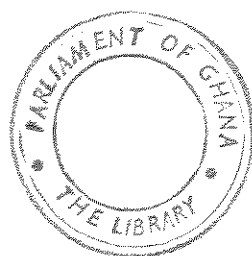


**IN THE SECOND SESSION OF THE THIRD  
PARLIAMENT OF THE FOURTH REPUBLIC  
OF GHANA**



**REPORT OF THE COMMITTEE ON  
DEFENCE AND INTERIOR ON THE 2002  
ANNUAL BUDGET ESTIMATES OF THE  
MINISTRY OF DEFENCE**

**13<sup>TH</sup> MARCH, 2002**

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THE FOURTH REPUBLIC OF GHANA**

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MINISTRY OF DEFENCE**

**1.0 INTRODUCTION**

Following the presentation of the 2002 Budget Estimates by the Minister of Finance on Thursday 21<sup>st</sup> February 2002, the Annual Estimates of the Ministry of Defence was referred to the Committee for consideration and report in accordance with Article 179 of the Constitution and Orders 140 (4) and 158 of the Standing Orders.

In considering the Estimates, the Committee had the benefit of further information from the Hon. Minister of Defence, the Chief Director and Officials of the Ministry as well as schedule Officers from the Ministry of Finance. Your Committee is grateful to them for their support.

**2.0 REFERENCES**

The Committee during its deliberations availed itself of the following reference documents:

- (a) The 1992 Constitution
- (b) The Standing Orders of the House
- (c) The Budget Statement and Economic Policy of the Government for the 2002 Fiscal Year and
- (d) The 2002 Annual Estimates of the Ministry of Defence.

### 3.0 **MISSION STATEMENT**

The Ministry of Defence has a Constitutional mandate to protect by land, sea, and air the territorial integrity and sovereignty of Ghana against internal and external aggression thereby, contributing to the promotion of an enabling environment for social and economic development.

### 4.0 **OBJECTIVES**

To achieve its mission, the Ministry has set for itself the following objectives;

- (a) To improve the state of combat readiness
- (b) To support national effort aimed at accelerating poverty reduction in deprived areas
- (c) To improve logistic Infrastructure
- (d) To improve human resource capacity and Professional development
- (e) To improve Infrastructure, organisational and management capacity of MOD.

### 5.0 **SUMMARY OF 2001 ESTIMATES**

A budget of 231.74 billion cedis was approved by Parliament for the Ministry of Defence for the Fiscal year 2001. This amount was however reduced to 207.57 billion Cedis as a

result of a general revision in allocations by the Ministry of Finance in the course of the year.

The breakdown of the provision approved by Parliament and the subsequent revision are as shown in the table below:

**TABLE 1**

ITEM OF EXP.	PROVISION APPROVED BY PARLIAMENT BILLION ¢	REVISED BUDGET ¢	ACTUAL EXP. ¢	VARIANCE ¢
PERSONAL EMOLUMENTS	148.908	148.91	195.53	EXCEEDED BY 46.62
ADMINISTRATION	19.618	30.58	44.85	EXCEEDED BY 14.27
SERVICES	22.472	8.40	16.80	EXCEEDED BY 8.40
INVESTMENT	40.742	19.68	17.84	LESS BY 1.84
TOTAL	231.740	207.57	275.02	OVERALL EXCESS 67.45

a. **PERSONAL EMOLUMENTS**

The Ministry of Defence was allocated an amount of 148.91 billion Cedis. The Ministry exceeded its budgetary allocation for personal emoluments by 46.62 billion due to a 20% increase in basic pay and some other allowances approved by Government during the fiscal year 2001.

b. **ADMINISTRATION**

An amount of 30.58 billion Cedis was provided for administrative expenses. This amount was also exceeded by

14.27 billion Cedis mainly as a result of an upward adjustment in the tariffs for electricity and water. The Ministry's requirements for fuel also exceeded budgetary allocation due to the increase in the price of petroleum products, Medevacs, increase in air travels and a number of naval vessels used in the patrol of the Country's territorial fishing grounds.

c. **SERVICE**

An amount of 8.40 billion cedis for service activities was also exceeded resulting in a total expenditure of 16.80 billion Cedis. This is as a result of unforeseen emergency operations undertaken by the Ministry such as the 9<sup>th</sup> May 2001 Stadium disaster, the July 2001 Accra floods and security operations to maintain peace and stability in some parts of the Country.

d. **INVESTMENT**

An amount of 19.68 billion cedis was allocated to the Ministry for the year 2001. Out of this amount, 17.84 billion Cedis was released creating a shortfall of 1.84 billion Cedis.

6.0 **2002 ANNUAL ESTIMATES**

To enable the Ministry perform and achieve its targets for the 2002 fiscal year, a total amount of two hundred and eighty-five billion, three hundred and forty-five million Cedis (¢285,345,000,000) has been allocated to the Ministry.

