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EDITORIAL

Revenue enhancement as a catalyst to development is the surest way of achieving the “Ghana Beyond Aid”, that government envisages. Aid in any form does not serve any sovereign nation well as it exposes such a country to covert opprobrium and viewed with some negativity. Going round with a cup in hand asking for aid cannot be a blessing. Given that there is donor fatigue everywhere, little or in some cases nothing is gotten from such enterprises.

The 2018 budget has indicated in no uncertain terms the commitment of Government for a paradigm shift in its policy moving away from taxation to production to help accelerate the country's developmental agenda. It is believed that, this move will help release the energies and capabilities of businesses thereby increase production. All things being equal, tax as a function of production, implies production, more taxes. The article on revenue enhancement as a catalyst for national development looks at the various policies to be put in place to expand the tax net to generate enough revenue to put the country beyond aid.

Performance and financial management is of great importance to the Professional Accountant. Performance & financial management covers the management, process, and behavioural aspects of strategy execution, and managing and monitoring performance. This is important to professional accountants, both as employees or advisers, since many of them are focused on helping their organizations deliver on objectives, goals and targets, and strategies using a range of approaches, tools, and techniques. The writer talks about how the Professional Accountant can deploy various tools, techniques, and systems to help an organization implement its strategies and plans, and support the achievement of organizational objectives.

Issues confronting SMPs are many and diverse, and have lingered on for some time now. The IFAC's recent Survey

have thrown more lights on the challenges SMPs are facing, and have identified how SMPs can transform the challenges into opportunities. The survey identified, attracting new clients as the top global challenge facing SMPs, and is one of the top two challenges for Europe, Africa, the Middle East, and Asia regions. The survey mentioned that a number of marketing strategies can be implemented to acquire new clients but real success comes when multiple strategies are used simultaneously.

The article on local governance focuses on decentralization in the public administration which *involves transfer of power, competences, responsibilities and resources from a higher to a lower level of government leading to an increased autonomy and responsibilities for such sub-national governments*. Central Government transfers power, functions, authority and resources to MMDAs which use the powers and functions to bring *local governance* to the people in particular jurisdictions for improved local democracy. The writer identified three main forms of decentralization; *de-concentration, delegation, and devolution, and noted that Ghana's decentralized local government system is a combination of the three at various levels of governments*. He further mentioned the *subsidiarity principle has played out strongly* to determine the services to be rendered across the various identified levels of governments. This principle will seek to ensure that *for cost effectiveness and efficiency government services must be delivered at the lowest level of government*. This is yet to receive adequate recognition in our development literature, policy and law let alone give practical meaning to it.

These and many more have been presented in this edition for your reading pleasure. Do forward your comments on any of the articles or this edition of the journal to: ofori.henneh@icagh.com or abigail.armah@icagh.com.

IFAC issues report on Corruption: Key Findings, Challenges and Opportunities

Professional accountants play major positive roles in tackling corruption, along with other key actors in the global economy. Professional ethics, education, and oversight at the core of the global accountancy profession are key indicators for the positive role played in tackling corruption. The proportion of professional accountants in the economy to those who have subscribed to robust ethical, educational, and oversight requirements is three times more strongly linked with more favourable scores on international measures of corruption, than for individuals identifying as accountants but who may not have professional qualifications.

Proportion of members of IFAC member organizations in the workforce was used to approximate the proportion of professional accountants in economies. And it was found that there is also a strong correlation ($R^2 = 49\%$) between adoption of the global accountancy profession's ethical, educational, investigation and discipline requirements, and the favourable scores on international measures of corruption.

Based on labour statistics, Cebr estimates that IFAC member organizations represent one-third (almost 3 million people) of the global accountancy ecology with the remaining two-thirds identified by labour statistics as accountants, or who work in a related field (see Nexus 2 for further detail). These are people who may work in a company that does not require professional accountancy qualification, or who work in an accountancy support function.

The Transparency International Corruption Perceptions index highlights this strong relationship of professional accountants in the workforce and the favourable scores on international measures of corruption. According to

the report, the correlation is up to three times stronger in both G-20 countries and countries that have adopted the Financial Action Task Force recommendations, the international anti-money laundering, and combating the financing of terrorism and proliferation standards.

What it means is that more professional accountants are needed to curb corruption.

Source: www.ifac.org

IFAC's Positive Role in Tackling Corruption

For many years, professional bodies have worked alongside government, regulators, law enforcement, and international bodies, and supported IFAC members to combat bribery, corruption, tax-evasion, money laundering, and the financing of international terrorism. Bribery and corruption represent serious threats to economic growth, individual livelihoods, and civil society across the world. Ahead of the Anti-Corruption Summit London 2016, IFAC signed a joint statement deploring corruption alongside professional accountancy organizations and the legal fraternity in the United Kingdom.

At the March 2016 OECD Anti-Bribery Ministerial Meeting, then IFAC President, Olivia Kirtley, highlighted an increasingly complex and interconnected world that requires strong collaboration and commitment from the private, public, and regulatory communities to fight bribery and corruption.

The global accountancy profession has focused its call to action for the 2016 G-20 Leaders' Summit on trust and integrity, urging steps toward stronger governance in business and the public sector, and a cooperative, consistent global regulatory environment.

IFAC in its drive, provides support to facilitate national

and international cooperation that will improve the monitoring and enforcement systems. To IFAC, it deplores corruption and the significant harm it causes. They therefore play vital roles in training, educating, and supporting professions to uphold the highest levels of integrity and ethical standards.

It is trite knowledge that criminals seek to abuse the services provided by our members to launder the proceeds of corruption and we are committed to ensuring the professions we serve are armed with the tools to thwart this abuse. We stand united in the fight against corruption in all its forms and are committed to sharing knowledge, skills and intelligence with our fellow professionals and with all agencies fighting this cause.

Source: www.ifac.org

IFAC Embarks on a Campaign dubbed “Accountability. Now.”

Accountability Now is a campaign for higher standards of public sector information around the world. Its role is to provide a catalyst for change. It challenges governments to recognize the importance of working toward financial reporting that meets international standards.

The campaign includes the following initiatives:

- Building a global coalition by bringing together organizations that support improving transparency and accountability in the public sector.
- Raising awareness by reinforcing the benefits of sound financial reporting to governments unconvinced of the need for change.
- Developing partnerships to effect change by bringing together key actors in the public sector community to take action to improve financial information in the public sector.
- Building capacity at a country level through engagement with local accountancy organizations, helping to develop a pipeline of well-trained professional accountants to work with government organizations in order to bring about the change that is required.

IFAC seeks to convene International Dialogue towards More Effective Regulations, and Restoring Trust in Business and Government Agencies. During 2015 and 2016, IFAC convened two roundtables focused on promoting consistent, high-quality global regulation, to aid global economic growth and more effectively combat global problems, such as corruption. The discussions involved senior executives and experts from regulatory agencies, financial markets, government, academia, listed companies, investment funds, and the accountancy profession.

It is important that individuals and member organisations of IFAC live up to the task and ensure that their integrity is not compromised and ethical values are not compromised.

Source: www.ifac.org

ICAG NEWS TITBITS

ICAG Introduces Authorised Training Employer Scheme (ATE)

Training to be a professional accountant is so much more than passing examinations. The practical, ethical and developmental training that students receive and where they receive this practical experience are both vitally important. ICAG, with support from the International Federation of Accountants (IFAC) and Institute of Chartered Accountants in England and Wales (ICAEW), is making a number of changes to move the ICAG qualification into the top league of accountancy qualifications.

One of the key changes is the introduction of an Authorised Training Employer (ATE) scheme. This will ensure that students have appropriate and high-quality training with an accredited and authorised employer. The proposed scheme is modelled on the much acclaimed ICAEW's scheme and will initially be launched with a pilot scheme in 2018 to be followed by a full roll out in 2019 for any organisation wishing to train students.

How it will work

From January 1st 2018 ICAG will be running a pilot scheme for a small number of employers offering a training contract. Depending on the success of the pilot all training contracts will be issued on this basis from January 1, 2021. From then on, only students registered with ATEs will be able to qualify as members of ICAG.

OBJECTIVE

- To ensure that students coming through to membership have similar skill levels in the workplace;
- To help increase the global recognition of the

qualification by having students accredited for membership within a process that has been approved and monitored over the life cycle of the student.

BENEFITS TO EVERYONE:

- This will help drive up standards by ensuring employers and students know that an ICAG qualified student has had high-quality practical work experience.
- All students will receive training in ethics and also in the other essential soft skills required to become a rounded professional.
- The scheme will assist students to choose the right employer for their practical experience.
- Being an accredited ATE will create an advantage in the employment market (ATE firms will recruit the best talent).
- Students and employers will enter into a training contract laying out exactly what both sides can expect. Employers will know that transfer between employers will only be permitted in exceptional circumstances.
- Students will know that employers will honour agreed ICAG's salary rates and study leave arrangements and general support for their studies.

HOW TO BECOME AN ATE

To become an ATE requires the training firm to:

- Identify a person who will act as the qualified person responsible for training (QPRT).
- Meet the training standards of ICAG such that the training firm:
 - Operates with professionalism and is committed to ICAG training.
 - Provides the student with a suitable training environment.
 - Offers students appropriate supervision and support.
 - Offers students personal and professional development.

- Offers students training in professional ethics.
- Enter into a training agreement with the student.
- Ensure that the required training is provided. The elements of required training are:
 - Practical technical expertise in designated subjects.
 - Professional development over designated skills.
 - Development of an ethical attitude and behaviour and the adoption and exercise of professional scepticism.
- Implement a review process for the student to ensure that students are progressing in their training to an appropriate standard.
- Agree to periodic reviews by ICAG staff in monitoring the training conditions.

TRAINING STANDARDS FOR ATEs

We expect all ATEs to provide students with three training standards.

1. Work experience

This refers to the actual work done over a number of years. We expect the work to increase in depth and complexity over the training period. Work experience is getting the job done.

2. Skills/Professional Development

This is the skill gained through the working experience. (E.g. problem-solving, team-work, communication and developing, IT skills). Skills development is about students gaining the skills to become business advisers and leaders.

3. Ethical Development

This is about the ethical and professional behaviour of the student. It involves the student having a good understanding of IFAC's ethical code. We expect the student to acquire the character of a corporate leader.

TRAINING PROCESS

The development of skills is the key to delivering top quality chartered accountants. ICAG has designed a 7-skills ladder made up of 52 skills.

The focus is on the students demonstrating how they have acquired the 52 skills over the period of training.

ENTRY TO MEMBERSHIP

Under this process, when the QPRT approves the training records at the end of training, a student is accepted into membership.

