

1.0 INTRODUCTION

The *2019 Annual Budget Estimates for the Ministry of Finance* were laid in the House on Thursday 15th November, 2018 and referred to the *Finance Committee* for consideration and report in accordance with article 179 of the Constitution and order 140 (4) of the Standing Orders of the House. This followed the presentation of the Budget Statement and Economic Policy of the Government for the 2019 Financial Year by the Minister for Finance, Hon. Ken Ofori-Atta.

The Hon. Minister for Finance, Mr. Ken Ofori-Atta and his Deputies, Hon. Abena Osei-Asare, Hon. Charles Adu Boahen and Hon. Kwaku Kwarteng as well as officials from the Ministry of Finance attended upon and assisted the Committee in its deliberations on the Estimates.

The Committee expresses its gratitude to the Hon. Minister, the Deputy Ministers and the officials from the Ministry of Finance for attending upon the Committee.

2.0 REFERENCE DOCUMENTS

In considering the estimates, the Committee referred to and was guided by the following documents:

- i. The 1992 Constitution of the Republic of Ghana
- ii. Standing Orders of the House
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year.
- iv. Public Financial Management Act, 2016 (Act 921)

3.0 BACKGROUND

The Ministry of Finance exists to ensure macro-economic stability for the promotion of sustainable growth and 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 FUNCTIONS

The goal of the Ministry is to ensure efficient and effective management of the economy towards the attainment of upper middle income status and poverty reduction.

The National Medium Term Development Policy Framework (NMTDPF) contains four (4) Policy Objectives that are relevant to the Ministry of Finance. These are to:

- i. Ensure improved fiscal performance and sustainability
- ii. Ensure efficient management and utilization of oil and gas revenue
- iii. Enhance monetary discipline and financial stability

iv. Promote the fight against corruption and economic crimes

The core functions of the Ministry include:

- Formulation, implementation, monitoring and evaluation of macroeconomic, fiscal and financial policies
- Ensuring effective and efficient allocation and prudent management of resources
- Establishing and disseminating performance-oriented guidelines and deploying efficient financial management information systems
- Ensuring commitment to transparency, probity and accountability in the management of financial resources
- Ensuring sustainability of public debt, and
- Developing an efficient financial sector that is integrated into the global financial system.

5.0 2018 BUDGET PERFORMANCE AS AT END SEPTEMBER, 2018

ITEM	2018 BUDGET GH¢	2018 ACTUAL EXPENDITURE GH¢	VARIANCE GH¢	%UTILISATION
Compensation of Employees	267,995,729.00	202,604,771.12	65,390,957.88	75.60
Goods and Services	169,961,640.00	154,598,040.97	15,363,599.03	90.96
CAPEX	306,144,487.00	42,753,037.15	263,391,449.85	13.96
GRAND TOTAL	744,101,856.00	399,955,849.24	344,146,006.76	53.75

Table 1: Source – Ministry of Finance

5.1 MACROECONOMIC ACHIEVEMENTS FOR 2018

The work of the Ministry in 2018 contributed to the attainment of major macroeconomic indicators such as a Real GDP Growth of 5.4% as at September 2018 against a whole year 2018 target of 5.6%, fiscal deficit as a percentage of GDP (cash) of 3.0% as against a 2018 annual target of 3.7%, Debt to GDP Ratio of 53.9% as at September 2018 as against end year 2018 target of $\leq 70\%$ and Total Expenditure as a Ratio of GDP of 13.9% as at September 2018 compared to the 2018 whole year target of 20.1%.

6.0 THE 2019 ANNUAL ESTIMATES FOR THE MINISTRY OF FINANCE

A total amount of **GH¢563,808,391.00** has been allocated to the Ministry of Finance, its Departments and Agencies for the year 2019. The breakdown of the allocation is as follows:

COMPENSATION OF EMPLOYEES:

Government of Ghana	-	GH¢283,634,424.00
Internally Generated Funds	-	GH¢10,342,996.46
Donor Sources	-	<u>0</u>
Subtotal:	-	GH¢293,977,420.46

GOODS AND SERVICES:

Government of Ghana	-	GH¢ 17,851,199.00
Internally Generated Funds	-	GH¢12,111,023.98
ABFA	-	GH¢2,978,028.00
Donor Sources	-	<u>GH¢182,647,972.00</u>
Subtotal:	-	GH¢215,588,222.98

CAPITAL EXPENDITURE:

Government of Ghana	-	GH¢34,917,459.00
Internally Generated Funds	-	GH¢2,490,288.56
Donor Sources	-	<u>GH¢16,835,000.00</u>
Subtotal:	-	GH¢54,242,747.56

