



Note by Veritas: This report was presented to the National Assembly by the Committee Chairperson on Tuesday 8th March 2022. It was adopted by the National Assembly after debate.

**REPORT ON THE BENCHMARKING VISITS BY THE
PORTFOLIO COMMITTEE ON BUDGET FINANCE AND
ECONOMIC DEVELOPMENT TO THE PARLIAMENTS OF
RWANDA 17TH – 22ND OCTOBER 2021 AND GHANA 13TH
TO 17TH NOVEMBER 2021**

*Presented by the Committee Chairperson,
Hon. Dr. M. Nyashanu*

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ORDER OF APPOINTMENT

STANDING ORDER NO. 17

- At the commencement of every Session, there must be as many Committees to be designated according to government portfolios as the Committee on Standing Rules and Orders may deem fit.
- Each Select Committee must be known by the portfolio determined for it by the Committee on Standing Rules and Orders.

TERMS OF REFERENCE

STANDING ORDER NO. 20

Subject to these Standing Orders, Portfolio Committees must-

- Examine expenditure administration and policy of government departments and other matters falling under their jurisdictions as Parliament may, by resolution determine;
- Consider and deal with all Bills other than the Constitutional Bill and Statutory Instruments or other matters which are referred to them by or under a resolution of the House or by the Speaker;
- Consider or deal with an Appropriation of Money Bill or any aspect of an Appropriation or Money Bill referred to them by these Standing Orders or by resolution of the House;
- monitor, investigate, enquire into and make recommendations relating to any aspect of the legislative programme, budget, policy or any other matter it may consider relevant to the government department falling within the category of affairs assigned to them, and may for that purpose consult and liaise with such a department; and
- Consider or deal with all international treaties, conventions and agreements relevant to them, which are from time to time negotiated, entered into or agreed upon.

On Tuesday, 27th October, 2020, the Speaker announced that the Committee on Standing Rules and Orders had nominated the following Members to serve on the Portfolio Committee on Budget, Finance and Economic Development;

Portfolio Committee on Budget Finance and Economic Development

Hon Dr. Nyashanu M; Hon Banda S; Hon Bvute O; Hon Dr. Chiyangwa P; Hon Dube G; Hon Dube M; Hon Gandawa A.M; Hon Khumalo M; Hon Dr. Khupe; Hon Markham A.N; Hon Dr Mashakada T; Hon Mavetera T.A; Hon Mkaratigwa E; Hon Moyo P; Hon Moyo T; Hon Musakwa E; Hon Mushoriwa E; Hon Dr. Mutodi E; Hon Nkani A; Hon Sansole T.W; Hon Sithole G; Hon Watson N; Hon Zhou T

1.0 INTRODUCTION

- 1.1** The Portfolio Committee on Budget, Finance and Economic Development (Herein after referred to as the Committee) conducted Bench-marking visits to the Chamber of Deputies of Rwanda from the 17th to 22nd of October 2021 and to Parliament of Ghana from the 7th to 13th of November 2021. The benchmarking visits were fully funded by Parliament of Zimbabwe.
- 1.2** The delegation to Rwanda comprised comprised eight Members and two staff members namely; Hon. Dr. M. Nyashanu, Hon. Dr. Khupe, Hon. Dr. Mutodi, Hon. Prof. Mashakada, Hon. Musakwa, Hon Gandawa, Hon. Priscilla Moyo, Hon Mushoriwa, Mrs Chiwoneso Mataruka (Committee Clerk) and Mrs Precious Mtetwa (Committee Researcher).
- 1.3** The delegation to Ghana comprised of eight Members and two staff members namely; Hon. Dr. M. Nyashanu, Hon. Mkaratigwa, Hon. Zhou T, Hon. Sansole, Hon. Dube M, Hon. Nkani, Hon. Watson, Hon. Banda, Mr. Pepukai Chivore (Director Budget Office) and Mrs Chiwoneso Mataruka (Committee Clerk).
- 1.4** The Committee during the week visit to Rwanda held meetings with Rwanda Parliamentarians, Private Sector, Rwanda Development Board, Rwanda Revenue Authority and the Auditor General in addition to touring the Museum for the Campaign Against Genocide and the Kigali Genocide Memorial Park. In Ghana, the Committee held meetings with the Parliamentarians, Ghana Revenue Authority as well as Ghana Investment Promotion Centre. The delegation also toured the Parliamentary Training Institute and visited Kwame Nkrumah Memorial Park.