ICAG Introduces Partners in Learning (PiL) Scheme

High-quality accountancy education and professional qualification tuition are core components of a successful qualification. ICAG has been working with the Institute of Chartered Accountants in England and Wales (ICAEW) to develop this scheme which is derived from their own Partners in Learning (PiL) scheme.

During its development, ICAEW reviewed the current accountancy education and training environment in depth, benchmarking against international best practice and visited a number of tuition providers in Accra. Two major issues are currently being dealt with.

Launch of Partners in Learning Scheme

On 21st November 2017, the Institute formally launched the PiL scheme. All registered PiLs were presented with certificates to fully acknowledge their registration and accreditation. Registered PiLs will be required to renew their registration with the Institute every year. As at the end of January 2018, forty-seven (47) tuition providers across the country had been registered.

The Secretariat will continue in its efforts to identify other tuition providers that it may have missed in the course of the initial launch. The quality of tuition is wide and varied presently, therefore, it will be important to inform students and employers about efforts made to standardize tuition with attendant fruitful results. There is no doubt that an accreditation and eventually grading scheme will make a substantial improvement to the quality of accountancy education in Ghana.

Discussions between the Secretariat, trainers and stakeholder firms have confirmed that there is a real appetite for such a scheme. The Partners in Learning Scheme recognises the shared relationship and mutual interest that we hold in the development of students and the delivery of professional accountancy qualifications

and training programmes. It seeks to ensure that training organisations have access to the Secretariat's resources to enable them deliver effective tuition and consistently promote quality accountancy education. Through effective collaboration and open communication, students will benefit as they embark on their future career in accountancy.

Considering the number of training organisations and their early stages of development, the scheme has been introduced in two parts. First, by instituting a registration regime that commenced on 1st January 2017 to establish a link between the Secretariat and the trainers. Tuition providers were required to complete an application form indicating their subject areas. They were required to confirm compliance to the core principles of the Scheme.

The second stage will be introduced this year, where an element of grading (bronze, silver and gold) will differentiate and categorize the tuition organisations. The Institute hopes to realize a number of benefits from this scheme, that it to help:

- drive up standards by providing transparent information about tuition providers.
- assist students (and employers) to choose the right tuition provider for themselves.
- establish a formal means of communication with tuition providers so that general educational standards can be improved and to assist in the control of all tuition providers.
- assist tuition providers by providing a central information depository about the tuition and facilities available.
- offer a service to students that is provided by a number of foreign competitor bodies.

BENEFITS TO TUITION PROVIDERS

One of the key benefits of the Scheme will be that tuition providers will have easy access to the Secretariat. PiLs will receive the following benefits:

- Library copies of learning materials
- Invitation to ICAG student and trainer events.
- PiL certificate for tuition providers as recognition of their status.
- The opportunity to advertise on the recognised Partners in Learning list on our website
- Access to a dedicated manager at ICAG.
- Access to our student and member magazines and marketing materials.
- Access to a student results list as they are published.

REGISTRATION

General

Tuition providers will be able to register with ICAG for the Partners in Learning Scheme by filling an application form, downloadable from our website or available at our 4 regional offices. The information will be replicated at the webpage Students Services webpage of the Institute's website.

Core Principles

All registered tuition providers are expected to comply with the following core principles:

1. Courses developed will be continually monitored to meet market and stakeholder needs, based on appropriate research.
2. Courses should be realistic and appropriately delivered by experienced and qualified tutors.
3. Courses should comply with Ghanaian laws and regulations.
4. Maintain regular and open communication with the Secretariat and all stakeholders.
5. The PiL must endeavour to ensure that students purchase or have access to copies of the Institute's manuals.
6. Teaching staff should regularly upgrade their expertise by participating in continuing professional education (CPEs), and their development regularly reviewed.

GRADING

In mid-2017, the Secretariat extended the registration scheme into a formal grading scheme which requires PiLs to apply to be graded as either bronze or silver. This came into force in January 2018. As from January 2019 a further category, gold, will be added. All PiLs will be expected to continue to comply with the core principles laid out in the registration documents and on the website. Silver or gold graded PiLs will be based on the quality of the courses offered.

HOW TO APPLY

As an incentive, interested tuition providers are participating in the grading and categorization process for free this year. Registration is available at the www.icagh.com or any of our offices in Accra, Kumasi, Cape Coast or Tamale. These forms can be submitted at Room T13, Accountancy House or by email to, alhassan.trawule@icagh.com or ate@icagh.com.

FEATURES

The Fall Out of the 2018 Budget and the Revenue Implication on the Fiscal Policy (Tax Enhancing Measures) Under Consideration

By: *Dominic Dokbilla Naab MBA, MCITG, MIIAG, MICAG*

The Author discusses the revenue enhancing measures as contained in the 2018 budget statement as part of ICAG post budget discussion at Alisa Hotel Accra. Find below some thoughts to set the tone for further discussion on the budget and its impact on revenue mobilization drive of the country.

Introduction

The 2018 budget is prepared under the theme: “from stabilization to growth: putting Ghana back to work again”. From the theme one can see that there is a nexus between revenue mobilization and the growth envisaged. Growth is a function of revenue (tax and non-tax revenue).

The Government's budget for 2018 provides some form of hope for the business community and Ghanaians in general having made provisions for some tax incentives. Following the heels of the budget was the declaration by His Excellency the President of Ghana when he met the French President –Emmanuel Macron “we want to build a Ghana which is independent, which is self-sufficient and capable of standing on its feet and building its own life, we can do it if we have the correct mindset to do so”. The President met the Custom officials of the Ghana Revenue Authority and repeated his mantra of “Ghana Beyond Aid”. He indicated that his “aim of having a Ghana independent of aid will be possible if the Ghana Revenue Authority collects the needed revenue.”

“Ghana Beyond Aid statement”, profound as it was also resonates very well with people from all walks of life so much so that it has become a favorable quote and a

common mantra references are made to. Aid in any form does not serve any sovereign nation well as it exposes such a country to covert opprobrium and viewed with some negativity. Going round with a cup in hand asking for aid cannot be a blessing. Given that there is donor fatigue everywhere, little or in some cases nothing is gotten from such enterprises.

The 2018 budget has indicated in no uncertain terms the commitment of Government for a paradigm shift in its policy moving away from taxation to production to help accelerate the country's developmental agenda. It is believed that, this move will help release the energies and capabilities of businesses thereby increase production. All things being equal, tax is a function of production, the more the production the more the taxes. With expansion in production through value addition the economy will be accelerated and consequently it will lead to increase in tax revenue.

As part of tax reforms, the policy of government is not to introduce new taxes and or impose high taxes on existing persons but seek to challenge the status quo by widening the tax net through concerted effort by Government and the Ghana Revenue Authority.

The 2018 budget gives a strong indication yet again of the commitment by Government to help improve tax compliance as efficient and effective revenue mobilization remains an important part of the fiscal strategy for 2018.

Programme and infrastructure to improve

revenue collection

As part of efforts to improve revenue mobilization, government intends through the 2018 budget to empower the Ghana Revenue Authority by investing in programmes and infrastructures aimed at helping to widen the tax net. The programmes identified in the budget to help widen the tax net have been highlighted as follows:

- Implementation and roll out of a National Digital Address System
- Acceleration of the national identification programme
- Deployment of fiscal electronic devices to improve VAT declaration
- Special audits among others

It is hoped that the above projects to all intents and purposes, will make location of taxpayers pretty easy for the Ghana Revenue Authority to interact with and collect taxes which in some cases are lost as a result of frequent changes in location with its attendant problems.

The national identification programme to be rolled out next year together with the Taxpayer Identification Number (TIN) being issued by the Ghana Revenue Authority would help the Ghana Revenue Authority be able to track activities of taxpayers and potential taxpayers for revenue and non-revenue purposes.

The compliance challenges with the value added tax records would be a thing of the past when the Government acquires for distributions to value added tax traders the Fiscal Electronic Devices (FED) as pledged. This by and large, will increase record keeping and compliances issues in the VAT administration. This to a large extent, would improve declaration by traders and consequently, badly needed tax revenue.

The special audits that would be conducted as part of surprise checks would promote compliance and also rake in the needed revenue.

Ghana Revenue Authority's Strategy

The Ghana Revenue Authority is mandated to ensure that government's required revenue target is achieved using the tax laws without fear or favour and operating within the remit of the tax provisions.

The Ghana Revenue Authority should as a matter of course put in place a robust system aimed at promoting tax compliance as a catalyst to revenue growth and in line with best practices. This can be operationalized through sustained taxpayer education by the Ghana Revenue Authority, National Commission for Civic Education (NCCE), Information Services Department and other stakeholders with the view to achieving the objectives as captured in its National Tax Campaign launched on November 1, 2017.

The objectives as specified in the National campaign among others are as follows:

- Deeping national conversation on the importance of taxes
- Increasing the awareness of Ghanaians on taxes in their business planning
- Expanding the tax net
- Increasing the revenue flow
- Increasing voluntary compliance

There is clearly a symbiotic relationship between the objectives as communicated by the Ghana Revenue Authority and the attainment of the revenue target.

Policy considerations as highlighted in the budget and implications on Tax Revenue

The budget has identified some policy considerations aimed at helping the Ghana Revenue Authority meet its revenue for the year 2018.

The policy consideration is analyzed below on their impact on revenue mobilization.

