Assets	32,474,335.45	15,200,904.00	17,273,431.45	53.19
TOTAL	179,622,437.39	110,229,049.00	65,393,387.19	36.41

Table 2 - 2013 Sources of Funding

Item	GoG GHS	IGF GHS	Donor GHS	Total GHS
Employee Compensation	73,625,903.00	-	-	73,625,903.00
Goods and Services	12,915,649.00	8,486,593.00	-	21,402,242.00
Assets	9,104,337.00	6,096,567.00	-	15,200,904.00
TOTAL	95,645,889.00	14,583,160.00	-	110,229,049.00

Tabular Representation of the 2012 ad 2013
Approved Ceilings

Table 3 - Comparism of 2012 and 2013 Approved Ceiling

Item	2012 GHS	2013 GHS	Difference GHS	%
Employee Compensation	57,790,283.00	73,625,903.00	15,835,620.00	27
Goods and Services	24,558,903.00	21,402,242.00	(3,156,661).00	(12.85)
Assets	11,089,540.00	15,200,904.00	4,111,364.00	37.07
TOTAL	93,438,726.00	110,229,049.00	16,790,323.00	17.97

5.0 Observations and Recommendations

5.1 Low Budgetary Allocation

The Committee observed the rather low budgetary allocation with a great deal of concern. The Committee noted that the cost outlay of the Ministry with particular regard to employee compensation and goods and services were not recurrent but fixed costs. The Committee was of the view that for reason of the state of the disrepair of some facilities of the Ministry and the need to complete the new Headquarters building to facilitate the relocation of the entire Ministry and for the effective harmonisation of its activities, the required allocation for Assets was imperative and therefore should not have suffered the austere budgetary ceiling of the Ministry of Finance. In this regard, the Committee observed that the 17.97% upward adjustment of the budgetary allocation over the 2012 levels notwithstanding,

the 36.41% reduction in the total requirement of the Ministry for the 2013 was quite grave and may impact negatively on the Ministry's performance.

The Committee was particularly concerned about the need to attract foreign direct investment into the country to create avenues for employment and income generation for the benefit of the country. The role of diplomacy, especially economic diplomacy in projecting the image of the country abroad as an attractive social and economic destination cannot be over-emphasised.

Of much concern was the tendency to owe utilities and rent in the international environment where at least, the preservation and the projection of the country's image was of paramount importance.

The Committee is of the view that inspite of the economic difficulties that we face as a country, our limited resources should be focused on sectors and institutions which can work to generate the needed foreign capital injections into the economy to improve the very budgetary constraints that we face.

The Committee accordingly recommends that the Ministry of Finance takes steps to augment the allocation of the Ministry through a supplementary budget.

5.2 Delayed Budgetary Releases

The Committee observed that the delay in the releases of budgetary allocations was another problem that compounds the already precarious financial condition of the Ministry. The Committee noted that Fifty-five (55) Diplomatic Missions which are under the Ministry require regular remittances to cater for their programmes and activities and for the settlement of their rents, utilities and other charges which must be paid promptly since, in some countries, failure to pay promptly results in the imposition of penalties, fines and threats of ejection.

In some instances, such situations lead to penalties for late payments and its attendant financial challenges that the Missions of the Ministry have to grapple with.

The combined effect of the low ceilings and the delay in releases of allocation, the Committee observed, has resulted in the pile up of huge debts which get bigger over the years. The Committee was informed that the Ministry's Missions owed a total sum of **Eight Million, Nine Hundred and Fifty-eight Thousand, Nine Hundred and Thirty-two Ghana Cedis, Thirty-nine Pesewas (GHS8,958,932.39)** in unpaid rent and contractors' fees for other repair works to properties they own. This represents about **8.13%** of their entire Ministry's budgetary allocation for the year under consideration. Under such circumstances, the Ministry has relied on the virement of funds from certain heads to others and from cost centres to others. While such solutions have been useful, they have been rather temporary.

The Committee therefore recommends that the Ministry of Finance prioritise the release of sufficient funds for the operations of the Ministry.

