

***ASSESSMENT OF
KEY COMMITMENTS
AND POLICY PROPOSITIONS OF THE
NPP GOVERNMENT
ON FISCAL TRANSPARENCY AND
ACCOUNTABILITY MEASURES***

JULY, 2018

1. Introduction

The purpose of this brief is to identify key commitments and policy propositions of the NPP government on fiscal transparency and accountability, assess feasibility and triangulate with the evidence from accountability matters. This brief forms part of an Oxfam funded project undertaken by the Ghana Anti-Corruption Coalition (GACC) dubbed “Citizens Action for Public Accountability and Pro-Poor Spending” and it seeks to create public awareness on these commitments and mobilize citizens to demand greater accountability in the management of public resources.

2. Methodology

By way of methodology, the review used the desktop approach as most of the data were secondary in nature, gathered from official reports, such as the 2016 NPP Manifesto, the 2017 & 2018 State of the Nation Addresses (SoNA) by the President, the 2017 and 2018 Annual Budgets and Economic Policy Statements and other NPP government policy statements related to their performance in office.

Information was also obtained from key offices and institutions responsible for delivering the promises on transparency and fiscal accountability such as Ministry of Finance and the Ghana Audit service although there was no formal administration of a survey or questionnaire.

The review focuses on the promises made, those initiated, fulfilled and/or ongoing within the government’s first one and half years (January 2017 – June 2018) in office. However, the assessment of the feasibility of the propositions also looks at whether or not they are realistic and can be done within their four (4) year-term or not. The findings are presented below.

3. Findings

Below are the main promises of the NPP Government made to improve fiscal transparency and accountability in the management of the economy before they assumed power and since assuming power:

Promise / Feasibility within the four-year tenure / Status of implementation

1. *The passage of a Fiscal Responsibility Law, to bring comprehensive accountability, transparency and stability to the budget process*

1a. *The law will provide for the establishment of a Fiscal Council*

FEASIBLE

No Bill has been brought before Parliament for consideration

1b. *The law will provide for the establishment of a Financial Stability Council*

FEASIBLE

No Bill has been brought before Parliament for consideration

Amend the Public Financial Management Act, 2016 (Act 921) to: **2.**

2a. *Establish a Fiscal Council*

FEASIBLE

No Bill has been brought before Parliament for consideration

2b. *Establishment of a Financial Stability Council.*

FEASIBLE

No Bill has been brought before Parliament for consideration

2c. *Enhance revenue management*

FEASIBLE

ONGOING

In 2017, the GRA collected GH¢32.4bn as against a target of about GH¢ 34bn, representing 97%. Yet, the Authority (GRA) has been tasked to collect about GH¢39bn as taxes for the 2018 fiscal year.

2d. *Ensure effective debt management*

FEASIBLE

ONGOING

The debt to GDP ratio reduced from 73.1% in 2016 to 69.2% in 2017 & to a provisional figure of 64.4% of GDP at end June 2018.

2e. *Strengthen expenditure management*

FEASIBLE

ONGOING

At the Mid-year review of the 2018 Annual Budget, the Minister of Finance stated that fiscal performance for Jan-May 2018 showed that both revenue and expenditure were below their respective targets but the shortfall in revenues (GH¢1.43 billion) was much greater than the shortfall in expenditure (GH¢797 million), leading to a fiscal deficit of 2.6 percent of GDP compared to a target of 2.4 percent.

3. To enforce and operationalise the **PFMA**

3a. *Produce a Fiscal Strategy Document (FSD)*

FEASIBLE

The Minister of Finance during his presentation of the 2018 Annual Budget stated that the 2017 (maiden) Fiscal Strategy Document (FSD) had been prepared and approved by Cabinet

3b. *Sensitize PFM stakeholders on the PFMA*

FEASIBLE

Ongoing

The 2018 Budget Statement reported that an extensive sensitization drive was undertaken in 2017 to educate key PFMA stakeholders on it. Over 3,000 copies of the Act were distributed to public officers.

3c. *Consultations on the PFMA Regulations*

FEASIBLE

Consultations have started but have not yet been brought before Parliament. The Ministry of Finance held a consultation workshop for CSOs on the Regulations on the PFMA in middle 2018 although there were earlier consultations.

3d. *To create a Treasury Management Unit (TMU) at the Ministry of Finance to handle all treasury management and related functions.*

FEASIBLE

There is a Team that meets weekly. Although this team performs functions similar to a TMU, it is not the TMU promised by the NPP government.