2.0 OBJECTIVES OF THE VISITS

- To learn how the Parliaments of Rwanda and Ghana deal with issues relating to budget, finance and economic development;
- To share information and experiences on any challenges encountered in the execution of the oversight function; and
- To learn how Institutions in Ghana and Rwanda are supporting investment and economic development objectives, as well as how they are overcoming the challenges related to the same.

A. RWANDA STUDY VISIT

3.0 Bilateral relations between Rwanda and Zimbabwe

- 3.1.** Rwanda and Zimbabwe enjoy cordial relations cemented by the presence of embassies in the two countries. These relations have been further strengthened in the Second Republic. The two countries have been collaborating in a wide range of programmes that are mutually beneficial. These include collaborations in trade and investments, infrastructure development, energy, civil aviation, environment and climate change among others. The recent Rwanda Zimbabwe Trade Conference involving both countries' public and private sectors held in September 2021 saw several agreements being signed between the two countries. The cooperation agreements were in ICT and e-governance, environment and climate change, agriculture and livestock, tourism and business events. The conference aimed at exploring and consolidating areas of collaboration and partnerships. The relationship has been further cemented by the RwandAir which flies to Zimbabwe twice a week thus further enhancing cooperation between the two countries.

4.0 Courtesy Call to the Speaker of the Chamber of Deputies: Rt Hon, Mukabalisa Donatille

The Committee was welcomed to Rwanda Parliament by the Speaker of the Chamber of Deputies together with his deputies, Hon. Harerimana Mussa Fazil, responsible for Finance and Administration and Hon. Mukabagwiza Edda, responsible for Parliamentary Affairs. Rt Hon, Donatille commended the bilateral relationship that already exists between Zimbabwe and Rwanda, which forms the basis for learning and exchange visits.

4.1 History of Genocide

Hon. Mukabalisa gave a brief history of the Rwanda Genocide of 1994, where members of the Hutu ethnic majority murdered close to a million people, mostly of the Tutsi minority within 100 days. She noted that the history of the country has contributed immensely on how the country has developed and has united over the years. She concluded by pointing out that if it has been possible for Rwanda to become a destination for all to learn, it is also possible for other countries to develop.

5.0 Meeting with the Committee on National Budget and Patrimony and the Committee on Economy and Trade

5.1 Committee business

5.1.1 Committee business is guided by the Constitution of the Republic of Rwanda. It was highlighted that the Chamber of Deputies is composed of 9 Standing Committees, namely; Committee on Political Affairs and Gender, Committee on Economy and Trade, Committee on Education, Technology, Culture and Youth, Committee on Foreign Affairs, Cooperation and Security, Committee on Social Affairs, Committee on Unity, Human Rights and Fight Against Genocide, Committee on National Budget and Patrimony, Committee on Land, Agriculture, Livestock and Environment and Public Accounts Committee. The Committees comprises of an average of 9 members each since there are about 90MPs in the Chamber of Deputies. Committee business is taken seriously and it is mandatory for members of the committee to attend and participate in it. Punitive action is taken for any member who misses committee business for 3 consecutive days without leave. Generally, the two committees noted similarities in the challenges they face while conducting Committee work, particularly, poor quality of reporting by government agencies and non-submission of quarterly reports.

5.2 National Budget Process

5.2.1 The national budget process in Rwanda is more decentralised with districts being allocated more resources **compared to the Ministry of Local Government**. The budget process for the national government and that of counties are synchronised allowing the budget processes to feed into each other. Each district has its development plan which is extracted from the consolidated provincial and national level strategic plans.

5.2.2 The Ministry of Finance spearheads the budget process. Line Ministries are mainly involved in policy making and monitoring while Parliament exercise oversight on the work of the Ministries. Implementation of government projects is done both at a national level as well as at county

levels. The Budget Framework Paper (BFP), an equivalent of our own Budget Strategy Paper is tabled before the Chamber of Deputies and Senate not later than 30 April each financial year. The Committees of Parliament then call for public consultations to gather the views of the people on whether the budget allocations are adequate and also to comment on the proposed expenditures. The Committee on National Budget and Patrimony calls the Minister to explain certain proposals and some of the projections where necessary. Consultations are done with all Budget agencies, i.e. Central and Local government, private sector, media and civil society according to the 3 Clusters (Economic, Social and Governance Cluster). A document prepared by clusters is submitted to the Speaker of the Chamber of Deputies who in turn submits it to the bureau of the Committee on Budget and National Patrimony for consideration during Budget Hearing. A report on the BFP is then tabled in Parliament and the Prime Minister is expected to submit the comments to the Cabinet not later than 30th of May of the current fiscal year.

