

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

Report

of the Committee on Foreign Affairs

**ON THE 2016 BUDGET ESTIMATES OF THE
MINISTRY OF FOREIGN AFFAIRS
AND REGIONAL INTEGRATION**

1.0 Introduction

In accordance with Article 179 of the Constitution and Order 140(1) of the Standing Orders of the House, the Minister of Finance, Hon. Seth Emmanuel Terkper presented to Parliament the 2016 Budget Statement and Economic Policy of the Government of Ghana on Wednesday, 18th November 2015.

Pursuant to Order 140(4) of the Standing Orders of the House and Article 103(3) of the Constitution, the Estimates of the Ministry of Foreign Affairs and Regional Integration were referred to the Committee for consideration and report.

The Committee met on Wednesday, 16th December 2015 to consider the Estimates and is grateful to the Chief Director and the technical team who assisted the Committee in its deliberations in the absence of the Hon. Minister who was outside the country on an official assignment. The Committee hereby reports as follows:

1.1 Reference Documents

The Committee made reference to the following documents:

- (i) The 2016 Budget Statement and Economic Policy of the Government of Ghana
- (ii) The 2016 Estimates of the Ministry of Foreign Affairs & Regional Integration

- (iii) The Constitution of the Republic of Ghana
- (iv) The Standing Orders of the House

1.2 Mission of the Ministry

The Ministry of Foreign Affairs and Regional Integration exists to advise the government on the formulation of the Foreign Policy of Ghana and implements its objectives in the most efficient and cost-effective manner.

In pursuance of this Mission, the Ministry has set for itself a vision to establish “a well-resourced Foreign Ministry capable of establishing, developing and sustaining international goodwill, solidarity and support for national development”.

1.3 Agencies under the Ministry

The Ministry relies on the under-listed Agencies in the pursuit of its mission

- The Headquarters
- Fifty-seven (57) Ghana Diplomatic Missions and Consular Posts abroad
- Three Subvented Organisations namely:
 - Legon Centre for International Affairs and Diplomacy (LECIAD)
 - National African Peer Review Mechanism-Governing Council (NAPRM-GC)
 - All Africa Students' Union (AASU)

Pursuant to the mandate of the Ministry, these Agencies have the responsibility of handling specific operational functions including formulating and executing Ghana's

foreign policy in order to achieve the objectives therein; organizing intensive monitoring of activities; undertaking sensitization and dissemination exercises on the African Peer Review Mechanism; training Foreign Service Officers and other public servants in international affairs and diplomacy; and fostering co-operation among African Students and educational institutions.

2.0 The Ministry's Performance in 2015

In pursuing its mandate, the Ministry was allocated a total sum of Two Hundred and Seventy-one Million, Three Hundred and Twenty-four Thousand and Five Hundred and Nine Ghana Cedis (GH¢271,324,509.00) for effective performance for the 2015 Financial Year.

With this allocation, the Ministry was able to undertake the following, despite the challenges it encountered.

2.1 THE MINISTRY'S 2015 ACHIEVEMENTS

2.1.1 Diaspora Affairs

The Ministry successfully organized a three-day Needs Assessment Workshop which was to identify human resource gaps within the newly created Diaspora Affairs Bureau. To obtain reliable data and knowledge about the scale and characteristics of the Ghanaian Diaspora and to assist in effective planning, a Diaspora community Survey was undertaken by Ghana Missions abroad. The

Committee noted that the Ministry had received over One Hundred and Fifty administered survey forms distributed earlier in the year under consideration.

The Ministry hosted a Zambian Foreign Ministry delegation which visited Ghana to understudy the country's engagement with its Diaspora for development and also contracted a consultant to formulate the Diaspora Engagement Policy. In the same vein, the Ministry participated in a conference on Temporary Return of Qualified Migrants (TRQM) and is working on a TRQM project in Ghana.

2.1.2 Good Neighbourliness

The pursuit of peace and security in the sub-region continued to be of a high priority to the Ministry in the conduct of Ghana's foreign policy. To this end, the Ministry participated in the Inaugural Meeting of the International Follow-up and Support Group for the Transition in Burkina Faso. In the area of fostering good neighbourliness, the Ministry continued to be involved in national stakeholder activities geared towards amicable resolution of the Maritime Dispute with Cote d'Ivoire.

