

IN THE THIRD SESSION OF THE FOURTH PARLIAMENT OF
THE FOURTH REPUBLIC OF GHANA

REPORT OF THE

FINANCE COMMITTEE

ON THE

2008 BUDGET ESTIMATES FOR THE

MINISTRY OF FINANCE AND

ECONOMIC PLANNING

3RD DECEMBER, 2007.

1.0 INTRODUCTION

The 2008 Annual Budget Estimates for the Ministry of Finance and Economic Planning were laid in the House on Thursday 15th November, 2007 and referred to the Finance Committee for consideration and report in accordance with Article 179 of the Constitution and the Standing Orders of the House. This followed the presentation of the Budget Statement and Economic Policy of the Government for the 2008 Financial Year by the Minister of Finance and Economic Planning, Hon. Kwadwo Baah-Wiredu.

To consider the Ministry's 2008 budget estimates, the Committee met with the Minister of State at the Ministry of Finance & Economic Planning, Hon. Dr. A. Akoto Osei, officials from the Ministry of Finance and Economic Planning and its Departments and Agencies and reports as follows:

2.0 REFERENCE DOCUMENTS

In considering the Budget Estimates for the Ministry of Finance and Economic Planning, the Committee referred to the following documents:

- i the 1992 Constitution of the Republic of Ghana
- ii. the Standing Orders of the House
- iii. the Budget Statement and Economic Policy of the Government for the 2008 Financial Year.

3.0 BACKGROUND

The Ministry of Finance and Economic Planning exists to ensure economic growth with stability for the promotion of sustainable development of Ghana and her people through:

- The formulation and implementation of sound financial, fiscal and monetary policies;
- The efficient mobilization, allocation and management of financial resources;
- Establishing and disseminating performance-oriented guidelines and accurate user-friendly financial management information system.
- Creating an enabling environment for investment. In furtherance of the foregoing the ministry is committed to the pursuit of excellence, transparency, probity and accountability in the management of financial resources.

4.0 OBJECTIVES AND TARGETS

The primary objectives and targets for the Ministry among others are:

- ❖ To improve fiscal resource mobilization
- ❖ To formulate and implement sound macro-economic policies

- ❖ To allocate and manage financial resources efficiently, effectively and rationally
- ❖ To account for all public finances properly and to improve public expenditure management.
- ❖ To promote effective debt management
- ❖ To pursue prices and exchange rate stability
- ❖ To co-ordinate government's policies and economic plans for the country through a national development plan - the Ghana Poverty Reduction Strategy (GPRS II) document;
- ❖ To mobilize resources from domestic and external sources, with authorization from Parliament, and advise Government on the total resources to be allocated to the public sector;
- ❖ In consultation with Ministries, Departments and Agencies (MDAs) coordinate and integrate government policies by costing programmes into annual budgets and setting up a budget system for this purpose;
- ❖ To strengthen the financial sector.

In pursuance of its mandate of ensuring macro economic stability and prudent fiscal policy management, the Ministry will implement its Public Financial Management Short and Medium Term Strategic Plan, which is consistent with the Economic Governance Strategies as outlined in the GPRS II.

5.0 2007 ALLOCATIONS

The Ministry of Finance and Economic Planning was allocated a total budget of GH¢88,683,900 made up of GH¢35,467,200 for G.O.G, GH¢493,700 for Internally Generated Funds, GH¢46,723,000 for Donor and GH¢6,000,000 for HIPC for disbursement to all cost centres of the Ministry for 2007.

6.0 THE 2008 ANNUAL ESTIMATES FOR THE MINISTRY OF FINANCE AND ECONOMIC PLANNING

A total amount of GH¢90,574,171 has been allocated to the Ministry of Finance & Economic Planning and its Departments and Agencies for the year 2008.

