

**IN THE FIRST MEETING OF THE SECOND
SESSION OF THE THIRD
PARLIAMENT**

OF

THE FOURTH REPUBLIC OF GHANA

REPORT

OF

**THE COMMITTEE ON FOREIGN AFFAIRS ON
THE 2002 ANNUAL ESTIMATES OF THE
MINISTRY OF FOREIGN AFFAIRS**

11TH MARCH 2002

1.0 **INTRODUCTION**

The 2002 Budget Statement and Economic Policy of the Government was presented to Parliament by the Honourable Minister of Finance in accordance with Article 179 of the Constitution. Consequent upon this, the 2002 Draft Annual Estimates of the Ministry of Foreign Affairs, stood referred to the Foreign Affairs Committee for consideration and report pursuant to article 103 of the Constitution and Orders 140(4) and 183 of the Standing Orders of Parliament.

2.0 **REFERENCE DOCUMENT**

In considering the referral, the Committee availed itself of the following documents.

- i) 1992 Constitution
- ii) The Standing Orders of Parliament
- iii) The 2002 Budget Statement and Financial Policy of the Government
- iv) State of the Nations Address, 2002 by His Excellency the President
- v) Report of the Foreign Affairs Committee on the 2001 Annual Estimates of the Ministry of Foreign Affairs.

3.0 **THE MINISTRY OF FOREIGN AFFAIRS**

In accordance with articles 40 and 73 of the Constitution, the Ministry in its mandate seeks to promote the interests of Ghana and its citizens abroad with the view to enhancing Ghana's security and prosperity.

3.1 In furtherance of its mission both local and abroad, the Ministry has set the following objectives.

- i) To promote efficient and effective consular services within and outside Ghana.
- ii) To promote favourable conditions for Ghana's trade, foreign investment, tourism, and to seek co-operation with other countries and institutions.
- iii) To promote fruitful political and economic relations with all countries especially Ghana's neighbouring countries in the interest of peace stability and economic development.
- iv) To play a positive and creative role in international organizations to which Ghana belongs.
- v) To upgrade the Ministry's human and Institutional capacity for efficient execution of Ghana's foreign policy objectives

4.0 **DELIBERATIONS**

The Committee had a total of three sittings.

During its deliberations on the estimates, representatives of the under-listed institutions attended upon the Committee:

- a) Ministry of Foreign Affairs;
- b) Legon Centre for international Affairs;
- c) All African Students Union; and
- d) Ministry of Finance

The Committee is grateful to the officials of the above institutions for availing Members of their presence and contributions.

5.0 **YEAR 2001 PERFORMANCE**

The total budgetary allocation to the Ministry during the period under review amounted to **¢165,403,919,873.00**.

5.-2 From the appropriations, personal emoluments alone amounted to **¢102,010,707,000.00** which constituted more than half of the total allocations to the Ministry. Expenses under personal emoluments involved payment of salaries, allowances and Social Security contribution of Staff both local and abroad.

5.-1 **Administrative Expenses**

It is instructive to note that the Ministry spent a total amount of **¢93,861,101,543.38** under Administrative Expenses which was far in excess of the **¢51,997,615,314.00** originally approved for same expenses. This apparent shortfall in the allocation reflected as over expenditure in Administration, the Committee observed, was due mainly to the rising cost of living in the host countries of Ghana's Missions abroad.

5.3 **Service Expenses**

Of the **¢2,616,443,485.00** allocated for service within the year under review, **¢889,846,653.04** was devoted to Conferences, Seminars and Workshops. Ghana's assessed contribution to the OAU for 1999/2000 which amounted to **\$1,175,490.00** was also settled out of the 2001 Service vote. Ghana's assessed contributions to the UN and its outstanding contribution to the Commonwealth Secretariat respectively were all paid out from the same vote for the 2001/2002 period. The

Committee noted that Ghana's outstanding contribution to the OAU stands at **\$ 2, 013,170.00**.

Although a total allocation of US **\$188,059,52 (¢1,128,357,120)** was made under Service Expenses to Ghana's Missions abroad, no releases were actually made. This impacted negatively on the capacity of the Missions abroad to pursue their envisaged programmes effectively.