3d. *To create a Treasury Single Account (TSA) (Transfer all bank accounts to the BoG) to ensure better management and monitoring).*

FEASIBLE

The TSA emanated from the Public Financial Management Act which was passed in 2016. A Team has been set up to implement the TSA and a lot of progress has been made. The 2018 Annual Budget reported that, in connection with the Treasury Single Account (TSA), the CAGD has already identified a total of 12,891 bank accounts of MDAs/M-MDAs, 5,500 of which were held at BoG whilst the remaining 7,391 were with commercial banks. The Statement added that, as at 31st October, 2017 a total of 5,244 GoG bank accounts with both Bank of Ghana and commercial banks were closed, leaving 7,746 operational accounts. The 2018 Budget reported that the restructuring of Government Accounts at commercial banks and the Bank of Ghana was completed in support of the implementation of the Treasury Single Account (TSA) with the transfer of 4000 GOG Bank accounts at Commercial Banks to BoG. The government further promised to broaden the exercise to cover 90 percent of GOG balances. It is expected to be completed by the end of the 2018.

4. Revenue mobilization

4a. *To shift the focus of economic management from taxation to production by reducing some taxes abolishing others.*

FEASIBLE

Several taxes labelled as nuisance taxes have been abolished. However, the promise to reduce the corporate tax rate from 25% to 20% has not yet been implemented.

4b. *To put in place new measures to make up for the lost revenue as a result of the abolition and reduction of certain taxes*

FEASIBLE

A number of measures such as the Excise Tax Stamp system have been put in place

4c. *To use technology to formalise the economy and mobilise more revenue.*

FEASIBLE

There is a lot going on in this direction such as implementing the Taxpayer Identification Number, the National Identification System, the Digital Address System and introducing the Paperless System at the ports, all aimed at formalizing the economy and mobilizing more revenue.

The promotion of accountability and effective democracy through

Local Governance 5.

5a. *To oversee the election of MMDCEs in two years of coming into office*

FEASIBLE

The election of MMDCEs has been postponed to 2021 instead of the 2018 promised, because the Government has chosen to have the MMDCEs elected on partisan basis instead of the original intent of the popular election without the involvement of political parties.

5b. *To decentralize and equip the Land Valuation Board (LVB) to provide direct technical support on property valuation to MMDAs*

FEASIBLE

According to the MLGRD, the process has commenced with a review of the laws and policies relating to valuation of taxable properties at the MMDA level. This is not yet in the public domain.

5c. *To enact a Local Government Financing Act*

FEASIBLE

There is no Bill pending before Parliament so far. However, according to the MLGRD, a draft Local Government Financial Management Bill has been developed by the Ministries of Local Government and Finance pending Attorney-Generals advice and Cabinet approval before going to Parliament. This information is not yet in the public domain

5d. *To enact the Financial Memorandum for MMDAs.*

FEASIBLE

There is no Bill pending before Parliament. However, according to the MLGRD, it is merging this promise with the proposed Local Government Financial Management Bill.

5e. *To speedily enact the Municipal Finance Bill for MMDAs to access capital markets*

FEASIBLE

According to an official of the MLGRD, this is the same as the proposed Local Government Financial Management Bill anticipated to be developed

5f. *To abolish the existing practice of central government manipulation of the DACF through the procurement process*

Not FEASIBLE

This is not only a failed promise but appears to be reversal of the promise as the government is reported to have issued a circular on the utilization of the DACF contrary to what Parliament has approved. According to the Minority, government has written to the MMDAs to allocate 80 percent of the DACF for its priority projects. The Minority accused the government of reducing the Assemblies' allocation to only GH¢713,385.81 on the average for discretionary spending.

6 ■ To put in place **anti-corruption** measures in order to curb the canker

6a. *(Legislative reforms to tackle corruption)*

6a1. **Establishment of the Office of Special Prosecutor**

FEASIBLE

The OSP Act, 2017 (Act 959) enacted although there are no Regulations to the Act. A Board of Directors was only appointed and inaugurated in July 2018.

6a2. **The Beneficial Ownership Transparency**

FEASIBLE

The Companies Code was amended by the NDC but there are no Regulations to operationalise it. In fact, the RGD has indicated that it has no resources to implement it.

6a3. **To amend the Public Officers (Disqualification and Assets Declaration) Act, 1998 (Act 550) to ensure an effective assets declaration regime**

FEASIBLE

No Bill has been laid before Parliament

6a4. **To enact the Code of Conduct Bill**

FEASIBLE

Bill not yet laid before Parliament

6a5. **To enact the Right to Information Bill**

FEASIBLE

Bill currently before Parliament and has gone through second Reading and currently at the consideration stage.