The Ministry's attachment of great importance to the policy of Good Neighbourliness was aimed at promoting mutual trust and confidence among West African States to facilitate the search for solutions to the common challenges of the sub-region and to

promote effective engagement between the citizenry of the sub-region for optimal mutual benefit.

2.1.3 International Relations

A number of activities were implemented during the 2015 fiscal year in furtherance of the objective to promote good international relations

These are:

- i. The 2015 Exchange of New Year Greetings between H. E. the President and the Diplomatic Corps as well as facilitating the visits of the President to Germany, Botswana, Ethiopia, Kenya, Togo, Nigeria among others.
- ii. Provision of immunities and privileges for members of the Diplomatic Corps and the dissemination of government programmes and other relevant information.
- iii. Briefing sessions on Social Security benefits of staff of all Diplomatic Missions.

2.1.4 Consular Services

The Committee was informed that the Ministry endeavoured to intensify its efforts in providing consular assistance including repatriation, renunciation of citizenship, dual citizenship, provision of passports and visa processing.

Apart from these, it was reported that Teesside University had offered a 30% reduction in tuition fees as a result of the Consular Officer of the Ghana Mission in the United Kingdom's (UK) engagement with UK Universities.

In addition, engagement with UK visa officials was also a major area of emphasis as the visa requirement had changed due to the Reduced Migration Policy.

Again, in South Africa, the Ghana Mission facilitated the deployment of Police in communities where Xenophobic attacks had been reported and provided security advice to Ghanaians during these periods.

The thrust of the Consular Services was to enhance the welfare of Ghanaian Nationals in other countries.

2.1.5 Developing and Sustaining International Goodwill and Solidarity

In keeping with its objective of developing and sustaining international goodwill, solidarity and support for national development, the Ministry maintained a reasonably high diplomatic presence which yielded significant gains for the country in respect of foreign direct investment, international solidarity and a sustained positive image. The high points of this initiative included the exchange of high profile visits which exchanges culminated in the conclusion of various bilateral arrangements.

Also, in line with this objective, the Ministry signed ten important Memoranda of Understanding (MOUs) that brought great gains to Ghana.

2.1.6 Economic Diplomacy

The Ministry intensified its collaboration with the other MDAs to promote the realization of the national objective of diversifying and expanding the export base of the country by further seeking foreign markets for Ghanaian products and also working to ensure that Ghana benefitted from preferential access to foreign markets and other arrangements which were the direct benefits of bilateral and multilateral trade agreements.

The Ministry again supported the diversification and expansion of the tourism industry for job creation and revenue generation by marketing Ghana abroad as a competitive tourist destination. This was done to also attract foreign direct investment into the hospitality industry.

2.1.7 Multilateral Diplomacy

In much the same way, the Ministry coordinated Ghana's participation in the deliberations of a number of international organizations including the United Nations,

ECOWAS, and the Commonwealth where the Ministry aptly represented Ghana's position on global, regional and sub-regional issues.

2.1.8 Passport Administration

The Committee was informed that the Ministry purchased and installed two printers as a result of the breakdown of the previous printer. The Ministry also indicated that two servers had been ordered to enhance data storage at the passport office.

2.2.0 THE MINISTRY'S 2015 CHALLENGES

Despite the achievements mentioned above, the Ministry had some difficulties that hampered its performance during the 2015 fiscal year. Some of these are discussed below.

2.2.1 FUNDING GAPS

Although a total of GH¢271,324,510.00 was allocated to the Ministry in the 2015 budget, actual release for the execution of the Ministry's activities fell short of the approved amount. The Committee was informed that as at the end of November 2015, 72.8% of this amount had been released. The situation adversely affected almost all facets of the operations of the Ministry; from administration and management to capital expenditure and especially, for the maintenance of assets of the Ministry around the world. Among the laudable projects of the Ministry that were

affected thereby was the Regional Passport Application Centers occasioned by difficulties in acquiring office accommodation for the purpose.