5.2.3 During the course of the year, the Committee on National Budget and Patrimony ensures that they exercise their oversight on the following: current fiscal year's budget implementation; the extent of revenue collection as per Finance law; expenditure on programs (Central and Local Gvt) as per Finance law (eg: Annual Planning, Annual Procurement Plan, Performance Contract, slow project implementation, etc); Gender Responsive Budget (GRB); National Debt sustainability; social and economic statistical data; and on economic development and poverty reduction programs.

5.2.4 The Minister is expected to table the Draft Finance Bill before Parliament not later than 15th June of each year for approval after cross checking if all submitted comments were considered or verify why some comments were not considered. The Senate submits to the Chamber of Deputies its opinion on the Draft Finance Law and the Chamber of deputies adopts the Finance Law before 30th June of each year. The exercise of passing the National Budget is done the same day in all East African Community Member States and gazetted for effective use by the 1st of July each year.

5.2.5 Analysis of the national budget by the Committee is based on the following; Vision 2050, Sustainable Development Goals, MTEF, National Statistics and on other decisions from National Forums such as National Leadership Retreat, National Dialogue and Presidential pledges among others. The OAG's report for the previous year, budget execution report of the first 6 months of the current year, reports from various field visits done by Committees, Senate opinion on BFP, consultation with budget agencies, private sector and Civil Society during Budget Hearing and any other information received from the public is also used in recommending for line Ministries and government agencies to get financial resources. Budget execution is done as per vote allocation and no ministry is underfunded in any way. In cases where a Ministry fails to utilise all its funds at the end of the year, the balance is brought forward to the following year. However, it was noted that ministries face challenges of implementation and not of funding.

5.2.6 Gender Mainstreaming and Special Groups

The budget must satisfy the needs and welfare of the women, men, boys and girls (gender budgeting). The process is guided by an organic law enacted in 2014 to ensure all gender issues are addressed in the budget, which calls for all government agencies to submit disaggregated data on how funds received shall be utilised. The budget must also provide information on other special groups such as the youth, persons with Disability and other vulnerable groups. Parliament

of Rwanda has a gender monitoring office which monitors gender issues during budget execution and reports to Parliament. It is important to note that 61% of Parliamentarians are women.

5.2.7 Government Loans

It was noted that all loan agreements in Rwanda must be ratified by Parliament before implementation. The approval process is guided by the information that the Parliament of Rwanda has in terms of ensuring national debt sustainability. Therefore, there is a good working relationship between the Ministry of Finance and Parliament in terms of access to information. It is also the responsibility of the Public Investment Committee to monitor all investment plans and implementation of projects in Rwanda.

5.2.8 Parliament Budget Office

Rwanda Parliament is at an advanced stage of establishing a parliament budget office (PBO). It was noted that the PBO will be critical in assisting Parliament in analysing the budget as well as in critiquing predictions on inflation and other internal and external shocks that might affect the budget. This will be critical in enabling the Committee to effectively monitor the budget execution.

5.3 Meetings with the Minister of Finance and Economic Planning in Rwanda

5.3.1 The Committee noted that the Ministry relies on the national priorities as identified in the national vision 2050 and the National Strategic Transformation agenda for the budget preparation each year. Preparation of the macroeconomic forecasts is done to feed into the budget formulation before involving the stakeholders. The Committee also noted that Stakeholders are involved at the national planning level and at decentralised levels through citizens' forums where they are involved in the planning process. Community working group do monitoring of selected programmes and give feedback during the budget formulation stage. The Ministry then engages the councils to discuss their priorities.

5.3.2 The Committee noted the following key reforms that were undertaken;

- Creation of the public investment committee composed of the different stakeholders and a public investment department where every project has to be scrutinised and recommendation are made;
- Strong gender responsive budgeting incorporated in institutional plans and development plans;
- Special division for M & E; and
- Transitioning from program based budgeting to performance based budgeting.

5.3.3 The major challenges the Ministry encounters includes among others, unreliable external resources, costing of the budget which still pose some challenges due to the absence of standardized process and the implementation of International Public Sector Accounting System (IPSAS) accounting system. IPSAS is still in its infancy stage and government has hired Price Waterhouse Coopers to undertake the project and have done an assessment to check the advantages and disadvantaged of the current cash system. Rwanda is targeting to complete the reforms by June 2024 as stipulated in the blueprint on how to transition to IPSAS.