4.3 Internally Generated Funds (IGFs)

Faced with the rather precarious financial situation, the Ministry can only rely on their internally funds (IGFs) to help implement its programmes and projects for the year.

Unfortunately, while the Ministry projected generating about **Thirty-Five Million, One Hundred and Seventy-seven Thousand and Eighty-three Ghana Cedis, Seventy-four Pesewas (GHS35,177,083.74)** which represents a **33.81%** upward adjustment over the 2012 levels, the Ministry of Finance could only allocate an amount of **Fourteen Million, Five Hundred and Eighty-three Thousand, One Hundred and Sixty Ghana Cedis (GHS14,583,160.00)**.

The Committee was informed that while the Ministry of Finance permits the Ministry and its agencies to retain 25% of their IGFs, the Passport Office cannot directly retain their portion of it since they are required to pay all receipts into the Consolidated Fund and subsequently apply to the Ministry of Finance for releases. The Committee learnt that such requests have not been honoured over the past two years and the situation has hampered the development of the Passport Office which has the capacity to even collect more IGFs provided that its releases are made to facilitate the retooling of its staff.

The Committee hereby recommends that the Ministry of Finance, as a matter of urgency, review its procedures and allow the Passport Office to directly retain its portion of the IGF to enable the office revamp its operations and to serve the public more effectively.

4.4 Employee Compensation

The Committee observed with dismay the 26.06% reduction in the Ministry's requirement for employee compensation for the year in question. The Committee's concern was borne out of knowing that employee compensation allocations are always based on the actuals for the previous year with little adjustments made to cater for recruitments, if any, and in the case of the Ministry, costs associated with remittances. The Committee was told that the Ministry's projection was informed by the recruitment of Thirty-five (35) additional staff to handle critical areas of the Ministry's mandate as well as the new Missions which are being created.

The Committee observed though the compensation allocation was increased by 27% with respect to the 2012 levels, the increase was not sufficient to offset the effect of the said 26.06% reduction in the Ministry's own projected requirement.

Recognizing that a majority of such newly recruited staff will be dispatched to man Missions abroad, the Committee observed that the non-payment of their salaries will adversely affect them and hamper their very delivery having regard to the fact that they may not have close relations to rely on in such places.

Accordingly, the Committee recommends that the Ministry of Finance reconsider the Employee Compensation allocation for the Ministry and make the necessary adjustments to fully cater for the item to forestall the situation where employees of the Ministry will suffer untold hardship.

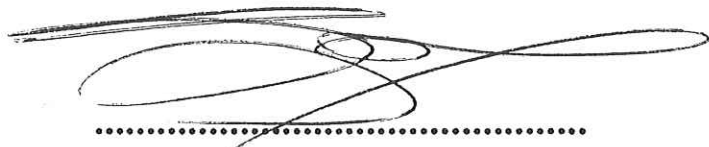
6.0 Conclusion

The importance of the work of the Ministry cannot be directly quantified in monetary terms.

However, a reflection on the meetings and agreements that precede access to preferential markets for goods and services from the country, the acquisition of foreign capital and foreign direct investment, among others, which are often a direct result of the work of the Ministry, it goes without saying that the Ministry of Foreign Affairs and Regional Integration is indispensable if Ghana could address the myriad of systemic problems and create the requisite conditions for the effective economic take-off of the country.

It is in this regard that the Committee recommends that the House approves the sum of **One Hundred and Ten Million, Two Hundred and Twenty-nine Thousand and Forty-nine Ghana Cedis (GHS110,229,049.00)** made up of **Ninety-five Million, Six Hundred and Forty-five Thousand, Eight Hundred and Eighty-nine Ghana Cedis (GHS95,645,889.00)** from GoG sources and **Fourteen Million, Five Hundred and Eighty-three Thousand,**

One Hundred and Sixty Ghana Cedis (GHS14,583,160.00) from IGF sources to enable the Ministry implement its programmes and activities for the 2013 financial year.



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HON. EMMANUEL KWASI BANDUA
CHAIRMAN, COMMITTEE ON FOREIGN AFFAIRS



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RICHARD ACHEAMPONG
CLERK, COMMITTEE ON FOREIGN AFFAIRS