A summary of the total budgetary provisions for the Ministry is as follows:

PERSONNEL EMOLUMENTS:

Government of Ghana -	GH¢21,064,135
Internally Generated Funds	-GH¢0
Donor Sources	-GH¢0
Subtotal:	GH¢21,064,135

ADMINISTRATION EXPENSES:

Government of Ghana -	¢6,177,829
Internally Generated Funds -	¢777,570
Donor Sources	¢0
Subtotal:	¢6,955,399

SERVICE EXPENSES

Government of Ghana -	¢6,031,104
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Internally Generated Funds-	¢116,320
Donor Sources	- ¢0
Subtotal:	- ¢6,147,424

INVESTMENT EXPENSES:

Government of Ghana	- ¢12,052,548
Internally Generated Funds-	¢288,500
Donor Sources	- ¢38,766,165
Subtotal:	- ¢51,107,213
Funds (HIPC)	¢5,300,000

GRAND TOTAL - ¢90,574,171

6.1 ALLOCATIONS TO DEPARTMENTS, ETC.

The amounts stated below represent allocations to the various Departments, Divisions and Agencies of the Ministry of Finance and Economic Planning:

Finance Headquarters

The Headquarters of the Ministry has been allocated a total of GH¢66,873,739 to prosecute its activities for the 2008 financial year:

Personnel Emoluments:	GH¢5,290,756
Administration Expenses:	GH¢4,358,589
Service Expenses:	GH¢7,952,301

Investment Expenses :		GHC43,972,093
Other Funds (HIPC)	-	GHC5,300,000
Total	-	GHC66,873,739

This amount would be spent on the various units of the Headquarters as follow:

General Administration	-	GHC54,085,120
Budget Division	-	GHC2,055,789
Policy Analysis Division	-	GHC146,068
External Resource Mobilization	-	GHC235,082
Legal Division	-	GHC68,022
Inst. of Acct. Trg.	-	GHC407,909
Economic Planning Division	-	GHC168,370
Securities & Exch. Commission	-	GHC1,948,407
Financial Sector Division	-	GHC3,266,711
BPEMS Secretariat	-	GHC1,059,290
Public Procurement Board	-	GHC3,308,274
Aid and Debt Mgt Division	-	GHC124,697
Total	-	GHC66,873,739

Controller and Accountant General's Department (CAGD)

For the year 2008, the Controller and Accountant General's Department (CAGD) has been provided the following allocations:

Personnel Emoluments:	GH¢13,306,067
Administration Expenses:	GH¢1,720,052
Service Expenses:	GH¢1,383,679
Investment Expenses:	GH¢1,747,838
TOTAL	GH¢18,157,636

Specifically, the amount would be spent on the various divisions/units of the CAGD as follows:

Office of Controller	- GH¢650,051
General Administration	- GH¢12,434,073
Treasury Services	-GH¢561,907
Financial Management Services	- GH¢195,398
Foreign Missions	- GH¢2,265,000
Training Unit	- GH¢235,298
Internal Audit Division	- GH¢62,274
General Services	- GH¢444,287

Public Accounts Section	- GH¢44,445
Payroll Processing Division	- GH¢96,346
Chief Cashier's Office	- GH¢47,983
IPPD System	- GH¢0
Pension Payments and Computation-	GH¢34,712
Public Financial Mgt Reform Unit	- GH¢399,097
Monitoring and Evaluation	- GH¢33,358
Research and Advisory Services	- GH¢13,244
BPEMS	- GH¢25,765
Assets Management System (Project)-	GH¢0
Client Services Unit	- GH¢30,298
Regional Services	- GH¢584,100
Total	- GH¢18,157,636

Statistical Service (GSS)

An amount of **GH¢5,542,796** has been allocated to the Statistical Service for the 2008 Financial year.

Personnel Emoluments: GH¢2,467,312

Administration Expenses: GH¢876,758

Service Expenses	GH¢1,325,110
Investment Expenses:	GH¢873,616
Total	GH¢5,542,796

The various divisions of the Service would benefit from the allocation as follows:

Finance and General Administration	- GH¢2,432,063
Technical Services	- GH¢23,636
Statistical Operations	- GH¢1,115,407
Regional Services	- GH¢1,929,925
Internal Audit	- GH¢41,765
Total	- GH¢5,542,796

7.0 OBSERVATIONS AND RECOMMENDATIONS

The Committee observed that in 2007, the Ministry commenced the review of the Medium Term Expenditure Framework (MTEF) Handbook and Technical Guide. It also commenced the preparation of a manual to guide MDAs and MMDAs to access funds from the budget.