- 5.3.4** The Ministry benefits a lot from working with the IMF in monitoring economic performance, fiscal policy and the monetary policy. The sector working groups which meet every quarter over a 2 or 3 days conference has been a platform for engagement and exchanging ideas.
- 5.3.5** It was established that in Rwanda, no Minister is allowed to meet a development partner other than the Minister of Finance, which has the sole mandate of resource mobilisation together with the Rwanda Development Board. This brings a bit of sanity in managing the funds of government. The Committee also noted that the decentralised government system has empowered the districts to run their own budgets and to be self-reliant. This has been an advantage as it contributed significantly to economic growth and development of Rwanda.
- 5.3.6** The Government has fully embraced ICT as a key enabler in planning process and this has played a significant role in budget reforms, particularly boosting revenue collections. The Ministry noted with concern how other countries views the ICT sector as a cash cow in terms of taxes, but pointed out that it's not the case for Rwanda. The ICT sector is viewed as a developmental enabler and hence is not taxed. Most ICT gadgets are zero rated to enhance access to the gadgets by its citizens. Today, Rwanda boasts of telephone penetration of about 90%. This then would have trickle down effects as the country moves towards a cashless economy by 2024. It was noted that the ICT sector can be an advantage in transforming the economy of Rwanda.
- 5.3.7** It was pointed out that the main sources of government funding are domestic taxes which contributes about 16% of tax to GDP and finances 75% of the budget while about 20% comes from external grants and donation. Every quarter, the Ministry of Finance and the Central Bank meets to discuss how monetary and fiscal policies can and are complimenting each other.

5.4 Meeting with the Rwanda Development Board Chief Negotiator of Government

5.4.1 Investment projects

Rwanda Development Board (RDB) was created to accelerate development in Rwanda, hence very critical to the transformation of the country's development agenda. RDB acts as the chief negotiator of government and all line Ministries collaborate with it for any developmental projects. Planning is done by the Board together with key ministries to avoid duplication of work. For example, investment in the energy sector involves collaborative work with the Ministry responsible while the Board is the Chief Negotiator. At the conclusion of the agreement, the Board hands over the agreement to the Ministry for implementation. The operations of the RDB are guided by national strategic plans, such as the National Strategy for Transformation 2020/2050. Of importance to note is that the CEO of the Board is a cabinet member and reports directly to the Prime Minister.

5.4.2 Corporate Social Responsibility

The Committee noted that 10% of the revenues collected by the board is given back to the communities, especially to support school construction, roads, hospitals, bridges, etc.

5.4.3 One Stop Centre

The RDB operates as a one stop centre whereby all business inquiries and registration takes place. RDB was formed in 2008 through an amalgamation of 8 government entities, primarily to create a One Stop Shop for business and investment. Some of the entities are the Rwanda Investment and Export Promotion, Rwanda Tourism Board, Rwanda Privatisation Board, ICT

and Business Registration, to name just a few. Business registration is done on line and only take 6 hours. This is possible because Rwanda is highly digitalised making it possible to synchronise all the key registration processes. The Board currently provide the following key services; investment promotion, export and special economic zone development, investment deals negotiation, tourism and conservation, skills development and one stop centre services (for business and investment registration, visa facilitation, tax incentives, etc). RDB system is interlinked with other key institutions namely Rwanda Revenue Authority, Rwanda Social Security Board, National Identity Agency which makes it easy to register a company and also to deregister unscrupulous business operators.

5.5 Meeting with the Private Sector Federation in Rwanda

5.5.1 Reforms and Establishment of the PSP

The PSF was established in 1999 through merging of the Chamber of Commerce and Employers Organisations. The core mandate of the organisation is advocacy to ensure a profitable and prosperous business environment in Rwanda. The organisation is purely a private entity without any government funding. The reforms were aimed at strengthening the bargaining power of the private sector through the various clusters which originates from the grassroots to the national level.

5.5.2 Private Sector Federation Structure

The Private Sector Federation is the apex board housing all the business associations across the various sectors of the economy. The PSF is designed in such a way that they include all Rwanda businesses with over 30 offices in the country with at least 1 office per district or per province. The PSF adopted a bottom up approach where operations are decentralised to committees or cell level where a leader is elected to represent the committee at a district or provincial sector level. At the district level, leaders are also selected who then form the General Assembly at national level. All leadership selected at district level automatically becomes part of the council that govern the district and the national level. The Chairperson at the provincial level automatically becomes a member of the private sector federation board of directors.

