

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

**REPORT OF THE FINANCE COMMITTEE ON THE REVIEW OF  
ECONOMIC PERFORMANCE BASED ON THE BUDGET  
STATEMENT AND ECONOMIC POLICY AND SUPPLEMENTARY  
ESTIMATES FOR THE 2006 FINANCIAL YEAR**

**1.0 INTRODUCTION**

The Supplementary Estimates for the 2006 Financial Year were laid in the House on Thursday, 13<sup>th</sup> July 2006 and referred to the Finance Committee for consideration and report, pursuant to Article 179(8) of the 1992 Constitution and the Standing Order 143 of the House.

To consider the Estimates, the Committee met with the Minister for Finance and Economic Planning, Hon. Kwadwo Baah-Wiredu, the Deputy Minister for Finance and Economic Planning, Hon. Prof. George Gyan Baffour and a technical team from the Ministry for Finance and Economic Planning and reports as follows:

**2.0 REFERENCES**

The Committee availed itself of the following documents in its deliberations:

- The 1992 Constitution
- The Budget Statement and Economic Policy for 2006
- Standing Orders
- Review of Economic Performance based on the Budget Statement and Economic Policy of the Government of Ghana for the 2003 Financial Year
- Review of Economic Performance based on the Budget Statement and Economic Policy and a Supplementary Estimates for 2006

### **3.0 BACKGROUND**

In November 2005, the 2006 Budget Statement & Economic Policy was presented to the House for approval in line with Article 179 of the Constitution and Standing Order 140 of the House.

The Budget reflected the Strategic focus of the Growth and Poverty Reduction Strategy (GPRS II) which dwells on accelerated growth as a means of creating wealth, reducing poverty and enhancing development.

Since the 2006 Budget was approved by the House, many significant developments have arisen on the macro economic front. Ghana is to further benefit from the Multilateral Debt Relief Initiative resulting in the irrevocable cancellation of outstanding debts owed to the IMF, World Bank and African Development Bank.

These reliefs are to be used to augment the current investment levels to accelerate the achievements of the Millennium Development Goals (MDGs) towards the reduction of poverty.

For these investments to be undertaken there is the need for some adjustments in the annual estimates approved for the 2006 financial year and the redirection of governments efforts to achieve these development goals.

As a result of this, there is the need for supplementary estimates be laid before the House for approval in conformity with Article 179 (8) of the Constitution and Order 143 of the Standing Orders of the House.

### **4.0 SUPPLEMENTARY PROVISION FOR 2006**

The total amount of **¢4,280, 328,000** being the supplementary estimates is grouped under three thematic areas, namely good Governance and Civic Responsibility, **¢1,783.5 billion**, Private Sector Competitiveness **¢2,149.3 billion** and human resource development **¢347.5 billion**.

The Deputy Minister for Finance informed the Committee that the amount would be disbursed as follows:

### **5.3 OFFICE OF GOVERNMENT MACHINERY**

A total of **¢731.7 billion** is being allocated to the Office of Government Machinery. Out of this amount, **¢91.5 billion** has been allocated to support programmes and activities of the National Identification Programme (NIP) in view of the importance of the National Identification Programme (NIP) in the development agenda of the nation,.

An amount of **¢182.9 billion** has also been proposed to fund the activities marking Ghana's Golden Jubilee Celebrations. This amount, some Members were of the opinion that it was on the higher side and needed explanation and justification from the Minister of Finance.

The Deputy Minister for Finance and Economic Planning, Prof. Gyan Baffour informed the Committee that the amount would be used to undertake activities such as the renovation of the Independence Square and 28<sup>th</sup> February Roundabout, acquisition of fleet of cars for the invited dignitaries, accommodation for guests, renovation of some ceremonial structures in Accra, Maintenance of a small secretariat for the Anniversary planning Committee among others.

The Minister assured the Committee that the celebration would be throughout the Country and that the Anniversary Planning Committee would meet and brief the Finance Committee on the details of the proposed expenditure.