The Committee was informed that the Ministry in 2007 instituted an internal quarterly review meeting on the national budget implementation. Training program on the MTEF, commitment control and cash management was also organized for some staff of MDAs.

The Ministry in 2007 awarded a contract for the implementation of a computerized Inventory Management System for Value Books procurement and stocking. It is expected that the full complement of the system will be rolled out with effect from January 2008.

The award of contract to lay Fibre Optic to connect the remaining Ministries was completed in 2007.

On external resource mobilization, the Committee was informed that the Ministry facilitated the mobilization of US\$702.66million comprising both loan and grant funds, as at the end of the third quarter of 2007, to support the implementation of development programmes in the country.

The Committee observed that in the 2008 financial year, the Ministry will develop a Macroeconomic Model, on Revenue Forecasting as part of measures to formulate and implement sound macroeconomic policies. It will also undertake Policy Based Research by conducting Impact Analysis of Government Policies and Public Expenditure Surveys to ensure the realization of government's policy objectives.

The Ministry will also continue to monitor and evaluate the impact of fiscal policy on sectoral performance of MDAs and MMDAs to ensure that the budgetary allocations are utilized to fund activities that lead to the achievement of sectoral objectives.

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The Committee noted that the Ghana Statistical Service (GSS) will continue with its special projects in addition to further strengthening its leadership and coordinating roles in the production and dissemination of relevant and timely statistics for planning, monitoring and evaluation of programmes and projects.

In order to further strengthen its capacity to produce policy oriented statistics and indicators, the Ghana Statistical Service (GSS) would recruit economic statistics advisors and experts and organize training programmes for stakeholders.

The Committee was informed that the Enumeration Area Delineation for the *2010 Population and Housing Census* will begin in 2008. The GSS will further undertake various programmes to monitor efforts at the attainment of the *Millennium Development Goals (MDGs)*.

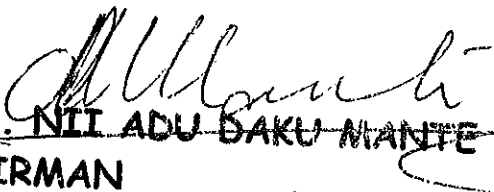
In 2008, the Controller and Accountant General's Department will begin the decentralisation of IPPD with the creation of Regional Data Collection Centres to enable all MDAs and MMDAs at the Regional levels directly key in their data which will be linked up to the central payroll.

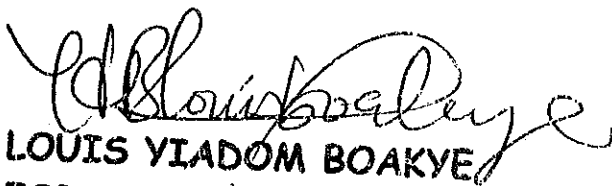
The Committee was informed that the Ministry has observed that the purpose for which exemptions are granted for the importation of ambulance vehicles is being abused. In some instances, importers either convert these vehicles into vans and passenger buses or use them to convey dead bodies and charge commercial rates thus denying the public the use of these vehicles for the purposes for which they were tax exempted. To ensure this exemption facility will be beneficial to the needing public, only recognised hospitals, clinics and registered ambulance service companies will be exempted from the payment of duties. *The existing legislation will be amended* accordingly to take care of this policy in 2008.

8.0 CONCLUSION

The Committee has critically examined the 2008 Budget Estimates for the Ministry of Finance & Economic Planning and respectfully recommends to the House to adopt this report and approve the sum of **GH¢90,574,171.00** for the Ministry of Finance and Economic Planning and its Agencies for the 2008 Financial Year.

Respectfully submitted.


HON. ~~NII ADU DAKU MANTE~~
CHAIRMAN


LOUIS YIADOM BOAKYE
FOR CLERK, FINANCE COMMITTEE

3RD DECEMBER, 2007.