2.2.2 FOREIGN EXCHANGE VOLATILITIES

Currency depreciation continued to be a challenge to the Ministry. Rapid depreciation of the Ghana Cedi affected the expenditure projections of the Ministry's budget. The budget was prepared with an assumption that the exchange rate of the cedi to dollar would average GH¢3.8-USD\$1.0. Nonetheless the Cedi lost value and was trading at GH¢4.00 to USD 1\$ and above for a greater part of the year. The depreciation of the Cedi adversely affected international transactions including the purchase of some goods and services as well as salaries of staff of Missions.

2.2.3 DELAYS IN RELEASES

The release of funds for activities in the budget lagged behind schedule, the Committee was informed. This affected the procurement of Goods and Services and the operation of Missions abroad.

3.0 OUTLOOK FOR 2016

In line with its mission of formulating and implementing Ghana's Foreign Policy in the most efficient and cost effective manner, the Ministry will focus on strengthening relations with neighbours within the medium term. The policy thrust will focus on:

- Collaborating with relevant MDAs to Diversify and Increase exports

- Accelerating economic and social integration with regional and sub-regional states and promoting a rule- based and equitable International Trading System
- Promoting International peace and sustainable development
- Leveraging economic and Technological opportunities for sustainable development
- Optimizing the potential impact of migration for Ghana's development through the rolling out of the diasporan engagement policy in support of the active engagement with the diaspora for national development.
- Rolling out on-line passport application processes, extending the printing and issuing of biometric passports to selected Ghana Missions abroad
- Strengthening Ghana's participation in the Regional Integration processes in ECOWAS and the AU.
- Strengthening bilateral cooperation with various countries through participation in permanent Joint-Commissions for cooperation meetings

3.1. 2016 BUDGETARY ALLOCATION TO THE MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION

In order for the Ministry to execute its mandate for the 2016 Financial Year, an amount of Three Hundred Million, Eight Hundred and Ninety Three Thousand, One Hundred and Eighty Three Ghana Cedis (GH¢300,893,183.00) made up of Two Hundred and Thirty Four Million, Eighty Five Thousand Three Hundred and Forty Ghana Cedis (¢234,085,340.00) from GOG Sources and Sixty-six Million, Eight Hundred and Seven Thousand, Eight Hundred and Forty Three Ghana Cedis (¢66,807,843.00) from IGF Sources has been allocated for the realization of the set objectives of the Ministry.

Below is the breakdown of the allocation. Table 1 and Figure 1 illustrate the composition of the allocations to the Ministry for the year under consideration

Table 1

Budgetary Allocation for Ministry of Foreign Affairs and Regional Integration (in GHC) - 2016

ITEMS	GOG (in GHC)	IGF (in GHC)	Total (in GHC)
WAGES & SALARIES	221,908,595.00		221,908,595.00
GOODS & SERVICES	12,176,745.00	49,093,934.00	61,270,679.00
CAPEX	0	17,713,909.00	17,713,909.00
TOTAL ALLOCATION	234,085,340.00	66,807,843.00	300,893,183.00