6a6. **To cap and streamline the use of statutory funds – capping them to 25%.**

FEASIBLE

Earmarked Funds Capping and Realignment Act, 2017 (Act 947).

6a7. **The NPP government will amend the relevant sections of the Criminal Offences Act, 1960 (Act 29) to make corruption a felony**

FEASIBLE

There is no Bill before Parliament to make this amendment

6a8. **The NPP government will reform laws to set time limits within which an appointing authority must fill any vacancy or confirm a person acting in that office where that institution has a watchdog role**

FEASIBLE

No Bill for reforming the laws to allow this to happen has been presented to Parliament. There are also still persons in acting positions

6a9. **The NPP government will introduce legislation to improve prevention, detection, reporting, investigations and prosecution of corruption cases**

FEASIBLE

The OSP law has been enacted to improve the prevention, detection, reporting, investigations and prosecution of corruption cases.

6a10. **The NPP government will bring to an end the prevailing regime of impunity, where people found to have stolen or fraudulently benefited from public funds are merely requested by the Attorney General to refund same on their own terms or are sheltered at the Office of the President**

FEASIBLE

There has not been adequate demonstrated commitment, especially with regards to current government's appointees accused of corruption. However, there are a few cases involving appointees of the previous government before the courts.

6a11. **The NPP government will ensure the implementation of the recommendations of the Auditor General and Public Accounts Committee (PAC) of Parliament**

FEASIBLE

Some Audit Committees have been set up and are operating but the PAC is yet to invite the members of the ACs to appear before them to brief them on progress towards ensuring the implementation of Audit recommendations.

6b. Attitudinal change through public education on anti-corruption

6b1. *Resource NCCE to undertake public education on the negative effects of corruption*

FEASIBLE

From the 2017 and 2018 Annual Budgets, there has not been much of an increase in the resources to the NCCE. The 2016, 2017 and 2018 Annual Budgets allocated 32,552,578.00, 42,951,771 and 48,019,612.00, respectively to the NCCE for its operations. These are absolute amounts and when inflation is taken into consideration, it is clear that the changes are not substantial.

6b2. *To create a website for citizens to report corruption.*

FEASIBLE

The promised website has not yet been created. However, this may not be necessary as there are already websites that the government could take advantage of.

6c. Strengthening the institutions of state that work to curb corruption and ensure accountability

6c1. *Adequately resource state institutions to hold government accountable*

FEASIBLE

The 2016, 2017 and 2018 Annual Budgets allocated 30,523,777, 37,816,402 and 32,565,421 to CHRAJ respectively. The Audit Service was allocated 140,611,756, 186,507,350 and 278,809,664 for 2016, 2017 and 2018 respectively. The budgetary allocations do not show a fulfilment of this promise

6c2. *The Attorney General will be required to report to Parliament annually on the potential liability arising out of claims against the State*

FEASIBLE

This has not yet been done since the government assumed power

7. The NPP government will ensure the strict enforcement of the Public Procurement Act, 2003 (Act 663)

7a. *The NPP government will resource the Auditor General's office to set up a Procurement Audit Unit or a Value for Money Audit Unit for value for money audits with the view to detecting and prosecuting corrupt practices*

FEASIBLE

Value for money audit units have been set up by the GAS procurement and its set to commence audit of government contracts this year

7b. *The NPP will ensure transparency by establishing a transaction price database, which will be periodically reviewed to conform to market trends*

FEASIBLE

The PPA started this even before the NPP came to power and it has continued since.

7c. *Public procurement reforms to minimise sole sourcing and value for money*

FEASIBLE BUT NOT POLITICALLY EXPEDIENT

There are instances of single source procurement although government claims a reduction and some savings

8. The Code of Conduct and Assets Declaration Regime

8a. *The NPP government shall enact, popularize and enforce a comprehensive code of conduct for public officials*