POLICIES	BENEFITS/EFFECT
Alternative Dispute Resolution	<ol style="list-style-type: none"> 1. Best approach to resolving tax disputes 2. Cost effective 3. Very appealing as the legal system takes a long time to settle cases 4. It promotes investors' confidence 5. The overall effect of this policy is to ensure voluntary tax compliance and easy resolution of tax disputes

POLICIES	BENEFITS/EFFECT
Voluntary disclosure to eliminate penalties	<ol style="list-style-type: none"> 1. Improve tax compliance 2. Tax Practitioners are going to get busy as taxpayers engage Tax Practitioners to conduct tax health checks on their operations and thereby help taxpayers enjoy a waiver of penalty as contained in the budget when it is passed into law 3. GRA will have time to concentrate on other issues of tax administration as Tax Practitioners assist taxpayers with voluntary disclosure 4. This will certainly encourage voluntary tax compliance 5. The net benefit is full disclosure of tax liability which were hitherto undisclosed.
Review of Transfer Pricing Regulation in respect of the following: <ol style="list-style-type: none"> 1. Base erosion and profit shifting 2. Safe harbor provisions 3. Custom valuation and transfer pricing issue 	<ol style="list-style-type: none"> 4. This review will keep in touch with best practices of Transfer Pricing as recommended by the United Nations /Organization for Economic Cooperation and Development 5. Bring certainty in Transfer Pricing rules 6. Minimize revenue leakages 7. This will create synchronization between direct tax administration and custom administration
High Net Worth Individuals	<ol style="list-style-type: none"> 1. Increase capacity of staff of the Ghana Revenue Authority to be able to tax persons in this category 2. Minimize tax leakages 3. The followers of the high net individuals will be encouraged to pay file and pay taxes appropriately
E-Commerce Transactions	<ol style="list-style-type: none"> 1. Minimize tax leakages in E-commerce transactions by identifying the mechanisms of E-commerce transactions and mapping out strategies to counteract the effect
Tax Incentives for Young Entrepreneurs of not more than thirty five (35) years old	<p>Tax Holiday in the following sectors is proposed: Manufacturing, Farming, ICT, Agro-processing, Energy, Waste Processing, tourism and creative art, Horticulture and Medicinal plants</p> <ol style="list-style-type: none"> 1. Up to 10 Employees 3 years tax holidays 2. Above 10 employees 5 years tax holidays <p>Carry Over of losses</p> <ol style="list-style-type: none"> 1. 5 years carry over of losses <p>Locational Incentive:</p> <ol style="list-style-type: none"> 1. Accra/Tema - 15% 2. Other Regional Capital except the three Northern Regions 12.5% 3. Outside other Regional Capitals 10% 4. The three Northern Regions 5%
Importer/manufacturer of excisable goods	Capital allowance shall be granted on affixing machinery and equipment as follows: <ol style="list-style-type: none"> 1. First year 50% of initial value 2. Second year 50% of the initial value (straight line method) 3. This will also eliminate smuggling which has been a big setback to the efforts of compliant taxpayers

Abolish tax on lotto winnings	1. Improve upon revenue of National Lotteries Authority (NLA) as alternative to tax revenue
Income of approved unit trust scheme or mutual fund is exempt	1. Mutual funds enable many financially excluded individuals to invest in financial markets 2. Provides social protection for many people who can only invest small amounts at a time
Income of an approved Real Estate Investment Trust is exempt	1. Houses will be owned by individuals with reduction in cost following tax exemptions 2. Exemption will also incentivize them to pay dividends to investors which become taxable in the hands of the prospective investors 3. Funds from Insurance companies will be made available as part of arrangements to provide social protection to the insured. This will increase better earnings for investors and other stakeholders, 4. Net worth individuals from home and abroad would have the opportunity to invest in this area that will benefit the ordinary persons as well
Income Tax Threshold	To protect low income earners and ensure fairness in our tax administration
Deployment of Fiscal Electronic Device	This will have a positive impact on VAT compliance, declaration and record keeping and will eventually impact on revenue
Reform of the Transit Regime	1. Modalities will be developed so that payments are made here in Ghana and subsequently transferred to the designated destination (country) when it is confirmed that the transit goods are at their intended designations 2. This will reduce abuse in this regime
Appointment of value added tax withholding Agent	1. Zero rated suppliers apply for refund on their input vat. This is done whether government receives the money or not from the persons who receive payment from Zero Rated Suppliers for onward transmission to Ghana Revenue Authority. 2. The Authority ends up paying refund when in some cases it has not received the amount or there is a delay in the receipt of the taxes from the suppliers of the Zero Rated Supplies 3. Government will appoint agents who shall withhold 7% from the payment of the taxable output value of the standard rated supplies of a registered value added tax trader. 4. Persons who suffer this withholding tax shall be issued a withholding value added tax credit certificate in the form prescribed by the Commissioner-General to the Supplier. 5. This will certainly reduce the cash flow problems of the Zero Rated Suppliers 6. The Government will end up getting the input tax paid by the Zero Rated Persons early to see to the refund of the input tax of the Zero Rated Suppliers as they will have to account for all taxes before their applications for refund can be processed

It is the considered opinion of the writer that if the above policy considerations are carefully and consciously implemented, it will lead to voluntary tax compliance which is sine qua non of modern tax administration.

Conclusion

It is hoped that as Government plans to roll out programmes and infrastructures highlighted in the budget as a support to the Ghana Revenue Authority's

strategy of sustained tax payer education and enforcement measures, the tax revenue for 2018 will be achieved.

For Ghana to have a secured future, it will very much depend on the quantum of revenue Ghana Revenue Authority is able to mobilize through the use of the tax laws fairly.

The Administration of Local Governments and the New Public Financial Management Act, 2016 (Act 921)

Eric Oduro Osae, PhD.

Introduction

The term “decentralization” is both very ambiguous and complex in definition and explanation. Decentralization used in public administration *involves transfer of power, competences, responsibilities and resources from a higher to a lower level of government leading to an increased autonomy and responsibilities for such sub-national governments.*

According to the UN, *decentralization refers to the restructuring or reorganization of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels on the basis of the principle of subsidiarity, leading to an increase in the overall quality and effectiveness of the governance system, while increasing the authority and capacities of sub-national levels (UNDP 1997).*

Decentralisation and Local Governance in Ghana

Ghana's Current Decentralized Local Governance system is thirty(30) years old. This gives us room for review to assess whether national objectives envisaged under chapter 20 of the 1992 Constitution has been attained.

The system designates District Assemblies as the highest political, legislative, budgeting and planning authority at the local level.

Currently, there are 10 Regional Coordinating Councils and 254 MMDAs. Between 1974 and 2018, the number of districts has increased from 58 to 254. The learning curve has been slower than expected, though some marginal progress has been made.

Constitutional Imperatives

Article 35(6d) of the 1992 constitution 'make democracy a reality by decentralizing the administrative and

financial machinery of government to the regions and districts and by affording all possible opportunities to the people to participate in decision- making at every level in national life and in government'

Operationalizing this, Article 240(1) requires 'Ghana shall have a system of local government and administration which shall as far as practicable be decentralized'. Article 240(2a) also requires that functions, powers, responsibilities and resources are at all times transferred to MMDAs.

Prior to the entering into the 4th republic, Ghana had practiced various forms of decentralization between 1988 to 1992.

Decentralization under Various Leaders

Decentralization implementation in Ghana has varied from leader to leader even when the same political party is in government. The nature and form of implementation under various leaders though not violating any constitutional requirement differ in nature and form. For instance

- Under the PNDC Ft. Lt. J.J. Rawlings between 1983-1992 managed the decentralization process in his own way
- The NDC under President Jerry Rawlings between 1993-2000 also implemented decentralization in ways and form they deem fit.
- The NPP under President J.A. Kuffour between 2000-2008 also implemented decentralization in a form that met national standards
- Again, the NDC under President .J.E.A. Mills and President John Dramani Mahama between 2009-2012 also implemented their bit of the decentralization we are witnessing today
- Also the NDC under President J.D. Mahama between 2012-2016 also contributed its quota to the progress we have made in our decentralization agenda and

- Under the NPP, President N.A. Akuffo-Addo from 2016 onwards shaping the decentralization agenda to enable us achieve our national objectives envisaged under chapter 20 of the 1992 constitution.

Local Government, Local Governance and Decentralization

Local Government is different from **Local Governance** and **Decentralization**. Central Government transfers power, functions, authority and resources through **Decentralization**. A **Local Government** called an MMDA receives the transferred powers and functions from the central government. The MMDA uses the powers and functions to bring **local governance** to the people in particular areas of jurisdiction for improved Local Democracy

Nature and Form of Decentralisation

Within the body literature on decentralization, three (3) main forms exist; *de-concentration*, *delegation*, and *devolution* (Bergh, 2004). Ghana's decentralized local government system is a combination of the three (3) at various **levels of governments** as follows:

De-concentration at the regional level, **Devolution** at the district level, and **Delegation** at the sub district level.

The **subsidiarity principle has also played out strongly** to determine the services to be rendered across the various identified levels of governments. However the principle will seek to ensure that *for cost effectiveness and efficiency government services must be delivered at the lowest level of government*. This is yet to receive adequate recognition in our development literature, policy and law let alone give practical meaning to it.

Creation and Establishment of Local Governments in Ghana

In Ghana Local Governments have been categorised into Districts, Municipals and Metropolitan Assemblies (MMDAs) depending on population, level of development and economic viability.

Local Governments are created (declared and assigned a name) by President under an Executive Instrument (E.I) and established by a Legislative Instrument (L.I) as the highest political authority and Administrative Authority in a particular geographical area. Such L.I under the local governance Act 2016, Act 936 provides for:

- Actual name of an MMDA;
- Number of persons each to be elected and those to be appointed;
- Jurisdiction, functions, powers and responsibilities of the MMDA
- The place where the principal offices of the Assembly are to be situated (capital)

Inauguration of the Assembly together with a common seal, logo and others completes the corporate character with perpetual succession.

Nature and Form of MMDAs in Ghana.

The 1992 Constitution provides for a decentralized system of governance in Ghana with (MMDAs) in charge of the metropolises, municipalities and districts into which the country has been demarcated. At the onset of the 4th Republic in 1993, there were 110 MMDAs. The number was increased to 138 in 2003 and to 170 in 2007. In 2012, 46 more Assemblies were established, bringing the total number to 216 and in 2017 additional 38 were established to increase the total to 254.

Characteristics of MMDAs

A **Metropolis** is defined by a minimum population threshold of 250,000 and it is usually a multi-functional growth centre. A **Municipality** has a minimum population threshold of 95,000.

A **District** is required to have a minimum population threshold of 75,000. An important criterion for the creation of a district (including metropolises and municipalities) is that it must be **“economically viable”**, defined to mean that it must have *“the ability to provide the basic infrastructural and other developmental needs from the monetary and other resources in the area”*. This is another area we have to practically operationalize as it has affected the service delivery and operational processes of MMDAs for some time now.

Operationalization of Decentralization

Operationalization of the Decentralization Policy of Ghana has led to the development of a number of policy and legal frameworks which would continue to inform decentralization implementation in Ghana as follows:

- GSGDA II (2014-2017)
- The Local Governance Act 2016, (Act 936)
- New National Decentralization Policy Framework (NDPF) to run from 2015-2019 on 5 thematic areas with an action plan.