Figure 1

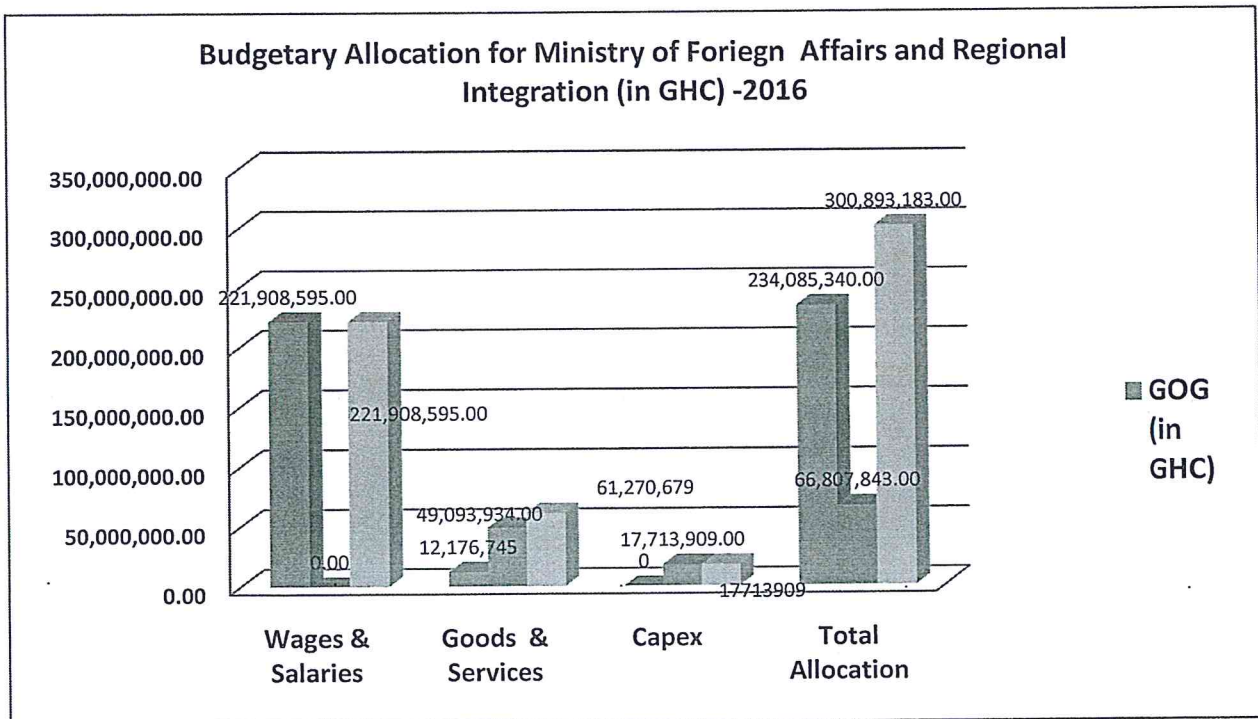


Table 2 and Figure 2 compare the approved GoG ceilings and the Ministry's financial requirements to its expenditure in the 2016 Financial Year

Table 2

Comparison of Requirements & Approved Allocation of Ministry of Foreign and Regional Integration -2016

Items	Budget Requirement (in GHC)			Approved by MOF (in GHC)			Shortfall in GHC)	% Decrease
	GoG	IGF	Total Requirement	GOG	IGF	Total Approved by MOF		
Compensation	274,079,607.01	0	274,079,607.01	221,908,595.00	0.00	221,908,595.00	52,171,012.01	19.0
Goods & Services	76,878,106.00	30,136,737.00	107,014,843.00	12,176,745	49,093,934.00	61,270,679	45,744,164.00	42.7
Assets	14,230,371.00	38,368,233	52,598,604.00	0	17,713,909.00	17713909	34,884,695.00	66.3
Grand Total	365,188,084.01	68504970	433,693,054.01	234,085,340.00	66,807,843.00	300,893,183.00	132,799,871.01	30.6

