

IN THE FIRST SESSION OF THE EIGHTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA

REPORT OF THE
FINANCE COMMITTEE

ON THE

GHANA INFRASTRUCTURE INVESTMENT FUND (AMENDMENT)
BILL, 2021

30TH MARCH, 2021

Acc No : 2047 G₂

Class No : BR/GFIF(A)/21.

1.0 INTRODUCTION

The Ghana Infrastructure Investment Fund (Amendment) Bill, 2021 was first presented to Parliament and read the first time on Monday, 29th March, 2021.

Rt. Hon. Speaker referred the Bill to the Finance Committee for consideration and report in accordance with the 1992 Constitution and the Standing Orders of Parliament.

The Committee met with the President's Representative at the Ministry of Finance, Hon. Charles Adu Boahene, the Senior Technical Adviser at the Ministry, Hon. Abena Osei Asare and a team of officials from the Ministry of Finance, the Ghana Revenue Authority (GRA), the Ghana Infrastructure Investment Fund (GIIF) and the Attorney-General's Department.

1.1 Urgency of the Bill

The Committee met and determined that the Bill is of an urgent nature and therefore certifies that it must be taken through all the stages of passage in one day in accordance with Article 106 (13) of the 1992 Constitution and Order 119 of the Standing Orders of Parliament.

2.0 DOCUMENTS REFERRED TO

The Committee referred to the following documents in order to consider the Bill:

1. The 1992 Constitution;
2. The Ghana Infrastructure Investment Fund Act, 2014 (Act 877);
3. The Earmarked Funds Capping and Realignment Act 2017, (Act 947)
4. The Standing Orders of Parliament.

3.0 OBJECT OF THE BILL

The object of the Bill is to amend the Ghana Infrastructure Investment Fund Act, 2014 (Act 877) to provide for additional sources of funds and extend the period of exemption from taxes.

4.0 STRUCTURE OF THE BILL

The Bill contains Three (3) clauses

Clause 1 amends Section 5 of the Act to provide for sources of moneys for the Fund. Clause 2 amends Section 19 of the Act to provide for the Fund to be exempted from the payment of any form of tax for the first ten years of the operations of the Fund. Cause 3 is a consequential amendment which seeks to repeal section 9 of the Earmarked Funds Capping and Realignment Act, 2017 (Act 947)

5.0 OBSERVATIONS

5.1 Rationale for the Bill

The Committee observed that the Fund is a permanent capital investment vehicle initially capitalised at Two Hundred and Fifty Million United States Dollars (US\$250,000,000). The Fund subsequently received Seventy-Five Million United States Dollars (US\$75,000,000) from the Annual Budget Funding Amount (ABFA) under the Petroleum Revenue Management Act, 2011 (Act 815). The last allocation to the Fund amounted to Six Million, Nine Hundred Thousand United States Dollars (US\$6.90 Million) in 2017.

Since 2017, the Fund has been able to invest Three Hundred Million United States Dollars (US\$300,000,000.00) in a portfolio of fourteen (14) infrastructure projects in seven different Sectors covering Airports, Sea Ports, Energy, Information Communication Technology and Hospitality Institutions across the country

Unfortunately, since 2017, Government has not allocated any funding to GIIF. Further, the Earmarked Funds Capping and Realignment Act 2017, (Act 947) has also rearranged the sources of revenue for the Fund by realigning some of the sources. This has cumulatively resulted in the Fund not receiving any funding from Government since 2017.

In view of the additional investments that the Fund has lined up to be undertaken, Government is restoring to the Fund, the revenue from the Annual Budget Funding Amount that was initially earmarked for the Fund as

a source of revenue, prior to the passage of Act 947, to support the Fund to carry out the mandate of the Fund within the local and international environment.

The bill therefore seeks to amend the Act 877 to provide for additional sources of funds for GIFF to enable it to finance its projects.

5.2 Fiscal Impact of the Bill

The Committee was informed that the exemption is estimated to be One Hundred and Sixty-Eight Million Ghana Cedis (GH¢60Million) while the additional revenue sources will amount to approximately Three Hundred and Sixty-One Million Ghana Cedis (GH¢61 Million) for the Fund for the year.

5.3 Projects to be undertaken by GIFF

The Committee observed that GIFF is currently poised to provide investments in the Power Sector, refinancing Independent Power Providers under the Energy Sector Recovery Programme, collaborate in financing for the hospital initiative of the President (Agenda 111), the Accra-Tema Motorway Project, Affordable Housing, Renewable Energy and provide solutions to help address the shortages in university accommodation.

The Committee was informed that the funds to be received from Government would be used as a leverage to secure additional funds to undertake the projects.

5.4 Extension of Tax Exemption

The Committee observed that the bill amends section 19 of Act 877 to exempt the Fund from the payment of any form of tax for Ten (10) years.

It was explained that the Fund under Section 19 of Act 877 was exempted from the payment of any tax for up to Five (5) years to enable the Fund use its savings to support its investment activities. Given the funding challenges and the list of projects to be undertaken, Government is extending the exemption period by additional Ten (10) years to enable the Fund undertake its activities.

6.0 CONCLUSION

After a careful consideration, the Committee is of the view that the Bill is in the right direction as it would help provide the needed funding to enable the Ghana Infrastructure Investment Fund (GIIF) to undertake its projects.

The Committee therefore recommends to the House to adopt its Report and pass the Ghana Infrastructure Investment Fund (Amendment) Bill, 2021 in accordance with the 1992 Constitution and the Standing Orders of the House.

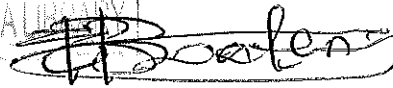
Respectfully submitted.



HON. KWAKU KWARTENG
CHAIRMAN, FINANCE COMMITTEE

30th March, 2021

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EVELYN BREFO-BOATENG
CLERK TO THE COMMITTEE