GRAND TOTAL - **GH¢563,808,391.00**

6.1 ALLOCATIONS TO DEPARTMENTS AND AGENCIES OF THE MINISTRY

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

6.1.1 Finance Headquarters

The Headquarters of the Ministry has been allocated a total of **GH¢282,072,121.00** to pursue its programmes and activities for the 2019 financial year:

Compensation of Employees:	GH¢33,542,024.00
Goods and Services:	GH¢197,973,375.00
Capex:	GH¢50,556,722.00
Total	<u>GH¢282,072,121.00</u>

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

General Administration	GH¢32,713,389.00
Budget Division	GH¢30,346,020.00
Debt Mgt. Division	GH¢9,572,865.00
External Resource Mobilisation Division	GH¢66,795,659.00

Economic Research and Forecasting Division	GH¢973,179.00
Real Sector Division	GH¢28,713,111.00
Financial Sector Division	GH¢53,906,517.00
Public Investment Division	GH¢29,750,875.00
Monitoring and Evaluation Division	GH¢848,170.00
Revenue Policy Division	GH¢28,204,622.00
Legal Division	GH¢247,714.00

6.1.2 Controller and Accountant General's Department (CAGD)

For the year 2019, the Controller and Accountant General's Department (CAGD) has been provided the following allocations:

Compensation of Employees:	GH¢ 213,062,152.00
Goods and Services:	GH¢10,889,842.00
Capex:	GH¢ 399,354.00

TOTAL **GH¢224,351,348.00**

6.1.3 Ghana Statistical Service (GSS)

An amount of **GH¢27,122,607.00** has been allocated to the Statistical Service for the 2019 Financial year. The breakdown is as follows:

Compensation of Employees:	GH¢25,703,091.00
Goods and Services:	GH¢1,120,000.00
Capex:	GH¢299,516.00

TOTAL **GH¢27,122,607.00**

6.1.4 Public Procurement Authority (PPA)

For the year 2019, an amount of GH¢5,199,677.00 has been allocated to the PPA as follows:

Compensation of Employees: GH¢3,700,000.00

Goods and Services: GH¢1,300,000.00

Capex: GH¢199,677.00

TOTAL **GH¢5,199,677.00**

6.1.5 Institute of Accountancy Training (IAT)

The Institute of Accountancy Training (IAT) has been allocated an amount of **GH¢3,647,195.00** for the 2018 financial year to be spent as follows:

Compensation of Employees GH¢3,155,600.00

Goods and Services GH¢344,163.00

Capex GH¢147,432.00

TOTAL **GH¢3,647,195.00**

6.1.6 Securities and Exchange Commission (SEC)

The Securities and Exchange Commission (SEC) will for the year 2019 generate internally and retain an amount of **GH¢16,194,128.00** to be spent on its programmes and activities as follows:

Compensation of Employees: GH¢10,342,996.00

Goods and Services: GH¢3,360,814.00

Capex: GH¢2,490,318.00

TOTAL **GH¢16,194,128.00**

6.1.7 Financial Intelligence Center (FIC)

The Financial Intelligence Center has been allocated an amount of GH¢5,221,315.00 for the implementation of its programmes and activities for the 2019 financial year. The breakdown is as follows:

Compensation of Employees: GH¢4,471,557.00

Goods and Services: GH¢600,000.00

Capex: GH¢149,758.00

TOTAL **GH¢5,221,315.00**

7.0 OBSERVATIONS AND RECOMMENDATIONS

7.1 Policy Formulation and Implementation

The Committee observed that the Ministry of Finance has a key responsibility of formulating and implementing sound macro-economic policies, effective mobilization and efficient allocation of internal and external resources to all sectors of the economy and ensuring sustainable debt management.

7.2 IMF Extended Credit Facility

In the year 2018, the 5th and 6th programme reviews were successfully conducted under the current IMF Extended Credit Facility (ECF) Programme, and facilitated the disbursement of US\$191 Million, bringing total disbursements under the programme

to about US\$764.1 Million. The Ministry has also submitted documentation for the 7th review of the ECF programme to the IMF Board.

In all, the 8th and final review with a test date of December 2018 is expected to be completed by April, 2019.

To ensure irreversibility of the gains made under the programme, Government intends to legislate fiscal rules and institutionalize a social partnership arrangement with organized labour and employers.

7.3 Improving Governance of SOEs

The Committee was informed that as part of interventions aimed at improving the governance of State Owned Enterprises (SOEs), the Ministry conducted a study on Government's equity holdings in these enterprises.

Pursuant to recommendations from the study, a new portfolio management strategy would be pursued through the establishment of a centralized framework for overseeing Government's interests and governance of SOEs, Joint Venture Companies (JVCs) and other state entities including regulatory bodies. To this end, a State Interests and Governance Authority (SIGA) Bill has been drafted and submitted to Cabinet for consideration.