The institutions set up to lead the operationalization process to include :

- MLGRD (Policy)

- IMCC (Policy Coordination)
- LGSS (Administrative Decentralization)
- ILGS (Capacity Development and Building of functionaries along all the 5)
- DACF and MoF (FDU,CAGD,GAS,PPA,IAA) Fiscal Decentralization
- NALAG (For sensitization and awareness raising)
- NDPC (Decentralized Planning)
- Other Cross sectorial Institutions(MoH, GES, AGs, MGSoP, MNRLF , EPA etc)

Structure Of The Local Government System

- Regional Coordinating Council
- Four-tier Metropolitan and
- Three-tier Municipal / District Assembly
- Sub Metropolitan District Councils
- Urban/Town/Area/Zonal Councils
- Unit Committees

Membership of Regional Coordinating Council (RCC)

- Regional Minister as chairman and his deputies,
- Presiding Member of each district assembly
- District Chief Executive of each district in the region,
- Two Chiefs (2) who are representatives from the Regional House of Chiefs
- Regional Heads of Decentralized Departments (who are none voting members)
- Regional Coordinating Director as Secretary

Functions of the Regional Coordinating Council

The RCC is created as a de-concentrated unit of the centre to among other things:

- Monitor, co-ordinate and evaluate the performance of the District Assemblies in the region;
- Monitor the use of all monies allocated to the District Assemblies by any agency of the Central Government;
- Review and co-ordinate public service generally in the region;
- Resolve any conflict between a District Assembly and an agency of central Government, public corporation, statutory body, non-governmental organization or individuals;
- Provide security including managing conflicts in the region: chieftaincy, tribal, land, and religious disputes;
- Provide District Assemblies with information

and data necessary to assist them in the formulation of district development plans;

- Co-ordinate the plans and programmes of a MMDAs and harmonize them with national development priorities.
- Responsibility for Second Cycle institutions and Regional Hospitals.

Membership of the Assembly

- The Chief Executive (CE)
- 70 percent elected assembly members
- Not more than 30 percent of the members appointed by the President in consultation with Traditional Authorities and interest groups in the district
- Member(s) of Parliament representing constituencies within the district (non-voting members) MMDA

General Functions of MMDAs

General Functions of all MMDAs provided under Act 936:

- Exercise political and administrative authority.
- Acts as the planning authority -Formulate and execute plans strategies for the overall development of the district.
- Have deliberative, legislative and executive functions.
- Responsible for the overall development of the district.
- Maintenance of security and public safety in the district.
- Provision of municipal services (sanitation, water, etc.)
- Formulation and approval of budget of the district.
- Making of Bye-laws, Levy and collect taxes, rates, fees, etc.
- Promotion of justice by ensuring ready access to the courts in the district.

Additional functions unique to each MMDA are indicated in their establishment L.I.

Funding options for MMDAs in Ghana

LG function= CGT+IGF+BORROWING+ DPS+ CSR+PPPs

- CGT-Central Government transfer
- IGF-Internally Generated Funds
- DPS-Development partner support
- CSR-Corporate Social Responsibility obligations
- Public Private Partnerships

How can we make Local Governments Effective:

- Factor the development and strings attached feature of the CGT to the budgeting process.
- IGF Mobilization is low and irregular a strategy of intensification is critical
- Consider the borrowing threshold and strategize in advance for the required approval but be mindful of judgment debts;
- DPs transfer are irregular and now almost ceasing with the advent of FOAT/DDF

Structure of the District Assembly System in Ghana

- The General Assembly
- The Executive Committee and Sub-Committees
- Coordinating Directorate and Departments of the District Assembly

The General Assembly

- General assembly is the highest decision making body of the district
- The General Assembly is the political and administrative authority in the district
- The Assembly performs deliberative, legislative, and executive functions of the Assembly
- These functions are performed under the leadership of the Presiding Member

Committees of the District Assembly

- Public Relations and Complaints Committee
- Executive Committee (Cabinet) and Sub-committees
- Development Planning Sub-Committee;
- Social Services Sub-Committee;
- Works Sub-Committee;
- Finance and Administration Sub-Committee;
- Justice and Security Sub-Committee, and
- Any other Sub-Committee when necessary

The Audit Committee (AC)-Powers

- It is required by S. 86-88 of the PFM Act 2016, Act 921 makes provision for the Committee.
- It aims at ensuring the implementation of the recommendations made by all audit reports.
- It is a mandatory requirement to complement the internal control system in a Local Government.
- Is expected to have an unrestricted access to all information, documents, personnel and adequate resources in order to fulfil its responsibilities.
- It is expected to receive support from the highest decision making body (General

Assembly), but must be independent of management.

Nature of Audit Committees (AC) in MMDAs

- Their formal Appointment Letters shall be issued by the Principal Account Holder (PAH)
- A Chairperson is elected at the maiden meeting from among the independent members.
- The Audit Committee (AC) may co-opt senior management persons into the Committee.
- Independent members shall serve for not more than 2 years.
- The Internal Audit Agency (IAA) has the power to periodically review the work of the AC and recommend removal or replacement of Committee members where appropriate.
- Centralized Ministries, Departments and Agencies (MDAs) which have Regional and District Offices shall have their Sub-Audit Committee at the Regional and District Levels. They shall however perform delegated duties of the Parent Audit Committee (PAC).

Required Documents for Audit Committees

All new ACs of MMDAs should endeavour to obtain the following documents as part of their working paper files for efficiency:

- The 1992 Constitution
- Local Governance Act, 2016 (Act 936).
- Local Government Financial Memorandum, 2004
- Public Financial Management Act, 2016 (Act 921).
- Financial Administration Regulations (FAR), 2004.
- Medium Term Development Plan of the MMDAs.
- Report on the Work of the Previous ARIC.
- Guidelines for Effective Functioning of Audit Committees (Issued by the Minister for Finance, 2017)
- District Assemblies Common Fund (DACF), District Development Facility (DDF), Urban Development Grant (UDG) and Internally Generated Fund (IGF) Guidelines

Functions of Audit Committees (S. 86)-Roles

Audit Committees have been created by the Public Financial Management Act 2016, (Act 921) to among other things:

- Ensure that the Head of Covered Entity pursues the implementation of any recommendation contained in an internal audit report; Parliament's decision on the Auditor-General's

report; Auditor-General's Management Letter; and the report of an internal monitoring unit in the covered entity concerned particularly, in relation to financial matters raised; and

- prepare an annual statement showing the status of implementation of any recommendation contained in an internal audit report; Parliament's decision on the Auditor-General's report; Auditor-General's Management letter; The Report on Financial Matters raised in an Internal Monitoring Unit of a Covered Entity; and any other related directive of Parliament.

Other Annualised Functions

An annual statement required under subsection (1) (b) of PFM Act 2016 (Act 921) requires that Audit Committees shall in addition to the above:

- indicate the remedial action taken or proposed to be taken to avoid or minimize the recurrence of an undesirable feature in the accounts and operations of a covered entity;
- indicate the period for the completion of the remedial action; and
- be endorsed by the relevant sector Minister and forwarded to the Minister, Parliament, Office of the President and the Auditor-General within 6 months after the end of each financial year.

Authority of the Committee (Part 9.0 of the Guidelines on Audit Committees)

- Unrestricted access to management , employees and all relevant records , books, vouchers and other documents relating to the audit report of the covered entity under discussions
- Obtain professional advice from relevant government organizations, when necessary
- Authorize investigations into any matters within its scope of responsibility
- Resolve any disagreement between management and the internal auditor

Secretariat and Monitoring

- It is the responsibility of the Covered Entity to provide a secretariat to ensure that:
 - Agenda for each meeting is approved by the Chairperson
 - Agenda for supporting papers shall be circulated to members at least one week before the meeting
 - Minutes of the meetings are prepared and approximately maintained
 - Minutes are reviewed by the Chairper-

son and circulated within three (3) weeks after each meeting to each members

- **Monitoring of The Audit Committee's Work:** The IAA has the responsibility of Monitoring the work of the Committees and reporting to the President of the Republic.

The PFM Act and MMDA Management

- In 2003 three new Laws were passed- Financial Administration Act (FAA), Public Procurement Act (PPA) and the Internal Audit Agency Act (IAA).
- With the commencement of the GIFMIS and the adoption of the International Public Sector Accounting Standards (IPSAS) we had to review our public financial management laws.
- Work started on this new PFM Act in 2015 as a follow up from the GIFMIS project and all the other Reforms
- Extensive consultation was done (For MDAs, CSOs and professional bodies etc.)
- Parliament passed the PFM Law in August 2016 and the President assented to it.
- Though the PFM Law 2016 Repealed the FAA 2003, its Financial Administration Act (FAR) of 2004 was saved;
- The FAR, 2004 was therefore saved to run in parallel with the new PFM Law 2016 until a new FAR on the PFM Act is passed. Plans are far advanced for the Ministry of Finance to issue Regulations on the New PFM Act, 2016.

Purpose of the New PFM Act, 2016

- To *regulate the financial management* of the public sector within a macroeconomic and fiscal framework.
- To *define responsibilities of persons entrusted* with the management and control of public funds, assets, liabilities and resources,
- To ensure that *public funds are sustainable and consistent with the level of public debt*;
- To provide for *accounting and audit of public funds and to provide for related matters*

Areas of Application

- The Act is applicable to: a covered entity (defined by section 102 to include:
 - the Executive, Legislature and Judiciary;
 - Constitutional bodies;
 - Ministries, Departments Agencies(MDAs)

- Local Government Authorities;
- The Public Service;
- Autonomous Agencies; and
- Statutory Bodies;
- A public officer responsible for receiving, using, or managing public funds.
- This Act shall be read together with any other enactment relevant to public financial management.
- Where there is a conflict or inconsistency between the provisions of this Act and any other relevant enactment, ***the provisions of this Act shall prevail.***

Functionaries of the District Assembly

- District Chief Executive (DCE)
- Presiding Member (PM)
- Member (s) of Parliament (MP)
- District Coordinating Director (DCD)
- Assembly members both elected and appointed
- Unit Committee members
- Technical/Professional and supporting staff (DPO,DFO,DBO,DIA etc)

How the District Assembly Works

In the performance of its functions, the District Assembly works through Committees. These are statutory committees which the Assembly is required to establish. The Committee System enables the assembly to fully deliberate issues and achieve consensus before they are laid before the general assembly. It gives each assembly member the opportunity to be heard and thereby protects the minority.

The day-to-day work of the Assembly is in the hands of officers, who implement the assembly members' decisions and manage the delivery of services. Senior officers (Heads of Departments) with specialist knowledge in particular subjects also advise assembly members.