Figure 2

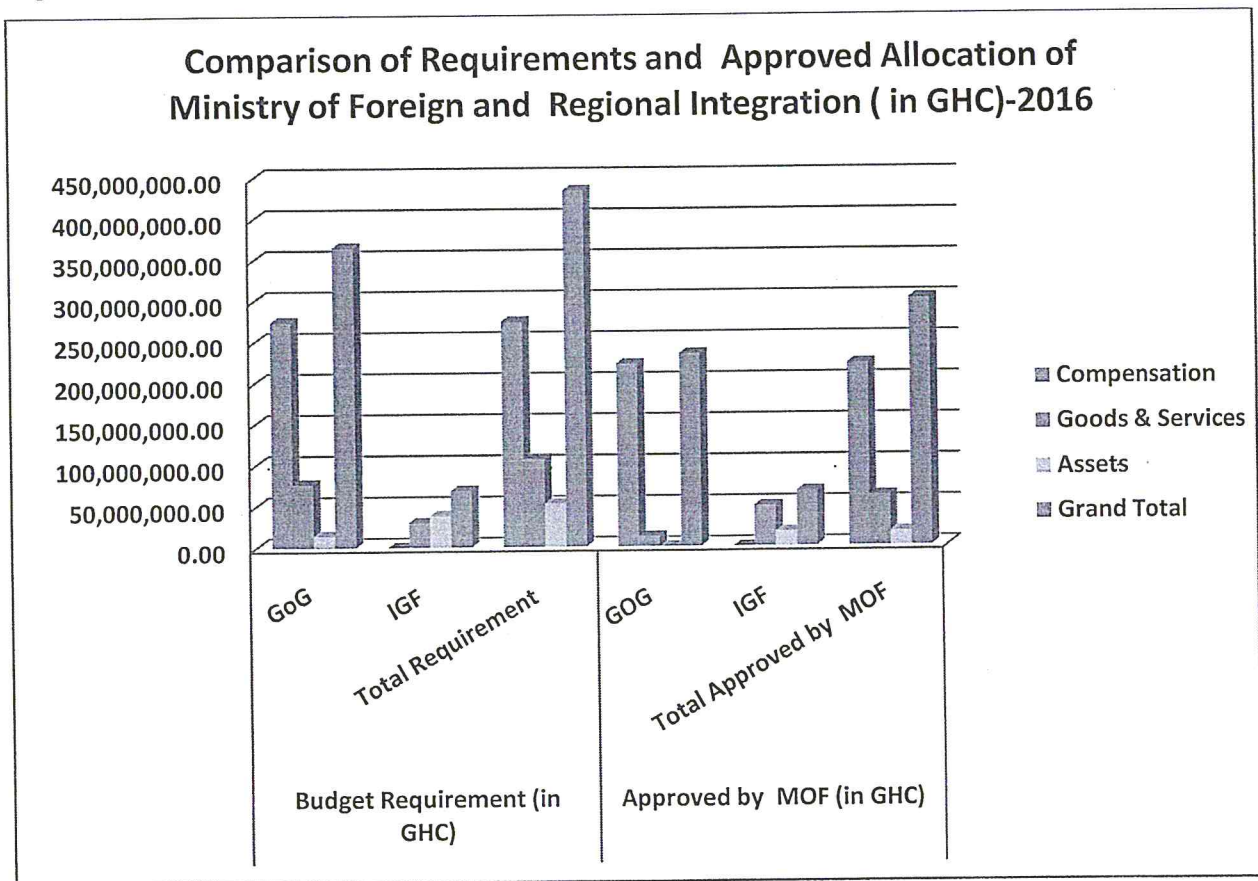


Table 3 and Figure 3 compare the 2015 and 2016 total budgetary allocations to the Ministry while Tables 4 and 5 illustrate the variance in the comparison between the 2015 and 2016 ceilings in respect of GoG and IGF sources respectively

Table 3

COMPARISIM OF THE 2015 AND 2016 BUDGETARY ALLOCATIONS TO THE MINISTRY OF FOREIGNAFFAIRS AND REGIONAL INTEGRATION

ITEMS	2015	2016	VARIANCE	PERCENTAGE DIFFERENCE
Employee compensation	173,343,480.00	221,908,595.00	48,565,115.00	28.02%
Goods and Services	48,605,442.00	61,270,679.00	12,665,237.00	26.06%
Capex	49,373,587.00	17,713,909.00	(31,659,678.00)	(64.12%)
	<u>271,322,509.00</u>	<u>300,893,183.00</u>	<u>29,570,674</u>	10.90%