5.5.3.1 PSF Mandate

PSF mandate is mainly advocacy, capacity building of members, ensuring access to markets for goods and services, study tours to assist and identify areas of improvement, networking platform to meet counterparts to exchange ideas. One of the major achievements of the PSF is the ability to host international trade fairs which attracts more than 800 exhibitors and over 40 000 participants. The private sector has played a huge role in driving economic growth and development while the government has continuously undertaken reforms to create an enabling environment for business growth. The organisation has in place a call centre which allows its members to reach out to the PSF for any inquiries and disputes. The social media is also very central in terms of communication and information dissemination to the people of Rwanda and its members.

5.5.4 Public-Private Dialogue Summit (PPDS)

This is the highest level of intervention where the president is involved in addressing the private sector business community. This is a national leadership retreat which is hosted by the President and all Ministers and private sector leaders attend. This dialogue session seeks to boost cooperation between government and the private sector. At this level, the Rwanda Development Board and the Private Sector Federation provides secretariat services so that they keep track of

implementation of all resolutions adopted at the summit. Prior to the PPDS, the PSF plays a pivotal role in engaging the executive pre-cabinet and also Parliament plays a pivotal role in assisting the PSF in advocating for the right laws to support the network.

5.5.5 PSF Imanzi Business Institute

The PSF has in place an institute which seeks to support entrepreneurship capacity development for its members. The Rwanda National Strategic Transformation (NST1) calls for competitive knowledge-based economy and support for economic transformation. Thus, the institute was established to respond to some of the gaps in the sector. The chamber of women entrepreneurs and chamber of youth gets support from the institute to support business start-up for these group of people and 30 were in Ghana attending a youth conference.

5.5.6 Platforms for Engagement with Government

PSF has 9 essential platforms for engagement, namely; (i) Tax platform for business competitiveness, (ii) Standards Issues Forum, (iii) Exporters Forum, (iv) Environmental Issues Platform, (v) Professional Services Platform, (vi) Utilities Platform, (vii) Rwanda Women in Business Platform, (viii) Rwanda Logistics Forum; and (ix) Kigali Investor Forum. As an organisation, they have managed to lobby with the executive for legislative reforms aimed at supporting business growth in Rwanda. Some laws and policies were reviewed while access to finances have been accelerated, which has managed to improve the ease of doing business in Rwanda.

5.6 Tour of the Special Economic Zone

The Committee toured the Kigali Special Economic Zone (Phase 1 & 2), which is complete. The Government is currently working of establishing phase 3 and 4. The Government plays a central role in the development of the SEZ, particularly, providing and servicing the land, which in turn attracts investors. In the SEZ, companies have invested in the following; construction material, textiles, ICTs, etc. The SEZ in Rwanda has a VW car assembly, Maraphone plant and an agro-processing factory which exports to World Food Programme. The Committee toured a joint venture company between a Rwandese and a Taiwanese who partnered to enter the clothing manufacturing sector. The clothes are manufactured for export to USA and Europe with the label, '*made in Rwanda*'.

5.7 Meeting with the National Bank of Rwanda

5.7.3 Role of the Central Bank

The central bank seeks to ensure macroeconomic stability, adequate finance of the economy and regulate inflation. The bank has gone beyond the traditional role and is now promoting financial sector development through promoting financial sector inclusion. The bank has been successful in managing the exchange rate, which is currently stable. By law, the bank is not allowed to lend to the government, i.e. to operate as the lender of last resort to government. The government only access funding through an overdraft that must be liquidated by the end of each financial year. The bank can also issue treasury bills for a maximum of 1 year. The bank can also trade treasury bills on the stock exchange ranging between 3 years and 20 years. All government accounts are kept at the central bank. There are currently 16 banks in Rwanda distributed as follows; 10 commercial banks, 1 women's bank, 4 microfinance banks, 1 cooperative bank.

5.7.4 Mobile Money

Mobile money has played a pivotal role in ensuring financial inclusion and has in turn managed to reduce the cash in circulation. The sector has embraced ICT which makes it easy for the bank to easily trace all transactions in the economy. The bank targets to go cashless by 2024 as it seeks to promote the use of bank cards, mobile banking and internet banking.

5.7.5 Monetary Policy Committee

The Monetary Policy Committee comprises of 2 external members while the rest are internal. By law, the Committee must have 9 members. The Governor of the bank was the chairperson of the Committee. However, with the reforms that have been undertaken, it will not be the case that the Governor of the bank will be the Board Chair. The appointing authority will have to decide the board chairperson.