Assembly Decision Making Process

Decision-making and consultation are important activities by which district assembly fulfils its purpose of enabling democratic decision-making and promoting the general well-being of communities. Primary responsibility for making decisions rests with the assembly members as a group the Assembly. Assemblies may also delegate some decision-making responsibility, for example to committees, staff, and other authorized persons

Stakeholders in Local Governance in Ghana

Traditional Authorities

- promote progressive traditional values in their communities;
- mobilize community members for the development of the district;
- manage natural resources in the district on behalf of the communities;
- manage and resolve conflicts within the communities;
- sit on various committees as advisors;
- serve as knowledgeable people for consultation on affairs concerning the community;
- release land for development and also resolve land dispute

Civil Society Organizations (CSOs)

- Civil Society Organizations undertake civic responsibility in the district
- Civil Society Organizations initiate social audit processes in the communities to demand accountability from the assembly in the use of resources
- Civil Society Organizations undertake advocacy on behalf of communities and interest groups

Non-Governmental Organizations (NGOs)

- provide resources to the community and the assembly;
- organize the community to undertake projects;
- build capacity of the community and the assembly through training;
- undertake advocacy on behalf of communities and interest groups

The Private Sector

- provide resources to be used for the development of the district;
- live up to their social obligation by paying taxes;
- demand accountability from the district assembly;
- provide basic services to the citizenry and the assembly;
- promote local economic development and employment;
- provide inputs into district planning and budgeting including fee-fixing resolution, and revenue mobilization.

Identified Challenges Of The System

- Political commitment to ensure effective

- decentralization.
- Ineffective coordination of the system
 - Weak inter-sectorial collaboration
 - Differences in the interpretation of decentralization policy by the sectors.
 - Lack of effective logistical support to the structures
 - Election of the DCE as a representative of the electorate is gradually becoming a reality .
 - The non-partisan nature of the Assembly system under a partisan central government system.
 - Inadequate managerial and technical capacity at the district level.
-
- No operationalization on a full scale basis of the Local Government Service.
 - Inadequate budgetary allocations to the Assemblies.
 - Inability of the Assemblies to generate enough funds resources (IGF).
 - Inadequate motivation to Assembly Members, Councillors and Unit Committee Members.
 - Ineffective Sub District Structures.
 - General lack of knowledge and apathy of the

public on LG issues

- i. to support the system
- ii. to demand accountability and good governance.

Conclusion

Ghana's decentralization system put in place in 1988 has created the institutions and structures to facilitate the accelerated development of the country.

It is to promote national democratic process and ensure participation of citizens in governance. Ensure delivery of essential municipal services and effective civil society inputs to develop the process.

After 30 years of implementation, the learning curve has been slower than expected. Partially because Accountants have not been given the space to support the process, This article is making a loud call on policy makers to make good use of ICA members who serve as Finance Officers, Auditors, Budget and Planning officer and even Coordinating Directors and Chief Executives.. By this we see some effectiveness and efficiency in the financial management of local governments for improved development.

The Importance of Performance & Financial Management to a Professional Accountant

What Do We Mean By Performance & Financial Management?

Performance & financial management covers the management, process, and behavioural aspects of strategy execution, and managing and monitoring performance. This is important to professional accountants, both as employees or advisers, since many of them are focused on helping their organizations deliver on objectives, goals and targets, and strategies using a range of approaches, tools, and techniques.

Performance & financial management involves the deployment of various tools, techniques, and systems to help an organization implement its strategies and plans, and support the achievement of organizational objectives. Successfully executing strategy involves various disciplines, areas of capability, including planning and forecasting, funding and resource allocation, revenue and cost management, managing performance against objectives, and improving operational management and utilization of assets.

Performance & financial management also covers the management of an organization's finances, such as cash flow and working capital management, and forecasting and budgeting, as well as ensuring resources are allocated to the most important projects and investments by using analytical approaches to project and investment appraisal.

Effective performance & financial management requires:

- engaging people to determine their information needs;
- implementing processes and systems to collect the right data;
- turning the data into information and insights; and
- presenting it in the best way.

Technological advances in data collection and storage present opportunities for enhancing performance & financial management. These improvements have also

introduced new terms, such as business intelligence, big data, and predictive analytics, to represent the importance of evidence-based decision making that helps organizations succeed. The emergence of cloud computing is enabling organizations, especially small- and medium-sized entities (SMEs), to gain access to and capitalize from performance & financial management applications.

Why Are Performance & Financial Management Important?

Performance & financial management is essential to achieving sustainable success, and is universal to all organizations, regardless of size, type, and location. Strategies and plans need to be informed by quantitative and qualitative insights and a sound understanding of the external competitive environment, including customers, as well as of internal organizational performance.

Executing strategy involves translating strategies into action, allocating resources to the right areas, and measuring results and holding people accountable. Performance & financial management covers all of these core aspects of managing and improving organizational performance. It involves understanding the linkages between intangible—or non-financial—factors and financial outcomes, as well as ensuring that operational activities are carried out effectively and efficiently. Managers need to know that the organization is doing the right things as well as doing them in the best way possible.

Executing strategy is often seen as more important than the formulation of the strategy itself. As Lou Gerstner reflected in '[Who Says Elephants Cant Dance?](#)', getting it done, getting it done right, and getting it done better than the next person can be far more important than dreaming up new visions of the future. Effective strategic and operational decision making hinges on information being relevant, timely, and reliable since it is used to answer key questions, including:

- Are we adapting to meet changing market demands and anticipating future events and trends?
- Are we delivering the results and sustainable value expected by our key stakeholders?
- Are we optimizing productive capacity, resources, and capabilities for a range of anticipated economic conditions? and
- Are resource allocation decisions aligned with strategic direction, goals, and objectives?

Sound financial planning, management, and control provides the basis for an organization achieving its goals and can be the difference between success and failure. Good financial management enables an organization to monitor its daily activities, maintain short-term working capital needs, and effectively manage its resources as well as provides the information it requires to enable it to plan and operate more efficiently.

Global Perspectives on Performance & Financial Management

Since Bob Kaplan and Thomas Johnson's seminal book [Relevance Lost: The Rise and Fall of Management Accounting](#) in 1987, which argued that traditional accounting approaches were overly focused on financial performance and had become outdated for a knowledge-driven economy, various performance & financial management and measurement frameworks and systems have developed and evolved. The balanced scorecard is a widely recognized strategy-management framework that, since its inception by Kaplan and Norton in the early 1990s, has been adopted, modified, and applied by many organizations worldwide. First developed as an enhanced performance measurement system, the balanced scorecard evolved into a holistic system for strategic execution.

Cultural and management philosophies play a part in the design and implementation of these approaches, which are also referred to as management control systems. Approaches to management control in different countries are affected by various factors, including governance, structural, and ideological differences. The various approaches all bring together systems thinking and the interplay between financial and non-financial information (e.g., physical, quality, process, environmental, and social) to provide a comprehensive view of the drivers of performance.

Some countries and companies have developed specific approaches to help ensure managers have the financial

and operational performance information upon which to make decisions, such as the Tableau de Bord in France (Tableau de Bord literally translates to “dashboard”). Skandia, a Scandinavian provider of products for long-term savings and investments, pioneered a model in the 1990s—the Skandia Navigator—to analyze and understand the interplay between intangible assets, such as human, intellectual, relational, and customer capital. Ericsson, a telecommunications company, created its own “cockpit communicator” to understand and operationalize these relationships.

In economies such as Japan and Germany, performance & financial management approaches have been intertwined with operational management based on lean principles and techniques. Lean thinking and management can be supported by performance & financial management and process-improvement approaches, such as Six Sigma—a management tool designed to cut waste and make better, cheaper, or faster products or services.

In India, the Institute of Cost Accountants of India constituted the [Cost Accounting Standards Board](#), which has developed a series of cost accounting standards. These standards provide a structured approach to cost measurement and help achieve consistency in classification, measurement, and assignment of cost to products and services.

In the Islamic World, Sharia law and principles affect how some elements of conventional finance theory are applied. For example, Islamic Finance prohibits interest and interest-based transactions; however, there are ways to estimate the value of a proposed project or investment. [Accounting standards for financial reporting by Islamic financial institutions](#) have been developed to help Islamic financial institutions deal with the accounting conflicts associated with existing accounting standards, such as International Financial Reporting Standards (IFRSs) or local GAAP.

The Role of Accountants and the Accountancy Profession

To manage and deploy resources to deliver organizational objectives is a vital contribution of finance and management professionals, either in their capacity as the employee of, or as an advisor or consultant to, an organization. While performance & financial management is critical regardless of size of organization, the formality, style, and scope of the

approach will differ. SMEs may adopt less formal performance & financial management methods but it is essential they and their advisers understand performance & financial management methods and learn the different techniques to ensure success.

Professional accountants' purview encompasses the application of tools and techniques to improve performance & financial management of organizations. They must have organizational and environmental awareness, and be cognizant and knowledgeable of other disciplines, such as technology, people and project management, and managing, measuring, and linking

financial and non-financial activities and performance.

Technology and automation are also creating more and better information and analysis to support decision making and to help improve performance. Many accountants have moved into broader and more commercial roles where they can use their skillset to combine financial expertise and business understanding to help deliver sustainable organizational success for their employer or client.

Source: www.ifac.org/global-knowledge-gateway

An Overview of the Overall Impact of Technology on Communication



The development of technology has considerably improved our lifestyle. It has made its impact felt on each and every aspect of life, including communication techniques. The development of communication has seen huge progress; from symbols to the latest swanky mobiles! Each century has seen a new addition to the ever-growing list of means of communication. The invention of the telephone by Alexander Graham Bell in the year 1875 was the first technological invention that impacted communication in humans to a massive extent. Other subsequent inventions like that of the Internet, cell phone, etc., further eased and changed the world of communication.

Effects of Technology on Communication

Everything has a positive and negative impact, and the impact of technology on the communication process also comes as a mixed bag. In this article, we will discuss the impact of popular technological elements like emails, telephones, cell phones, etc. Mobiles and the Internet are literally basic necessities these days. A

majority of us would feel something missing in life, if there were no mobiles or Internet (Agree?).

Take the daily routine of a person in this tech-savvy world. The day begins with a "good morning message" on a mobile app and ends with a "goodnight" on the same app. The social networking apps/sites are, like a virtual world! The incessant use of mobiles and the Internet for communication, use modes like online chats, emails, teleconferencing, video conferencing, networking sites, etc., among other tools. Mobiles, emails, and social networking sites are the most popular means of communication among the current generation.



Technology has transformed the once big and far world into a tiny global village. Thanks to technology, we now have the power to communicate with anybody anywhere in the world. The points below summarize these benefits.

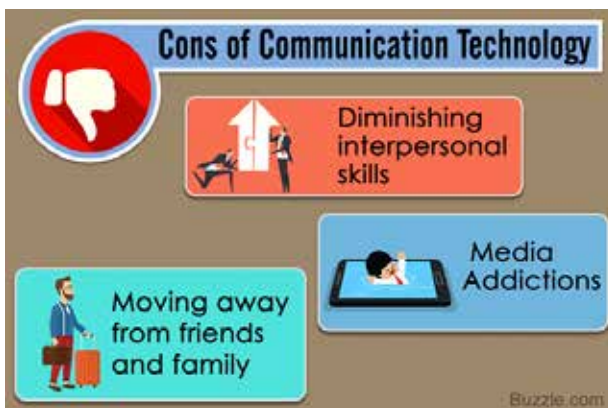
No Communication Barriers

With technology, communication is easy; even in cases when you want to convey something urgently to someone, mobiles and emails come in handy. Technology has made it easy to keep in touch with old contacts, and has strengthened relationships. Finding a date was never so easy, thanks to the dating and chatting websites! Technology is behind the success of long-distance relationships. Video chats and social

networking sites have played a big role in keeping people in touch.