Figure 3

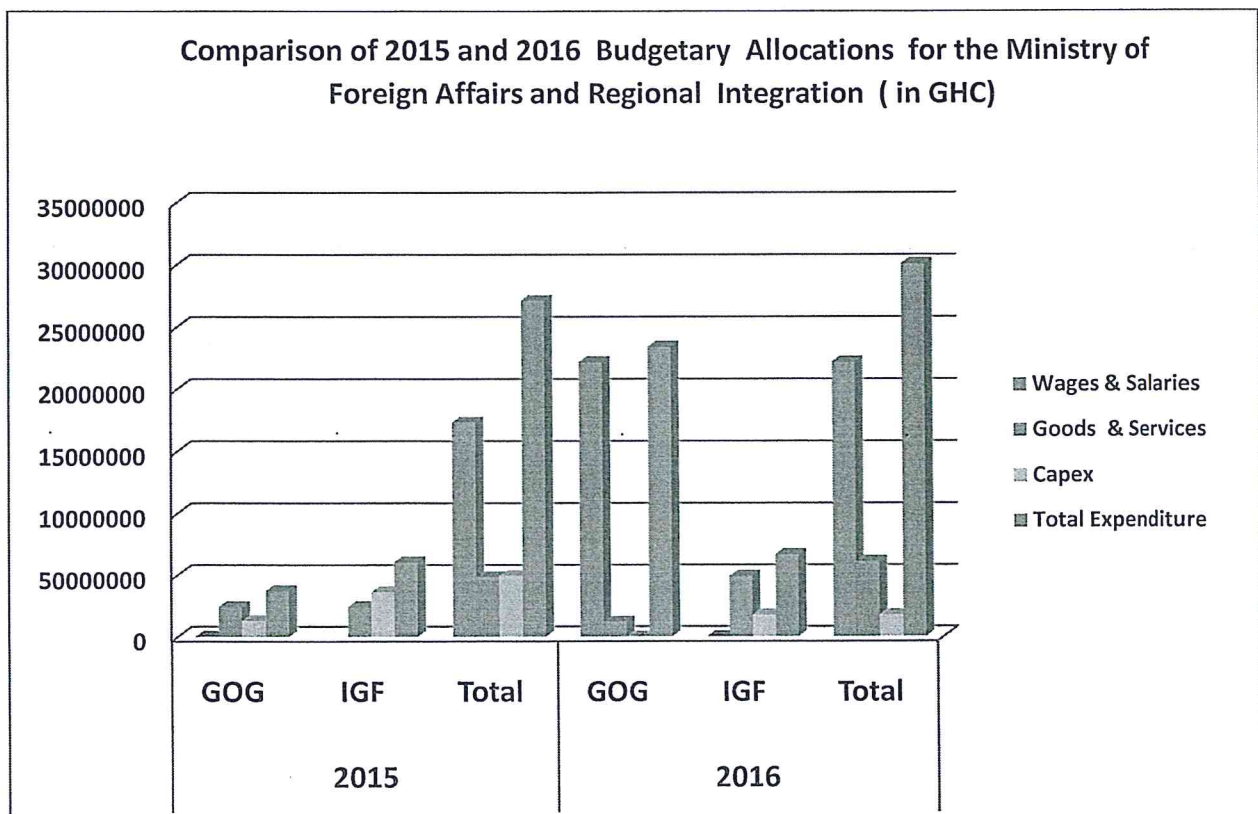


Table 4

COMPARISIM OF THE 2015 AND 2016 GoG ALLOCATIONS TO THE MINISTRY OF FOREIGN AFFAIRS AND REGIONAL COOPERATION

ITEMS	2015	2016	VARIANCE	PERCENTAGE DIFFERENCE
Employee Compensation	173,343,480.00	221,908,595.00	48,565,115.00	28.02%
Goods and Services	24,353,489.00	12,176,745.00	(12,176,744.00)	(50%)
Capex	13,000,000.00	-	(13,000,000.00)	-
	<u>210,696,969.00</u>	<u>234,085,340.00</u>		

Table 5

COMPARISIM OF THE 2015 AND 2016 IGF ALLOCATIONS TO THE MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION

ITEMS	2015	2016	VARIANCE	PERCENTAGE DIFFERENCE
Employee compensation	-	-		
Goods and Services	24,251,953.00	49,093,934.00	24,841,981.00	102%
Capex	49,373,587.00	17,713,909.00	(18,659,678.00)	51.3%
	<u>60,625,540.00</u>	<u>66,807,843.00</u>		

4.0 OBSERVATIONS / RECOMMENDATIONS

4.1 Increase in Budget Ceiling

The Committee noted that the Ministry's budgetary allocation for the year had been increased from the 2015 level of Two Hundred and Seventy-one Million, Three Hundred and Twenty-four Thousand, Five Hundred and Nine Ghana Cedis (GHC 271,324,509.00) to Three Hundred Million, Eight Hundred and Ninety Three Thousand, One Hundred and Eighty-three Ghana Cedis (GH¢300,893,183.00) representing an increase of 10.9%. This can be seen clearly from Table 3.