## 6.1 BREAKDOWN OF ALLOCATION FOR YEAR 2002

The year 2002 allocation covers the activity areas of Personal Emolument, Administration, Service and Investment as shown in the Table below:

**TABLE 2**

ITEM OF EXPENDITURE	PROVISION IN BILLION ¢
PERSONAL EMOLUMENT	205,000,000,000
ADMINISTRATION	44,847,000,000
SERVICE	19,385,000,000
INVESTMENT	16,113,000,000
TOTAL	285,345,000,000

## 7.0 OBSERVATIONS AND RECOMMENDATIONS

### a. REVISION IN BUDGETARY ALLOCATION

The Committee observed that some crucial activities could not be undertaken in the year 2001 mainly due to the downward revision in the provision of budgetary allocations to MDAS including the Ministry of Defence and also as a result of delay in the release of funds. Consequently, these activities have been rolled over into the 2002 budget.

### b. OUTSTANDING BILLS

Due to insufficient funding, the Ministry of Defence is indebted to the Electricity Company of Ghana, Ghana Water

Company and Tema Oil Refinery (TOR) to the tune of 77 billion. In line with the Ministry of Finance regulations, the payment of Utility bills are now handled on behalf of the MDAs by the Ministry of Finance. In spite of an arrangement with the utility service providers to supply uninterrupted services to the security agencies, the Ministry of Defence does experience interrupted utility services as a result of non-payment of utility bills. The Ministry of Finance is as a matter of urgency requested to settle these bills to enable the Ministry enjoy uninterrupted services.

c. **FUEL**

The Ministry's requirement for fuel far exceeded its budgetary allocations for the year 2001 mainly due to the increase in the price of petroleum products, Medevacs, increase in the number of air travels and a number of naval vessels used in the patrol of the country's territorial fishing grounds. The Ministry was however able to achieve its mission but has an outstanding fuel liability to settle with TOR as stated above.

It is however important to note that the Tema Oil Refinery has started charging interest on outstanding debts at the rate of 43%. In view of this the Minister together with the Chief of Defence Staff have put in place measures to ensure the prudent use of petroleum products as a means of reducing cost.

The Committee also observed that the Ministry renders some services to other MDAs at its own expense. It is the considered opinion of your Committee that the total cost of services rendered be charged to the beneficiary agencies

d. **INTERNALLY GENERATED FUNDS**

The Ghana Armed Forces in carrying out its activities, generates some internal funds mainly from hospital charges, hiring of the El-Wak stadium and from other services rendered. A total amount of 8.2 billion Cedis was realised last year. A projection of 10 billion has been made for this year. Due to the peculiar role of the Armed Forces, the committee wishes to make a special case for the Ministry and recommends that the Ministry be allowed to retain a percentage of funds generated for its operations.

e. **SERVICES**

The Ministry of Defence supports the creation of an enabling environment of peace and stability in the country. Emergency situations that arise often require the immediate deployment of troops to affected areas. The deployment of troops involves the provision of extra food, medical supplies, clothing and other logistics. The committee noted that funding for service activities for 2001 was inadequate. The Ministry therefore had to suspend some of its programmes to enable it utilise its available resources to contain emergencies. The Committee appeals to the Ministry of Finance to increase the allocation for



service activities in the near future to enable the Ministry effectively handle unforeseen emergencies.

f. **BURMA CAMP EXCHANGE**

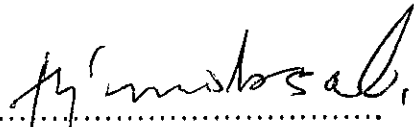
External works needed to support the operations of the newly installed Burma Camp Exchange has been budgeted for yearly for the past four years. However, money has never been released to set the project underway. The Committee noted that even for inter-office communications, the system continues to rely heavily on Ghana Telecom direct lines resulting in huge bills owed to Ghana Telecom. This, the committee perceives as unacceptable and urges the Ministry of Finance as a matter of priority to release monies for the completion of the Exchange to save cost by terminating over reliance on Telecom lines, and to improve security by preventing the exposure of military line communication.

8.0 **CONCLUSION**

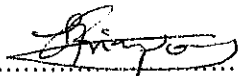
It is important to note that the Ministry of Defence plays a crucial role in guaranteeing the safety of the nation. In this regard, the Ministry should be well resourced to enable it effectively play its role of protecting the territorial integrity of Ghana and to support the creation of an enabling environment of peace and stability for social and economic development.

The Committee hereby recommends to the House for approval, the total sum of ₵285,345,000,000 to the Ministry of Defence for the financial year ending 31<sup>st</sup> December 2002.

Respectfully submitted.



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**HON. JOSEPH DARKO-MENSAH**  
**CHAIRMAN, COMMITTEE ON**  
**DEFENCE AND INTERIOR**



.....  
**JANET FRIMPONG**  
**CLERK TO THE COMMITTEE**

13<sup>th</sup> March 2002