Better Development Solutions

Technology has brought the world closer and promoted exchange of thoughts to find better solutions to any problem. Advancements in the modes of communication have promoted faster decision-making, and led to the development and progress of the world. Most businesses depend on technology for communication. For example, video-conferencing has made it possible to give the best education to students via expert faculty on the web.



The most prominent negative effect of technology - the charm of the good old world is missing. The letters, and lengthy face-to-face conversations have gone away, and have been replaced by texting or chatting.

Negative Impact of Technology on Interpersonal Communication

The current generation lacks essential interpersonal skills (the ability to express the ideas and thoughts to

others, face-to-face). A major reason for this is the increased frequency of communication through texting and chatting on websites. This has an effect on nonverbal communication as well. Technological means have also affected nonverbal communication. Lack of face-to-face interaction has reduced the nonverbal grasping power of individuals.

Technology Weakens Family Relations

Many teenagers are always hooked to the social networking sites. They are closer to online friends, but the gap between parents and kids has increased considerably. Communication is lacking, as parents are not techno-savvy to the communication styles of the kids, increasing the generation gap. Consider socializing among people. Life has changed a lot; very few social meetings and get-togethers are held these days. People are more bothered about their online life, than their real social life.

Unlawful Use and Addiction to Technology

Modern communication technology has led to many problems. People have become addicted to the Internet and cell phones, and this has led to many anxiety disorders. People addicted to the Internet feel lonely and isolated. Many people abuse social networking sites and communicate with unsuspecting victims pretending to be someone else. This tendency has done more harm than good.

As you can see technological communication is a double-edged sword. It all depends on how we use these means; use the technological means of communication for sane purposes, and don't abuse them for malicious motives.

Source:



YOU AND YOUR HEALTH

Foods and their Glycemic Index

The glycemic index of food is a numerical index that categorizes carbohydrates according to their response to the glucose formed in the human body. It scales from 0 to 100, the higher the GI (Glycemic Index), the higher is the blood sugar count. The glycemic index is usually measured by feeding a fixed portion of food to a test subject after an overnight fast and then calculating the blood sugar counts. The GI count is the best method to lower the blood glucose levels as well as the body weight.

Low Glycemic Index



Low glycemic food products are ideal to consume if you're on a weight loss diet. They burn slowly, thus keeping your energy levels steady. More than 80% patients of type 2 diabetes suffer from obesity and high cholesterol levels. Eating low Glycemic food is very helpful for the overall health of a person. It helps a person to control his body weight, increase insulin resistance, lower the risk factors of heart diseases and Polycystic Ovarian Syndrome (PCOS), maintain normal

cholesterol levels, reduce the craving for food, prolong physical endurance, and retain the carbohydrate count after a rigorous exercise. However, it doesn't mean that all high glycemic foods should be avoided, because those who are not suffering from diabetes, may need a rapid increase in their blood sugar levels if the situation demands it. This is the reason many physical trainers advise players to consume high GI food immediately after a tiring workout or any other physical activity.

A low glycemic diet plan is a diet plan that a person needs to follow for a minimum of 28 days, which will help him/her maintain proper blood glucose levels. A low glycemic index diet generally consists of proteins, low glycemic carbohydrates, and omega-3 fatty acids. After following this diet plan for a month, the person can either switch to a balanced diet plan or continue with the same GI diet that consists of low glycemic index foods. Here's a low glycemic food list that one can follow for better results.

Low Glycemic Vegetables

Name	Glycemic Index	Name	Glycemic Index
Onions	10	Cabbages	10
Artichoke	15	Asparagus	15
Broccoli	15	Cauliflower	15
Celery	15	Cucumber	15
Eggplant	15	Green beans	15
Lettuce	15	Peppers	15
Snow Peas	15	Spinach	15
Summer squash	15	Tomatoes	15
Soy beans	15	Zucchini	15
Boiled beans	16	Dried peas	22
Boiled kidney beans	29	Boiled lentils	29
Chickpeas	33	Boiled haricot beans	38
Carrots	39	Black-eyed beans	41
Yam	51	Sweet potato	54

Low Glycemic Fruits List

Name	Glycemic Index	Name	Glycemic Index
Cherries	22	Grapefruit	25
Apricots (dried)	31	Apples	38
Pear	38	Plum	39
Peach	42	Avocados	44
Oranges	44	Grapes	46
Kiwi fruit	53	Bananas	54

Low Glycemic Cereals

Name	Glycemic Index	Name	Glycemic Index
Pearl barley	25	Rye	34
Wheat kernels	41	All bran	42
Parboiled rice	48	Porridge	49
Cracked barley	50		

List of Other Low Glycemic Food Products

Name	Glycemic Index	Name	Glycemic Index
Low fat yogurt	14	Peanuts	15
Chocolate milk	24	Whole milk	27
Soy milk	31	Fat free milk	32
Skimmed milk	32	Fettuccine	32
Vermicelli	35	Canned tomato soup	38
Spaghetti	41	Macaroni	45
Multi grain bread	48	Marmalades and jams	49
Chocolate bar	49	Whole grain bread	50
Low fat ice cream	50	Pound cake	54

Along with the proper ratio of the above-mentioned low glycemic food products, concentrate on a low-carb diet that will help maintain a low glycemic index. Using relatively less amounts of oils and fats, and increasing the consumption of salad dressings, mayonnaise, fresh fruits and green vegetables, cereals and beans, and low fat dairy items is always recommended as part of the low glycemic food list that a dietitian will advise you to follow. Go through a few glycemic diet charts online and see what you can incorporate in your everyday diet before starting it, because as mentioned earlier, you need to understand that sometimes high glycemic foods too

are essential for the body depending upon what the situation demands.

Carbohydrates, proteins and fats, obtained from foods are digested by the body in different ways. Carbohydrates are easily digested than protein and fat. Carbohydrates are converted into glucose during the process of digestion. Glycemic Index (GI) helps us compare the carbohydrates according to quick or slow digestibility. A glycemic index chart illustrates how quickly a carbohydrate is converted into glucose and how quickly the carbohydrate can raise the blood sugar level. The GI number allotted to the carbohydrate helps us know whether the carbohydrate can lead to severe fluctuations in blood sugar levels. Glycemic indexing helps classify the food items into low, medium and high glycemic foods.

High Glycemic Index Foods

Since glycemic index is related to quick or slow conversion of food into glucose, diabetic people should avoid foods with high glycemic index. Such foods can get converted into glucose quickly and therefore can lead to severe or sudden blood sugar level fluctuations. When you eat high GI food, your blood sugar level increases. The body therefore releases more insulin and then the blood sugar level drops. Such sudden fluctuations can prove to be harmful for body systems. Not only diabetics, but also those who are overweight, those who lead a sedentary lifestyle need to avoid high GI foods.

Low GI foods consist of complex carbohydrates which keep you satiated for longer time and maintain an even level of energy throughout the day. Foods with GI 55 and below are low glycemic foods. Medium GI foods are those foods which have GI between 56-69. Foods with GI 70 and above are referred to as high glycemic index foods. High GI foods consist of simple carbohydrates which release glucose at a relatively faster rate and which may therefore offer instant energy. But excessive or prolonged consumption of foods with high glycemic index may affect your health in several ways. It could be a long-term effect and doctors may find it difficult to treat the condition then. Long term effects of high GI foods on health can be obesity, high insulin levels, high triglyceride levels, weak pancreas, liver dysfunction, diabetes, heart diseases, etc. It has been noticed that high GI foods and acne go hand in hand. High GI foods are given to athletes after intensive exercise as they help re-fuel carbohydrate stores. Otherwise, generally it is advised to avoid foods with high GI. High protein low glycemic foods promote healthy weight loss. Here is a list

of high GI foods to avoid.

High Glycemic Foods List



Instant or refined grain food products, sugary soft drinks, breads made from processed grains, sugary products like ice-creams, pancakes, waffles, biscuits, cookies and crackers made from refined flour, chips or mashed potatoes (instant), candies, donuts, sports energy drinks are some examples of high GI foods to avoid. Here follows a list of high GI foods.

Source: www.buzzle.com/articles/high-glycemic-foods.html

Disclaimer: This article is for informative purposes only and does not in any way attempt to replace the advice offered by an expert on the subject.

Review of the 2018 National Budget

By Prof. Peter Quartey

(Head, Dept. of Economics, UG)

INTRODUCTION

Ghana's 2018 budget was prepared under the theme: **“From stabilization to growth: putting Ghana back to work again”**. This entails creating jobs, leading to livelihood improvements, prosperity and equal opportunities for all Ghanaians. This objective is to be driven by investments in **Agriculture and Agribusiness, Strategic Infrastructure, Human Capital and Entrepreneurship and Innovation Programmes**. These proposed investments are underpinned by concepts such as ‘One District One Factory’, ‘One Village One Dam’, ‘\$1 million Dollars per Constituency’ etc. These are very much in line with Global targets such as MDGs and SDGs (SDG 8). Jobless growth has reached an alarming point, especially among the Ghanaian youth. Average unemployment rate for Ghana is **11.9 percent but 25.9 percent for the youth** (15-24), more than two times that of adults.

Budget Highlights – Global Growth

- ❑ Favourable global developments: Commodity prices generally, and particularly oil prices (but not gold or cocoa), have been rising.
- ❑ Global GDP growth in 2017 was projected at 3.5 percent and 3.6 percent in 2018, with positive implications for Ghana's exports and growth.
- ❑ Growth in advanced countries is 2.2 percent in 2017 (1.7 percent in 2016).
- ❑ Emerging markets and developing economies [4.3 percent in 2016; 4.6 percent in 2017 and 4.8 in 2018], with China, India, Brazil and Russia contributing to this favourable forecast (IMF, 2017).