### **5.4 OFFICE OF PARLIAMENT**

Parliament has been allocated an amount of **¢64 billion** to fund various investment activities, including the renovation of the Chamber block and the completion of the new Office block for Parliament.

## **5.5 MINISTRY OF TRANSPORTATION**

There is a provision of an amount of **₵868.9 billion** to the Ministry of Transportation. This is to support the road projects such as Tetteh Quarshie to Adenta, Achimota to Ofankor, Asankragua to Enchi and Dadieso, Bamboi to Tinga among others.

Members noted that just one bulk figure has been allocated to the various road projects (as per the appendix) and requested the Ministry of Finance and Economic Planning to endeavor to provide the specifics as to how much is allocated to each road project to make it easier for monitoring and supervision.

## **5.6 MINISTRY OF HARBOURS AND RAILWAYS**

The Harbours and Railways Ministry has been allocated a supplementary amount of **₵73.2 billion** to support the rehabilitation of railway transportation from Accra to Tema.

## **5.7 MINISTRY OF ENERGY**

In support of Government's commitment to increase capital investment in the utilities sector, an amount of **₵311 billion** has been allocated to the Ministry of Energy for the construction of a Third Bulk Supply Point (BSP) in Accra, acquisition of VRA Generator and the implementation of SHEP 4.

## **5.8 MINISTRY OF EDUCATION, SCIENCE AND SPORTS**

As is known, Ghana has won the right to host the Confederation of African Nations (CAN) 2008 Soccer Competition. The Committee observed that this would require significant financial investment in infrastructure. To achieve the goal of organizing a successful tournament and to build on Ghana's success at the just ended 2006 FIFA World Cup, an amount of **₵228.7 billion** out of a total of **₵256.1 billion** has been allocated to finance the infrastructure requirements of CAN 2008.

## **5.9 MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT & ENVIRONMENT**

An amount of **¢27.4 billion** has been allocated to the Ministry to be utilized as seed money for the construction of new markets in Accra and Kumasi.

## **5.10 MINISTRY OF FOOD AND AGRICULTURE**

Since the Agricultural sector has been identified as one of the key sectors to help achieve a higher economic growth, an amount of **¢109.8 billion** has been allocated to the Ministry of Food and Agriculture for the purchase of modern agricultural equipment, mainly tractors.

## **5.11 MINISTRY OF INTERIOR**

To enhance the effective operations of institutions under the Ministry of the Interior, an amount of **¢292.7 billion** has been provided for the Ministry. **¢109.8** out of that amount is to be used by the Immigration Service to commence its renewed mandate of patrolling the nation's borders. The remaining amount would be used to purchase various items, including communications equipment, vehicles and other logistics for the Police Service.

## **6.0 OBSERVATIONS AND RECOMMENDATIONS**

**6.1** The Committee observed that the moneys for which authorization to spend is being sought would be obtained as follows:

- a. An amount of **¢27.4 billion** which had accumulated from adjustment of petroleum prices in February 2005
- b. An amount of **¢311.00 billion (US\$ 34 million)** from the Millennium Challenge Account (MCA)
- c. A Debt Relief from the Multilateral Debt Relief Initiative (MDRI) consisting of **¢1829.2 billion (US\$ 200 million)** from the International Monetary Fund, **¢219.5 billion (US\$ 24 million)** from the World Bank,

and **¢54.9 billion (US\$6 million)** from the African Development Group.

d. A grant of **US\$ 20 Million** from Areeba (**equivalent ¢182.9 billion**) for the financing of the Accra East-West Water Loop

e. An amount of **¢1,317.02 billion** is expected to be contracted through short-term and long-term loans.

f. Furthermore, the government would raise **¢338.4 billion** through offloading some of its shareholdings in State Insurance Company (SIC), Ghana Oil Company (GOIL) and Produce Buying Company (PBC)

The Deputy Minister for Finance therefore assured the Committee that this would not lead to any additional taxes.