5.4 **Item 4 Investment**

Investment allocation released to the Ministry for the 2001 fiscal year amounted to **¢869, 484 067.86**. The Committee is happy to note that out of this amount the Ministry was able to accomplish the following projects:

- (a) Purchase and installation of automatic generator for the Passport Office,
- (b) Purchase of spare parts to service Passport issuing/printing equipment,
- © Refurbishment of the offices of the Ministry with curtains carpets and other accessories,
- (d) Purchase of fax machine,
- (e) Purchase of two photocopying machines, and
- (f) The purchase of a satellite dish.

The Committee also took note of the fact that an amount of **¢31,935,025.00** earmarked for the rehabilitation of the Ministry's main building could not be utilized because the release was made late in December 2001.

Further to the above, an amount of **¢3,680,700.00** which had been allocated for the completion of the LECIA new office complex was never released. In addition, the **¢3,349,592,940.00** approved for the renovation and refurbishment of Government landed properties and replacement of vehicles in Ghana's Missions abroad were also not released.

These set backs notwithstanding, the Missions abroad during the 2000 and 2001 fiscal years generated **US \$4,920,513.60** and **US \$4,318,933.06** respectively from consular services and paid to chest.

6.0 **BUDGETARY ALLOCATION FOR THE 2002 FISCAL YEAR**

For the 2002 Fiscal Year, the Ministry has been allocated a total amount of **¢200,503,000,000.00** out of an amount of **¢526,298,853,200.00** it requested. This represents a shortfall of **¢325,795,853,200.00**. The breakdown of the total allocations to the Ministry under the various expenditure items are as follows:

6.1

ITEM	MIN. REQUEST	MIN. OF FIN. ALLO	SHORTFALL
1. Per. Emo	¢138,609,000,000.00	¢138,609,000,000.00	-
2. Gen. Admin.	¢146,774,231,000.00	¢ 55,498,000,000.00	¢ 91,276,231,000.00
3. Service	¢ 15,800,000,000.00	¢ 3,670,000,000.00	¢ 12,130,000,000.00
4. Investment	¢ 348,123,333,000.00	¢ 2,726,000,000.00	¢345,397,333,000.00

7.0 GENERAL OBSERVATIONS

7.1 Item 1 - Personal Emoluments

The Committee observed that, like previous years, the Personal Emoluments constitutes almost 70% of the entire allocation for the Ministry. This leaves the Ministry with only **¢61,894,000,000.00** to cater for Administration, Service and Investment expenses.

7.2 Item 2 - Administrative Expenses

The Committee noted that out of the **¢146,774,231,000.00** requested by the Ministry under Administrative Expenses, an amount of **¢55,498,000,000.00** has been allocated, depicting a shortfall of **¢91,276,231,000.00**.

The fixed financial obligations of the Ministry under Administrative Expenses include the following:

- a) maintenance of office and residential accommodation for Ghana's Missions abroad, and payment of;
 - i) insurance on government property
 - ii) assessed contributions to international organizations such as the UN, OAU, the Commonwealth among others. These fixed financial commitments of the Ministry total **¢49,475,388,000.00**, thus leaving just **¢6,022,612,000.00** to cater for other recurrent expenditures. The other recurrent expenses of the Ministry includes the running cost of vehicles, utility charges such as telecommunications,

electricity and water, medical and maintenance of plants and equipment, at headquarters and the 41 Missions abroad.

7.3 Item 3 - Service

The Committee further notes that out of the **¢15,800,000,000.00** requested by the Ministry for Service expenses, the Ministry of Finance allocated **¢3,670,000,000.00**, thus, recording a shortfall of **¢12,130,000,000.00**. The Committee considers the **¢3,670,000,000.00** inadequate for the Ministry to apportion to all the Cost Centres, particularly the Missions abroad with the prospects of achieving any meaningful goals.