- ❑ Growth momentum in Sub-Saharan Africa (SSA) remains fragile. In 2016, **growth slowed in about two-thirds of the countries in the region** and is estimated to have reached just 1.4 percent.
- ❑ A modest rebound to 2.5 percent expected in 2017 (largely driven by one-off factors in the three largest countries)
- ❑ a recovery in oil production in Nigeria
- ❑ higher public spending ahead of elections in Angola
- ❑ the fading of drought effects in South Africa combined with modest improvements in their terms of trade



Budget Highlights – Continental

In 2016, three (3) Member States of ECOWAS satisfied the criterion for the Ratio of Budget Deficit (including grants) to GDP ($\leq 3\%$) as compared to six (6) in 2015. Public indebtedness, increased in nearly all the Member States in 2016 compared to 2015. That notwithstanding, **eleven (11) Member States met the criterion on Debt-to-GDP ($\leq 70\%$)** in both 2015 and 2016. This excludes Ghana !!!!

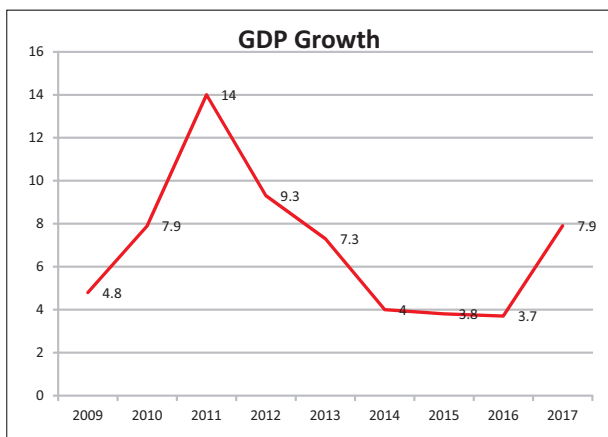
THE REAL SECTOR – GDP Growth

Over the past 10 years, the Ghanaian economy recorded its lowest growth (including oil) in 2016. Growth is strengthening again in 2017 (7.9% including oil and 4.8% non-oil growth). Non-oil growth has declined from 5.0% in 2016 to 4.8% in 2017. The growth performance

for 2017 is highly vulnerable to external shocks (commodity prices) and could not have translated into meaningful job creation. There is the need to transform and grow Agriculture and Manufacturing through

- One District One Factory?
 - One Village One Dam?
 - Planting for Food and Jobs?
- This could only be realised through double digit growth and reduced population growth rate

THE REAL SECTOR – GDP Growth



The figure above illustrates the GDP growth rate from 2010 - 2017

Non-Oil Growth is preferred because that is where we find most people employed, and not the oil sector. The IMF 2016 outturn was 4.0 percent and the projected figure for 2017 is 5.8 percent (IMF-SSA, April 2017). What accounts for this variance?

2017 SECTOR GROWTH

- Agriculture 4.3%
- Industry 17.7%
- Services 4.7%

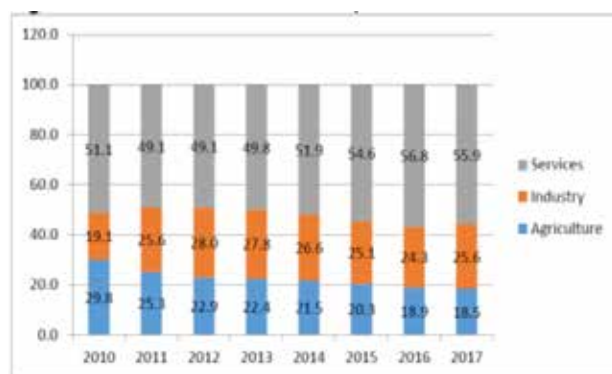
Sector	2015	2016*	2017**
Agriculture	2.8	3	4.3
Industry	-0.3	-0.5	17.7
Services	6.3	5.7	4.7

The figure above illustrates the Economic Growth by Sector from 2015 - 2017

THE REAL SECTOR – Agriculture

The structure of the economy remains largely unchanged with services sector still dominating. There is a lack of transformation from agriculture to industry. We are rather growing the services sector at the expense of high value added production. Agriculture sector expanded by 1.3% points faster in 2017 than it did in 2016 (i.e., from 3.0% to 4.3%). The sector's growth rate is the lowest among the three real sectors. Relative to 2016, fishing is the only subsector for which growth slowed down in 2017

The figure below represents the Real Sector Growth between 2010 and 2017



- There are two flagship policies aimed at boosting agriculture sector performance:
 - the “Planting for Food and Jobs campaign (PFJC)”, and the “One Village One Dam campaign (OVODC)”.
 - **Concerns:**
 - Many of the proposed activities under the initiatives already exist in previous policy statements. There is lack of a clear plan for evaluating the impact of the policy, which is necessary for learning about what works or not and why. MIDA Phase I contracted an independent research think tank to undertake Baseline studies as well as impact evaluation. The main areas of progress are: registration of farmers, recruitment of extension agents and the distribution of seeds and fertilizers to farmers. Does such subsidized hand-outs represent a sustainable medium to long-term approach to transforming agriculture? The policy though laudable should seek to address some of these concerns
- Cocoa continues to be Ghana's most important

agricultural export commodity. Although production increased during the 2016/17 season, productivity remains low. Another policy proposal is the plan to operationalize the pending agriculture commodities exchange and warehouse receipt system. This could address market challenges and also the warehouse receipt system could serve as an instrument for financing production activities for future production cycles.

There is also concerns about high reliance of the agriculture sector on donor funding. Taking the ministry of agriculture alone, for example, after netting out compensation of employees, we note that approximately 24% of expenditures allocated to the sector for 2018 are expected to come from development partners. Can Ghana move 'Beyond Aid'? And when?

THE REAL SECTOR – Industry

Industry is estimated to grow in 2017 by 17.7% which is in sharp contrast to the -0.5% in 2016. This is largely driven by a major turnaround in **petroleum and mining subsectors**, which are estimated to **grow by 69.2 percent and 52.3 percent** respectively by end of 2017. Industry is expected to grow by 9.4% in 2018. Petroleum and mining sub-sectors will still be the major drivers of industry in 2018. Manufacturing and construction will see moderate recovery in 2018 as they did in 2017.

Policy Initiatives

- ❑ **One District, One factory**
 - Launched in August 2017
 - 191 projects have been appraised and selected for implementation.
 - In 2018, government will allocate a minimum of GH¢2 million to each district for the implementation of the 1D1F
 - Very limited information on the selection criteria
 - Its success depends on whether it is independently selected and devoid of partisanship interests
- ❑ **The National Industrial Revitalisation Programme:**

Government is projected to provide a stimulus package consisting of technical and financial support to 80 eligible companies that have already been screened for the support. Unlike 1D1F, no explicit allocation was

provided in the budget for this, raising a critical concern about government's real commitment to start this programme in 2018 or anytime soon.

❑ **Building an Entrepreneurial Nation**

US\$10 million National Entrepreneurship and Innovation Programme (NEIP) was launched in August 2017. This will provide business advisory services to many enterprises as well as provide financial support to 500 of them.

❑ **The Akufo-Addo Program for Economic Transformation (AAPET)**

Among many other initiatives under this programme is a commitment to **abolish duties on some agricultural produce processing equipment and machinery**. This is laudable effort on its own and would also synergise the 1D1F programme if the majority of the enterprises are in agro processing sector.

❑ **Electricity Tariff Reforms**

A recommendation to reduce electricity tariff by 11-21 percent for different categories of consumers including businesses has been made. Laudable but the government could have shown more commitment by reducing some of the taxes on electricity. Usual issue of targeting – How do we ensure that poor households get most of the benefits?

❑ **Providing requisite financial market**

- Launch of a National Development Bank
- Restructuring of the Ghana Infrastructure Investment Fund (GIIF)
- Enhancing the capacity of Ghana Exim Bank
- NIB and ADB to merge?
- Universal banking License or focus on Agric and manufacturing?
- Will interest of SMEs be served outside the formal traditional credit appraisal system?
- ❑ Unlike the 2017 budget, the 2018 was silent on any programme to promote made-in Ghana goods.
- ❑ Using tariff and nontariff protectionist methods to shore up the competitiveness of local industries on the Ghanaian market
- **What about the influx of cheap imported goods on the local markets?**
- **The textile industry is under siege**
- **The issue of foreigners trading cheap imported goods on the local market?**

THE REAL SECTOR – Services

The sector grew by 4.7 percent in 2017, well below its

projected growth rate of 7.7 percent and lower than its performance of 5.7 percent in 2016. The services sector remains the largest contributor to GDP, accounting for approximately **55.9 percent**, a marginal decline from its GDP share of **56.8 percent** in 2016.

Key Outcomes in 2017

- Reforming and strengthening the education system - implementation of the free SHS and investment for Technical, Vocational and Agricultural Education and Training
- Roll-out of free SHS to ensure equal opportunities for all and enhancement of human capital for the country;
- Restoration of teachers and nurses training allowances (43,570 trainees)
- Reviewing and strengthening the National Health Insurance Scheme (NHIS), LEAP, School Feeding and other social intervention programmes
- **What about trainee allowances of those in Agricultural colleges to ensure that the Planting for Food and Jobs initiative succeeds?**

Education

To fulfil the government's mandate of free secondary education, the government paid fees of 353,053 for first year Senior High School pupils in the September 2017/18 academic year. Government supplied the full complement of core textbooks, supplementary readers and core English Literature books to all first year students. Government also released subsidy for continuing students in Senior High Schools. Government also absorbed 100% of registration fees for BECE to ensure that all basic school students sit and justify their entry into SHS.

The financial burden for free SHS can be enormous in ensuing years, as new cohorts join the stream and the added pressures on infrastructure increase. Issues on sustainability, have been raised but it is commendable to notice the preparations for other sources of funding, such as the proposed Educational Fund which is earmarked for implementation in 2018.

Health

Ghana's performance with regards to the achievement of key health indicators has been mixed. There are gaps in access to health care caused by inadequate and unequal distribution of health infrastructure and personnel. Key steps undertaken in 2017, included the recruitment of 15,667 staff, comprising 11,573 nurses, 247 doctors,

1,883 support staff, 938 allied health staff and 14 physician assistants. Government paid GH¢600 million out of the total government indebtedness to the National Health Insurance Scheme (NHIS) and is reviewing the recommendations of the NHIS Review report undertaken in 2016.

Currently, child mortality constitutes a major public health concern in Ghana. Ghana has made significant progress towards reducing child mortality. However institutional infant mortality per 1,000 live births increased from 5.8 to 7.5 from June 2016 to June 2017. The drivers could be many but chief among them are the challenges with the procurement of vaccines, resulting in lower than targeted immunization coverage in the first half of 2017.