**6.2** Some members of the Committee expressed some concern about the Long Title of the supplementary estimates document as it also includes 'Review of Economic Performance'. The Deputy minister however explained that the Ministry was following a precedent set in the year 2003 when supplementary estimates were passed by the House with the same long title as the current one (i.e. Review of Economic Performance Based on the Budget Statement and Economic Policy and a Supplementary Estimate of the Government of Ghana for the ..... Financial Year)

**6.3** On the question of why an amount of **US\$181 million** is sitting idle at the Bank of Ghana whilst various parts of the country continue to experience various developmental problems, the Deputy Minister explained that such a measure was necessary to cushion the country against any unexpected happenings in the currently rather volatile crude oil market.

**6.4** Some members also expressed reservation about the fact that the Government of Ghana was budgeting to spend on Food Ration for United Nations Peacekeeping operations and requested the Ministry of Finance and Economic planning to endeavour to get a refund whenever possible since Members were of the view that UN operations are not under any cost to the Government of Ghana.

**6.5** On the issue of a possible conflict of interest arising as a result of the Government accepting a \$20 million grant from Areeba, the Finance Minister explained that Areeba approached the Government with the proposal to help assist in easing the perennial water problem at Adenta as part of their corporate social responsibility to the people of Ghana.

**APPENDIX:** Please find a comprehensive list of the allocations (by Ministry) attached as Appendix.

## **7.0 CONCLUSION**

The Committee recommends that the House respectfully adopts its report and approve by Resolution, the sum of **₵4,280 billion** as Supplementary Budget for 2006 financial year for the purpose of meeting expenditure to carry out Government's services in accordance with Article 179(8) of the Constitution.

Respectfully Submitted.



**HON. KWADWO AGYEI-ADDO**  
**VICE CHAIRMAN**



**ALHAJI IBRAHIM GOMBILLA**  
**CLERK**

**19<sup>TH</sup> JULY 2006**

# APPENDIX

**APPENDIX TABLE 7: 2006 SUPPLEMENTARY BUDGET - BREAKDOWN OF ALLOCATION (€'000)**

MIDA	DETAILS	AMOUNT
<b>PRIVATE SECTOR COMPETITIVENESS</b>		
Ministry of Food and Agriculture	400 tractors and Accessories	2,149,710,000.00
Millennium Development Authority (MIDA)	Millennium Challenge Projects	109,752,000.00
		310,964,000.00
Ministry of Energy	a. VRA Generator Equipment	182,920,000.00
	b. ECG (Prepaid Meters/BSP)	91,460,000.00
	c. SHEP 4	36,584,000.00
		310,964,000.00
Ministry of Harbours & Railways	Extension of railway line to Port of Tema/Purchase of Diesel Multiple Unit	79,168,000.00
Ministry of Tourism and Diasporan Relations	Joseph Project and Others	54,876,000.00
Ministry of Water Resources, Works and Housing	a. Accra Loop	182,920,000.00
	b. Keta Sea Defence	12,804,400.00
	c. Korle Lagoon (KLERP)	9,146,000.00
	d. Kpone, Ks, Tamale, Kdua Affordable Housing	79,168,000.00
	e. Tamale Storm Drainage	9,146,000.00
	e. Guinea Worm Eradication	1,889,800.00
	e. Peduase Lodge Rehabilitation - Partial Refund	39,327,800.00
	e. Peduase Lodge Rehabilitation	36,584,000.00
		371,936,000.00
Ministry of Transportation	a. Tetteh Quarshie-Adenta	850,370,000.00
	b. Achimota-Ofankor Roads	
	c. Asankragua-Enchi Dadieso	
	d. Bamboi-Tinga	
Ministry of Aviation	Service delivery/Ghana Airways	49,730,900.00
<b>HUMAN RESOURCE DEVELOPMENT</b>		
Ministry of Education, Science and Sports	a. Upgrading of SSS	347,548,000.00
	b. CAN 2008 Stadia	27,380,000.00
		228,150,000.00
Ministry of Health	(Exemptions) Bridging for loss of SWAP Fund	256,088,000.00
		91,460,000.00
<b>GOOD GOVERNANCE AND CIVIC RESPONSIBILITY</b>		
Ministry of Local Govt, Rural Devpt and Environment	Construction and upgrading of markets	1,783,473,000.00
Office of Government Machinery	a. Micro - Credit	27,438,000.00
	b. National ID	457,300,000.00
	c. 50th Independence Anniversary	91,460,000.00
		182,920,000.00
		731,680,000.00
Ministry of Foreign Affairs and NERAD	Chanceries and others	45,730,000.00
Ministry of Finance and Economic Planning	Shareholder equity contribution/Contingency	361,267,000.00
	Subsidy to VRA, GLACO	22,865,000.00
		384,132,000.00
Ministry of Information & National Orientation	Communication Strategy	27,438,000.00
Ministry of Justice	Upgrading of training, NRC etc.	27,438,000.00
Ministry of Defence	Damen Repair Shipyard	36,584,000.00
	UN Peacekeeping - Food/Rations	109,752,000.00
		146,336,000.00
Judicial Service	Construction and upgrading of commercial courts	36,584,000.00
Office of Parliament	Legislations (Chamber Offices, Speakers Residence)	84,022,000.00
Ministry of Interior	a. Police Service	18,292,000.00
	b. Border Patrol	109,752,000.00
	c. Paramount- South Africa	118,818,000.00
	d. Police Communication	45,720,000.00
		292,672,000.00
<b>GRAND TOTAL</b>		<b>4,280,320,000.00</b>