7.4 Item 4 - Investment Expenses

The Ministry requested **¢348,123,333,000.00** under Investment, and was allocated **¢2,726,000,000.00**, leaving a shortfall of **¢345,397,333,000.00**. It is the considered view of the Committee that this allocation is rather too low to cater for the Ministry's development projects earmarked for the 2002 fiscal year. Prominent among the Ministry's development projects for the year 2002 are the opening of four new embassies, the new office complex for the Headquarters and the re-location of the Bonn Mission to Berlin.

8.0 SPECIFIC OBSERVATIONS AND RECOMMENDATIONS

The Committee took particular note of the fact that the allocations provided for the running of the Ministry for the 2002 year fall far below expectation. The appropriations for Items 3 and 4 particularly are just not sufficient to run the Ministry up to the end of the year.

8.1 **Service Expenses**

Ghana High Commissioners and Ambassadors including those appointed recently have been mandated to pursue concrete proposals which would give effect and meaning to Ghana's policy of economic diplomacy. The Committee is of the view that lack of sufficient funds would render this national vision unattainable and accordingly recommends that the Ministry of Finance take a second look at the service allocation.

8.2 **Investment Expenses**

The Committee views the allocation made for investment under the 2002 appropriations as grossly inadequate. What even makes the situation more precarious is the recent directive by the President that the Ministry open four new Missions abroad and the need to relocate Ghana's Embassy in Bonn to Berlin in accordance with directives of the host Government at a cost of **US\$1,016,420.00**. The Committee learnt that the estimated expenditures for the opening of the 4 missions abroad and the relocation of Ghana's Mission in Germany would amount to **¢50.3 billion** and **US\$1,016,420.00** respectively. The Committee in the light of the above recommends that the Ministry of Finance treat these expenditure items separately and independent of the Ministry's budget for the 2002 year.

8.3 **LECIA Project**

The Committee took a serious view of the long delay in the completion of the LECIA building, apparently due to delay in release of funds by the Ministry of Finance amongst other constraints. Out of the current estimated cost of **¢3.8 billion** required for its completion, only **¢1,201,000,000.00** has been allocated under the 2002 appropriations for the project. In the year 2001 for instance, no allocation was made for the project. The Committee therefore recommends the Ministry of Finance

take the necessary steps to ensure that the LECIA project is duly completed as scheduled.

8.4 **Utilisation of Revenue Generated from Consular Services Abroad**

The Committee is happy to note that Ghana's Missions abroad continue to generate revenue in foreign exchange through its Consular Services. However, the Committee took the view that inadequate and untimely release of funds to our Missions for development invariably tend to undermine this noble venture. Accordingly, the Committee recommends that the Ministry of Finance duly considers the possibility of allowing the Ministry to retain some percentage of the revenue it generates through its consular services to cater for some of its fixed expenditures.

8.5 **Passport Office**

The Committee noted with satisfaction that the Ministry is putting in place measures to facilitate the processing and issuance of Ghanaian passports in the country and abroad.

The Committee also recalled the earlier commitment made by the Ministry to work expeditiously towards the processing and issuance of the ECOWAS Passport. This commitment, the Committee observed, is yet to be fulfilled by the Ministry. Consequently, it is recommended that the Ministry takes the steps, following the necessary Cabinet decision, to facilitate the process for the issuance of the ECOWAS Passport without any further delay.

9.0 **CONCLUSION**

The Committee recognizes the crucial role of the Foreign Ministry in promoting and facilitating Ghana's policy of economic diplomacy,

particularly in this golden age of business. Also of crucial importance is the regular and prompt disbursement of funds by the Ministry of Finance to the Ministry of Foreign Affairs in fulfillment of Ghana's obligations to sub-regional, regional and global bodies.

In the light of the above, the Committee recommends that this House approves the sum total of **¢200,503,000,000.00** for the services of the Ministry of Foreign Affairs for the 2002 fiscal year.

Respectfully submitted.



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HON KWABENA ADUSA OKERCHIRI
CHAIRMAN
FOREIGN AFFAIRS COMMITTEE



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EBENEZER AHUMAH DJIETROR
CLERK
FOREIGN AFFAIRS COMMITTEE