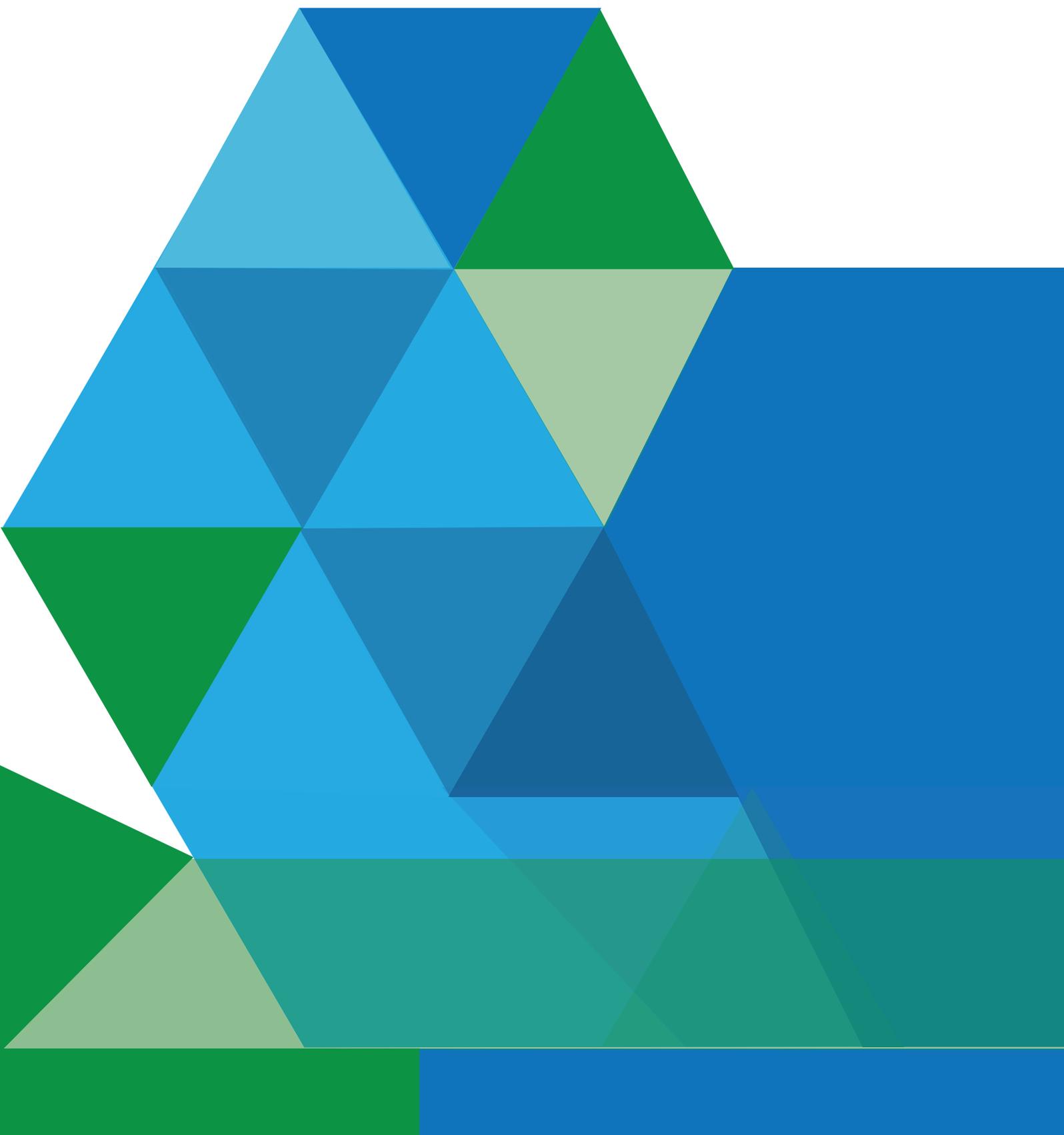
FEASIBLE

There is no Bill before Parliament

Conclusions and the wayforward

In conclusion, the NPP, while in opposition, made several promises in its 2016 Manifesto and on coming into office in January, 2017, the government repeated most of these promises and assured Ghanaians of its commitment to execute them. In general, a number of promises have been delivered while others have either been delivered or not touched at all. The reduction of the corporate (and, by implication, marginal) tax rate from 25% to 20% has been put on hold while the enactment of the Fiscal Responsibility Law, which is supposed to pave the way for the establishment of the Fiscal Council and Financial Stability Council has not yet been brought before Parliament. Also, the election of MMDCEs has been put on hold while the fight against corruption is not satisfactory so far. However, it is clear that some of the promises have been executed, the most prominent ones being the establishment of the Office of Special Prosecutor and the reduction of taxes.

The government has two and half years to end its first term in office and it is important that CSOs monitor the fulfilment of these promises and hold the government accountable to deliver on the them of the promises. This is the purpose of this project and the GACC intends to continue with this exercise for the next two years. It is hoped that the NPP government will accept the Report in good faith and work to honour all its promises as it prepares towards eleaction in 2020. The opportunity is ripe for this as the political parties will soon start campaigning for the 2020 general elections. Politicians must be made to honour the promises they make which make them win power.



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