APPENDIX TABLE 6  
2006 SUPPLEMENTARY EXPENDITURE BY FUNCTION AND PROGRAMME (in Million Cedis)

PROGRAM / FUNCTION	ORIGINAL APPROVED CCG										DETERMINED PROVIDED OTHERS										SUPPLEMENTARY REQUEST		GRAND TOTAL
	P.E	Admin	Service	Investm	Total CCG	IGF	DOMOK	ROAD/IGET	HIRE	WHIS/DACF	Admin	Service	Investment	Total SUP	GRAND TOTAL								
PRIVATE SECTOR COMPETITIVENESS	324,002	84,368	68,049	119,585	1,235,595	288,257	4,235,635	1,068,300	352,000		46,625	201,581	1,947,128	3,249,310	5,989,601								
Ministry of Food and Agriculture	120,989	11,542	4,794	119,585	256,910	7,167	417,159							790,998									
Ministry of Lands, Forestry and Mines	59,094	8,994	5,536	15,562	89,266	217,623	1,678,662				45,125	124,621	1,412,118	3,109,664									
Ministry of Energy	3,731	3,346	1,778	21,893	30,744	0	470,389	50,000					141,218	310,964									
Ministry of Trade, Industry, PSD and PSI	29,409	17,561	30,774	14,328	92,333	0	32,467	245,000					310,964	524,951									
Ministry of Tourism and Diaspora Relations	5,489	5,111	2,703	14,141	27,544	0	2,015	10,000					384,700	1,057,097									
Ministry of Fisheries	5,231	2,400	2,887	5,222	15,639	0	11,915	10,000			1,500	31,220	54,876	94,438									
Ministry of Water Resources, Works and Housing	36,036	15,834	5,011	52,313	109,246	1,400	638,603	177,000					374,986	1,301,836									
Ministry of Transport	52,644	6,000	9,240	15,929	620,946	3,339	2,330,950	60,000					868,870	4,959,045									
Ministry of Communications	10,525	6,000	2,192	13,135	33,312	0	19,480	15,000					67,762	67,762									
Ministry of Harbours and Railways	953	3,202	2,188	19,379	19,379	0	8,787	15,000					73,168	116,334									
HUMAN RESOURCE DEVELOPMENT	6,811,179	474,452	202,506	148,440	7,663,575	1,443,824	2,727,512	1,388,300	5,000			45,720	45,720	45,720									
Ministry of Education, Science and Sports	5,979,672	359,996	103,720	67,614	6,521,992	1,242,416	2,727,512	1,388,300	5,000			45,720	45,720	45,720									
National Commission for Civic Education	54,466	4,358	5,568	8,852	73,247	0	427,707	300,000					256,686	870,627									
National Commission for Civic Education	16,768	7,948	2,086	2,193	28,996	0	14,708	25,000					256,686	101,278									
Ministry of Health	1,702,897	7,948	73,659	53,577	1,920,133	313,972	701,458	200,000				91,460	91,460	53,996									
National Commission on Culture	35,033	5,300	2,650	19,281	42,265	2,955	0						47,40,683	47,40,683									
Ministry of Women and Children's Affairs	2,183	3,298	6,435	2,738	12,558	0	0	0					0	12,558									