This notwithstanding, the 2016 allocation is 30% less than that of the Ministry's budgetary requirement of Four Hundred and Thirty-three Million, Seven Hundred and Eighty-three Thousand and Fifty-four Cedis (¢433,783,054.00) as was submitted to the Ministry responsible for Finance. This, the Committee observed would negatively affect the effective realisation of the mandate of the Ministry including the maintenance of most of the dilapidated infrastructures of Missions across the world, the promotion of international peace and sustainable development as well as the, promotion of economic diplomacy, among others.

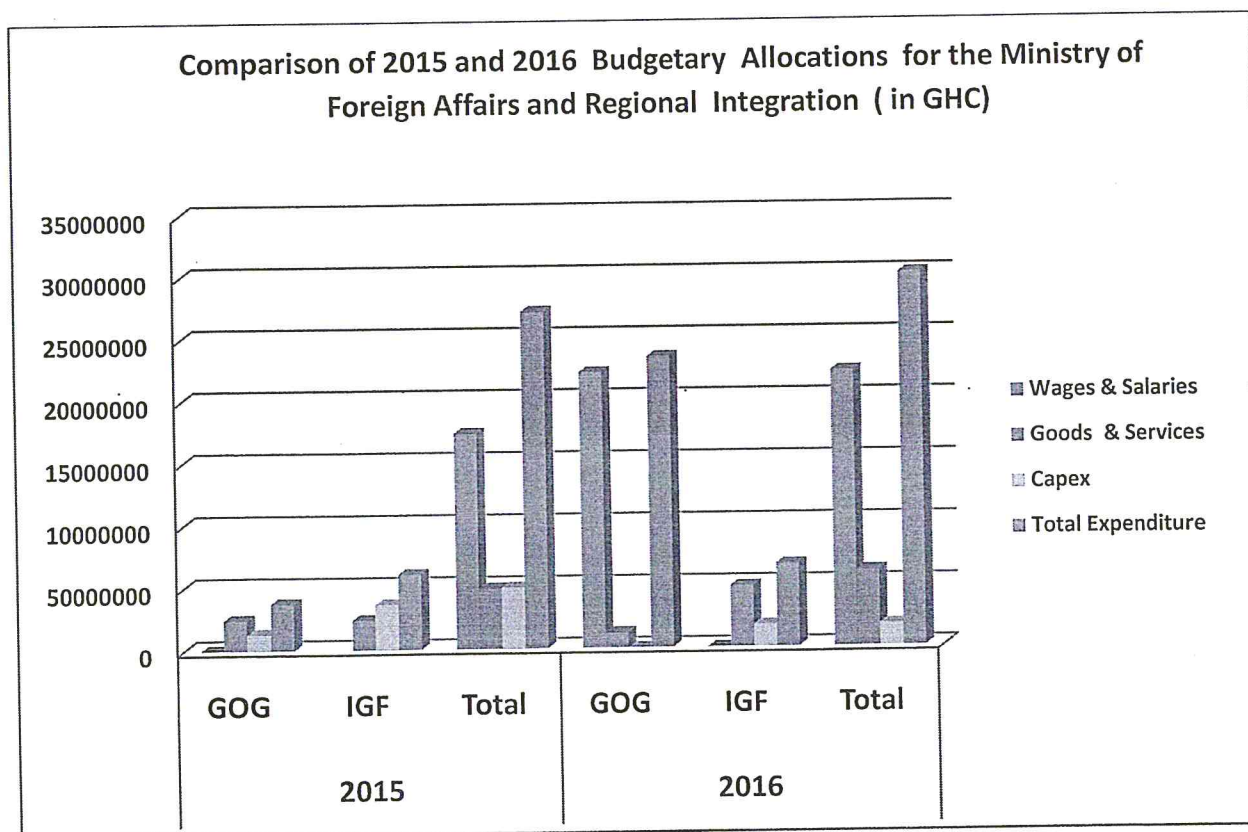
4.2 LOW GoG SUPPORT

The Committee observed that the GoG support to the Ministry had increased from the 2015 levels of Two Hundred and Ten Million, Six Hundred and Ninety-six Thousand, Nine Hundred and Sixty-nine Cedis ((¢210,696,969.00) to Two Hundred and Thirty-four Million, Eighty-five Thousand, Three Hundred and Forty Cedis

(¢234,085,340.00) the bulk of this provision, ¢221,908,595, representing 94% of the entire allocation is earmarked for employee compensation while the remaining ¢12,176,745 is meant for Goods and Services which accounts for just 6% of the allocation.

The Committee observed that while this represents an increase of 28.02% in the entire GoG allocation of the 2015 levels, it signifies a sharp reduction in the GoG support for Goods and Services and Capital Expenditure. A cursory glance at **Table 4** reveals that while the GoG support for Goods was reduced by 50%, it was reduced by 100% in respect of the provision for Capital Expenditure as no GoG allocation was made for the item for the 2016 Financial Year. This is clearly illustrated on Figure 3 below.

Figure 3



The Committee is of the view that even though the Ministry has been granted the total retention of its IGF, it was still necessary to support the Ministry to be able to increase its IGF generation capacity to the extent that it could be able to significantly rely on its own internal sources to finance a greater portion of its programmes and projects.

The Committee recommends that the Ministry of Finance makes due arrangements to release some additional funding to support the work of the Ministry. This, the Committee noted, would enable the Ministry to tackle most of its planned programmes and activities for the period including the planned extension of the Biometric Passport processing to some regions in the country and the extension of the printing and the issuing of these passports to some selected Missions of Ghana abroad.