7.4 Bond Issuance

In 2019, Government through the Ministry of Finance would be working towards the issuance of Sovereign Bonds up to US\$3.0 Billion. The proceeds from the issuance will be used for liability management and to finance critical infrastructure projects. Apart from the regular Eurobond transactions, Government would also explore the

feasibility of issuing one or a combination of the following subject to prevailing market conditions:

- Century Bond
- Green Bond
- Panda Bond, and
- Samurai Bond

Over the medium term, the Ministry intends to update the MTDS and an Annual Borrowing and Recovery Plan to reflect new funding options and prevailing economic conditions.

7.5 Rebasing of GDP

The Ghana Statistical Service (GSS) in 2018 successfully rebased the GDP of the country, resulting in change of the base year from 2006 to 2013. The rebased GDP figures were released on Friday 28th September 2018 and translated into an expansion of the economy by 24.6%.

7.6 Agricultural Census

The GSS also commenced the first and second phases of the Agricultural Census with the aim of providing reliable information for the Agricultural Sector for effective decision making. The final phase of the Census is expected to be completed in 2019.

7.7 Establishment of the Ghana Commodity Exchange

The Committee observed that as part of Government's agenda for agricultural transformation, the Securities and Exchange Commission supervised the establishment of the Ghana Commodity Exchange (GCX) which has a state of the art

trading system. The Exchange which was launched by His Excellency the President would help facilitate trade in commodities.

7.8 Anti-Money Laundering and Prevention of the Financing of Terrorism

The Committee noted that as part of efforts to fight money laundering and the financing of terrorism, Ghana submitted the first follow-up report of the Second Round of Mutual Evaluation at the 29th Inter-Governmental Action group against Money Laundering in West Africa. Ghana was said to have been commended for the initiative taken to update guidelines in the financial sector to be consistent with the Financial Action Task Force (FATF) revised recommendations.

7.9 ICT-led Government Payroll Management

The Committee was informed that the Controller and Accountant General's Department (CAGD) will enhance the use of Information and Communication Technology (ICT) in the management of the government payroll to ensure efficiency and integrity of the system. The CAGD will continue the roll out of the *GoG Staff Card* and operationalize E-Forms in addition to the E-Payslips.

7.10 Building Capacity in Procurement

In the outgoing year, the Public Procurement Authority continued its training programmes aimed at building procurement capacity within the Public Services and the private sector. In all, five hundred and fifty (550) officials were trained in PPA's Revised Training Modules for Procurement Practitioners, Entity Tender Committees (ETCs) and Tender Review Committees, service providers and oversight institutions. The training covered the procurement of goods, works, technical services and consultancy services.

The PPA further in 2018 continued to update the Price Database for common user items which measures average prices across the country to serve as a guide to Entities in their procurement activities especially in the area of value for money analysis. This database serves as a very useful resource to Entities for their budgeting and price analysis purposes.

7.11 Assessment of Procurement Activities of Entities

In the year 2019, the PPA would embark on the assessment of procurement activities of Procurement Entities in compliance with the Public Procurement Act, 2003 (act 663). This assessment has been outstanding since 2016 and therefore the assessment would cover the years 2016, 2017 and 2018. The assessment will employ the Public Procurement Model of Excellence (PPME) Tool and will cover a total of one thousand (1,000) Entities.

7.12 Standard Tender Documents

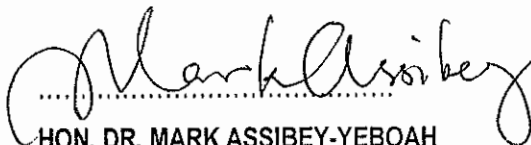
The PPA will in 2019 complete work on the Standard Tender Documents which are currently being reviewed by the Authority. These documents will include Framework Agreements, and Sustainability Criteria for the protection of the environment. The completed Standard Tender Documents would be put on the PPA's website for ease of access by users.

8.0 CONCLUSION

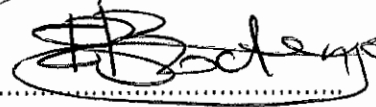
The Committee has critically examined the 2019 Annual Estimates for the Ministry of Finance and found the objectives for which the sums have been allocated to be laudable and achievable.

The Committee, in view of the foregoing, respectfully recommends to the House to adopt this report and approve the sum of ***Five Hundred and Sixty-Three Million, Eight Hundred and Eight thousand, Three hundred and Ninety-One Ghana Cedis (GH¢563,808,391.00)*** for the implementation of the programmes and activities of the Ministry of Finance and its Agencies for the 2019 financial year.

Respectfully Submitted.



HON. DR. MARK ASSIBEY-YEBOAH
(CHAIRMAN, FINANCE COMMITTEE)



MS. EVELYN BREFO-BOATENG
(CLERK, FINANCE COMMITTEE)

3RD DECEMBER, 2018