Water, sanitation, and hygiene do impact maternal and new-born health (MNH). There is the need for a stronger integration of environmental and health sector goals. Significant progress has been made on extending access to water through the Community Water and Sanitation Agency, but less progress on sanitation. In 2018, the Ministry will provide 200,000 household with toilets and 20,000 institutional latrines to selected communities under the '**Toilet for All**' agenda in a bid to meet the **SDG on ending open defecation**. With the passage of the Law to establish the **Zongo Development Fund**, we expect that sanitation issues within inner cities and other communities would be resolved



Other Social Issues

- Gaming and Betting Legislation*
- Alcohol consumption and modes of advertisement
- Internet Fraud
- Regulating Irregular Migration
- Unorthodox Investment Companies eg. Crypto Currency etc

A **cryptocurrency** (or **crypto currency**) is a digital asset designed to work as a medium of exchange. The popularity of and demand for online currencies has increased since the inception of bitcoin in 2009. Such an unregulated person to person global economy that crypto currencies offer may become a threat to society. May become tools for anonymous web criminals.

FISCAL DEVELOPMENT



- ❑ Core objective of 2017 budget: achieving macro stability through:
 - fiscal discipline
 - fiscal transparency
 - fiscal accountability and fiscal clarity

The overall fiscal target was a primary surplus of 0.4% of GDP and an overall deficit of 6.5% (revised downward to 6.3% of GDP). The overall deficit on cash basis was 4.6 percent of GDP against a target of 4.8 percent while the primary balance moved into surplus - marginally lower than targeted. Fiscal deficit was financed mainly from domestic sources. Included a draw down in government deposits with the Bank of Ghana. Over-reliance on external finance has serious implications for the local currency for example, potential capital flight issues. Total Revenue and Grants for the period amounted to **GH¢28,429.2 million** (14.1% of GDP) compared to a target of GH¢31,346.4 million (15.5% of GDP). This represents an annual growth of 16.2 percent compared to 4.1 percent during the same period in 2016. Delays in implementation of tax compliance and administrative measures, together with slow real GDP growth in the non-oil sectors of the economy (Services sector), mainly accounts for the shortfalls in revenue performance. **International trade taxes and company taxes were the major areas of deviation from targets.**

Hopefully, ongoing special audits and compliance measures will materialize. **Positive signs of enforcing compliance and should be commended but efforts should also be directed towards the informal sector**

GRA should be careful not to kill the goose that lays the golden egg through excessive aggression

Does Paperless system reduce the degree of discretion in tax assessment?

Total Expenditure, including the clearance of arrears amounted to GH¢37,705.0 million (18.7% of GDP) compared to the target of GH¢41,036.2 million, 8.1 percent below target. Interest Payments through September of 2017, amounted to GH¢9,710.3 million (5.5% lower than the period target). The wage bill amounted to GH¢10,696.7 million constituting about 48 percent of Tax Revenues, marginally higher than the target of GH¢10,520.4 million.

Wages and related arrears carried over from last year.

A greater proportion of revenue were spent on wages and salaries, interest payments and statutory payments leaving little for development expenditure. There was a major decline in capital expenditure from the 2017 target by about 21% which has implications for growth, especially if this has direct links with the productive sectors.

2018 fiscal Projections

The government in 2018 seeks to further strengthen macro stability. A deficit target of 4.5% of GDP and a primary surplus target of 1.6% of GDP. These targets are set based on the assumption that: tax revenue will increase by about 25% relative to the 2017 provisional levels whilst expenditure will increase by about 19% in 2018. Also it is anticipated that capital spending will increase by about 50% relative to the 2017 provisional levels. Is Government too optimistic about these numbers?

2018 Fiscal Projections

The revenue performance must be good and targets met. Should revenue targets be missed, the government may again be forced to sacrifice capital spending and consequently medium term growth. It is important that government remains disciplined with respect to its spending. Immediate, post-election year is usually one that successive governments have done well fiscally but not thereafter. Fiscal discipline is necessary to ensure

that the macroeconomic gains made in 2017 can be further consolidated.

MONETARY DEVELOPMENT

Monetary policy in 2017 focused mainly on re-anchoring inflation expectations and directing inflation towards the medium term target of 8 ± 2 percent. The outcome for the year showed some marginal gains though below expectations: The year recorded a downward trend in inflation from 15.4% by end December 2016 to 11.6% in October 2017 but this was higher than the medium term target of 8 ± 2 percent



Credit to the private sector expanded by 4.2% in September 2017 compared to 3.6% growth recorded in the same period last year in the midst of the rising non-performing loans. There were some marginal improvements in the share of credit to Agriculture and manufacturing, two major labour-intensive sectors of the economy. The share of Domestic Money Bank credit to Agriculture increased from 3.7% in December 2016 to 3.9% in September 2017 while the share of DMB credit to manufacturing also increased from 7.7% to 8.5% over the same period. These developments if sustained and coupled with other policy initiatives can stimulate the growth of the private sector to create jobs. The Monetary Policy Rate declined to 21% during 2017 while the money market rates (Treasury Bill rates) also declined. The 91-day TB rate declined by 3.6 percentage points. Average lending rates on the interbank market declined from 28.97% in September 2017 from 31.68% in December 2016. The relative stability in the exchange rate coupled with downward inflation trends and the marginal decline in the lending rate is likely to translate into improvements in the cost of doing business and can stimulate the private sector. The macroeconomic target for 2018 aims to restore and sustain macroeconomic stability. Also consistent with the medium term development policy framework, the specific target for 2018 is an inflation rate of 8.9%. This if achieved will make Ghana improve on the number of ECOWAS

convergence criteria indicators the country has met. It will be recalled; that Ghana and Gambia recorded the lowest number of indicators (2) met in 2016 compared to its counterparts who met 4-6 indicators in 2016.

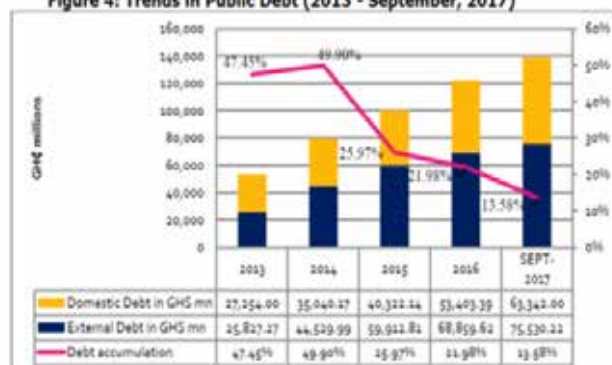
PUBLIC DEBT



Government debt now stands at some 138.87 billion Ghana cedis, or 68.27% of GDP at the end of September 2017, down from **73.1%** at the end of 2016. This means that by September 2017, every Ghanaian citizen was indebted to Ghana's creditors to the tune of about GHC 5,100 (About \$1108). If we factor in ESLA Bonds (¢ 4783.97 million) as requested by IMF, total debt will amount to GH¢ 143.654 billion) and Debt GDP will be about 73.6%. The total debt stock (138.87 billion Ghana cedis) represented over 330 percent of total revenue and over 430 percent of tax revenue. Interest payments on the public debt stood at some 9.7 billion Ghana cedis and is projected to rise to nearly 15 billion Ghana cedis by close of 2018, representing one of the fastest-growing items of expenditure in the budget. The zeal to resort to external borrowing poses a macroeconomic risk.

As the debt burden continues to escalate, continuing currency depreciation could lead to a rapid increase in the value of foreign-currency denominated debt. Interest payments increase beyond sustainable levels

Figure 4: Trends in Public Debt (2013 - September, 2017)



DEBT SUSTAINABILITY AND HIPC THRESHOLDS

Ghana's debt service to exports ratio is above the eHIPC Thresholds (15-20%) and close to 2001 (HIPC Levels). Debt Service to Revenue ratio is above eHIPC Thresholds and about half of 2001 level (HIPC Level)

Year	Debt Service Exports	Debt Service Revenue
2001	24.3	60.5
2002	24.6	33.2
2003	23.0	24.9
2004	17.2	28.4
2005	15.9	24.4
2006	13.3	24.6
2007	13.4	20.8
2008	15.6	23.9
2009	13.8	23.9
2010	9.7	17.1
2011	7.6	15.9
2012	7.2	14.2
2013	13.9	22.7
2014	17.6	31.7
2015	15.4	32.8
2016	23.2	29.7

Debt Re-profiling: Government in April 2017 issued a new 15-year bond, together with a second 7-year bond. The proceeds, was largely used to re-profile maturing 91-Day and 182-Day Treasury bills. This will free government from the usual pressure when these instruments are about to mature. Raising more domestic revenue and getting value from our resources is certainly the way to go



CONCLUSIONS AND POLICY LESSONS

Favourable global outlook for 2017 and 2018 with some positive implications for Ghana. The estimated 7.9 percent growth in 2017 though commendable, has been driven mainly by increased production and booming prices of Ghana's main commodity exports. As such the sources of growth in Ghana remains highly vulnerable to external shocks. The less than desired growth in the non-oil sector is a source of concern. There is high unemployment rate and therefore growth should be targeted at the non-oil sectors that generate the most jobs. The “one district one factory policy”, the “one village one dam” policy together with the “planting for food and agricultural” program if well-planned and implemented will boost the agricultural sector, serving as backward linkage to the manufacturing sector. Government Policy Initiatives on Agriculture and Industry is laudable but should be devoid of the usual partisanship influences in order to be successful. In the area of services, the Financial sustainability of the ‘Free SHS’ programme is very critical. Also, 2018 should witness better and well integrated placement system to avoid the chaos witnessed in 2017. Better health systems is key and well integrated into a value for money sanitation programme. The revenue and expenditure targets are very ambitious. GRA should continue to cautiously pursue its revenue mobilization drive.

Need to reduce the proportion of revenue spent on wages and salaries by removing Ghost names as well as reducing interest payments. The Central Bank should continue to pursue inflation, interest rate and exchange rate policies that will promote private sector activities. Also regulate unorthodox financial investment institutions such as crypto currencies. National Investment Bank – laudable but merging ADB and NIB should be accompanied by policies that will change their mode of operations in favour of SMES. Universal license? Debt sustainability remains a major concern and steps should be taken to reduce it now that we speaking about ‘Ghana Beyond Aid’.

QUOTES

"The greatness of a man is not in how much wealth he acquires, but in his integrity and his ability to affect those around him positively"

(Bob Marley)

"Attitude is a choice. Happiness is a choice. Optimism is a choice. Kindness is a choice. Giving is a choice. Respect is a choice. Whatever choice you make makes you. Choose wisely."

(Roy T. Bennett, *The Light in the Heart*)

"A positive attitude causes a chain reaction of positive thoughts, events, and outcomes. It is a catalyst, and it sparks extraordinary results."

(Wade Boggs)

"Virtually nothing is impossible in this world if you just put your mind to it and maintain a positive attitude."

(Lou Holtz)

"Keep your face to the sunshine and you cannot see a shadow."

(Helen Keller)