National Labour Commission	1,000	555	1,175	2,255	2,255	0	0	0					0	2,255									
Public Services Commission	1,572	1,300	332	791	2,963	0	4,093	0					0	5,653									
National Development Planning Commission	1,818	1,800	7,130	5,311	4,093	0	23,417	0					0	4,093									
GOOD GOVERNANCE AND CIVIC RESPONSIBILITY	1,732,838	1,800	399,632	522,145	5,810,217	124,216	752,657	254,700	1,204,600				254,700	7,960,944									
Ministry of Legal, Govt. Physical Devpt and Services	1,692,548	1,800	1,698	27,115	12,572	1,568	324,450	40,000	1,204,600				40,000	1,660,576									
Ministry of Foreign Affairs and NEPAD	270,472	148,377	16,725	39,428	528,008	15,042	97,307	170,000					170,000	585,772									
Ministry of Finance and Economic Planning	88,632	40,630	39,932	44,252	259,822	3,018	335,342	9,700					9,700	989,082									
Ministry of Parliamentary Affairs	224	886	197	2,037	2,354	0	0	0					0	2,354									
Electoral Commission	39,000	43,000	10,128	13,993	115,421	0	6,900	0					0	122,021									
Office of Parliament	18,594	6,000	5,264	3,684	33,543	0	0	0					0	33,543									
District Assemblies Common Fund Administration	61,820	53,000	41,854	26,996	163,700	0	0	0					0	163,700									
Ministry of Information and National Orientation	297	330	27	385	1,042	0	0	0					0	1,042									
Ministry for Public Sector Reforms	48,302	18,100	5,058	6,822	78,095	0	8,895	25,000					25,000	1,042									
National Media Commission	1,000	2,615	2,000	3,500	9,115	0	3,891	0					0	190,870									
Ministry of Justice	266	963	98	138	1,145	0	0	0					0	13,005									
Ministry of Defence	18,348	13,000	4,793	51,000	87,141	524	10,040	5,000					5,000	1,135									
Judicial Services	282,691	300,000	37,473	50,487	671,054	23,000	23,000	0					0	130,243									
Commission on Human Rights and Administrative Justice	70,000	50,000	7,902	19,000	147,307	2,556	0	0					0	840,390									
Ministry of Interior	19,511	7,123	2,142	3,835	28,991	0	0	0					0	181,423									
Ministry of Functional Utility	340,556	400,607	46,125	39,079	826,371	3,676	56,838	20,000					20,000	33,951									
Revenue Agencies	1,121,978	472,190	138,613	197,845	1,930,722	0	0	0					0	1,199,557									
Subscription Payments	372,624	75,000	42,308	104,658	594,588	0	0	0					0	2,388,127									
Contingency	749,355	50,000	96,305	93,287	985,137	0	0	0					0	300,000									
Grand Totals	9,990,800	2,138,700	808,801	93,287	14,670,300	1,568,508	6,251,814	4,455,200	1,822,100	2,718,060	46,625	425,735	3,807,868	4,820,728	14,414,577								