4.3 Delays in Releases

The committee was informed that releases for goods and services as well as assets often delayed and this affected Missions abroad as the environment abroad often demanded that certain items related to goods and services be available at all times.

This situation has the tendency to negatively affect the image of Ghana on the international front. The Committee recommends the timely release of funds to promote the efficient management of resources and to obviate the resort by the Ministry to hire-purchase practices which were rather costly.

4.4 Foreign Exchange Fluctuations

The Committee noted with concern that as foreign exchange is required to finance some items on the recurrent expenditure section of the Ministry's budget, a flexible exchange regime be adopted to guide disbursements to the Ministry. The current fixed exchange rate regime does not auger well for some aspects of the operations of the Ministry notably payment of emoluments of staff of Missions abroad and the general transfers to Missions to cater for Goods and Services as well as other Capital Expenditure. The Committee observed that foreign exchange rate fluctuations often affected payments to creditors of our Missions and this tended to occasion other costs including payments of legal fees and extended commissions for insufficient payments arising out of the depreciation in the value of the Cedi which, more often than not, characterized the exchange rate fluctuations.

5.0 CONCLUSION

In the light of the foregoing, the Committee hereby urges the House to approve the sum of **Three Hundred Million, Eight Hundred and Ninety-three Thousand, One Hundred and Eighty Three Ghana Cedis (GH¢300,893,183.00)** made up of **Two Hundred and Thirty Four Million, Eighty Five Thousand, Three Hundred and Forty Ghana Cedis (¢234,085,340.00)** from **GoG Sources** and **Sixty-six Million, Eight Hundred and Seven Thousand, Eight Hundred and Forty Three Ghana Cedis (¢66,807,843.00)** from **IGF Sources** respectively to enable the Ministry of

Foreign Affairs and Regional Integration implement its programmes and sub-programmes for the 2016 Financial Year.



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HON. EMMANUEL KWASI BANDUA
CHAIRMAN, COMMITTEE ON FOREIGN AFFAIRS



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RICHARD KWAME ACHEAMPONG
CLERK, COMMITTEE ON FOREIGN AFFAIRS