5.8 Meeting with Rwanda Revenue Authority

Rwanda Revenue Authority (RRA) was established through the amalgamation of two departments which were under the Ministry of Finance, namely Customs and Domestic Taxes. RRA is manned by several Commissioner Generals in charge of the following departments: ICT, in charge of the digitalisation of the institutions, Strategy, planning and research, Risk department, Investigations and Tax payer services (awareness campaign). Over the years, RRA has undertaken reforms which has remodelled its organisational structure and several one stop border posts across the country. Currently, there several on-going new operating models to ensure effective and efficient revenue collection.

RRA has adopted ISO quality management system and security management system. The Authority has completely digitalised to support e-correspondence and e-tax under one single entry point called the MyRRA to create one platform for all services. RRA has managed to embrace the small business which also pay tax, for example, the motor cycles industry is registered and no one in Rwanda can operate in the transport sector without being registered. It was highlighted that there are incentives aimed at targeting to bring the informal sector into the main line economy. In terms of border security, the Authority has invested in drones to ensure security along all the ports of entry and borderlines of the country.

The meeting established that the main tax head contributing to revenue in Rwanda is VAT (34%) followed by income tax, a trend which is almost similar to Zimbabwe. The institution is allowed to retain 3% of collected revenues although they still feel it is too high and is currently striving to reduce the cost of collecting taxes to between 1 & 2%. In addition to the 3%, the Authority is also allowed to retain 22% of any surplus on revenues collected, of which 10% is awarded to staff as cash, 10% retention fund (awarded to staff who have served RRA for a certain period of time while the 2% is set aside for knowledge management, i.e. staff training.

5.9 Meeting with the Office of the Auditor General in Rwanda

The Committee noted that the Rwandan Auditor General is an independent public institution responsible for auditing state finances and assets. Also carry out forensic audit or special audit of all public organs if the Office deems it to be in the public interest or requested to do it. The independence of the institution is guaranteed by the notion that the AG tables his/her findings before the Chamber of Deputies as compared to the Zimbabwean case whereby the Minister of Finance does that on their behalf. The tabling of OAG report is an event on the Parliament Calendar. The OAG tables and present the reports in the 2 chambers and this is a special day broadcasted live on radio and TV.

Section 166 of the constitution is very clear on the requirements of the report which includes; budget execution, unnecessary or unlawful expenditure or whether there was embezzlement of funds. All qualified reports are tabled before Parliament. The office is adequately funded to enable it to perform its function and never underfunded in any way for it to always be able to perform its mandate. They conduct audit of the East African Community (EAC) and do financial and compliance audits, performance and environmental audits, IT audits. Special Audits and forensic audit are underway for 2022. The appointment of the OAG is done by the cabinet and approved by the senate for 5 years and renewable once.

B. GHANA STUDY VISIT

6.0 Ghana Zimbabwe relations

Ghana and Zimbabwe share a long history of collaboration that emanated from the call by the then Ghanaian President H. E Kwame Nkrumah inaugural Organisation of African Unity (OAU) (now African Union) Speech when he implored African Leaders to help fight colonialism in the then Southern Africa to liberate Zimbabwe at a time white rule had become entrenched and arrogant in Rhodesia. When Ian Smith announced his unilateral declaration of independence in Rhodesia in November 1965 and Britain refused to do anything to reverse it, Nkrumah led Ghana to break diplomatic relations with Britain in protest, at great cost to Ghana whose umbilical cord was still attached to the British colonial master. Nkrumah further invited many Zimbabwean cadres to study in Ghanaian educational institutions, at government expense, and provided other forms of material assistance to the Zimbabwean struggle, including military training and arms. This was what impressed former President Robert Mugabe, as a youth, to emigrate to Ghana where he met his first wife, Sally Mugabe (nee Hayfron). That union has today led to many such political, economic and social ties between the two countries. The countries have an existing joint permanent Commission

6.1 Courtesy Call to the Second Deputy Speaker of the Parliament of Ghana: Right Hon. Andrew Asiamah Amoako (Independent Member of Parliament)

6.1.1 The Speaker was pleased to receive the delegation and gave a brief background of the Parliament of Ghana. He pointed out that Ghanaian Parliament consists of 275 seats, with 137 belonging to the majority party and 137 belonging to the minority resulting from the 2019 election. The Speaker, who came in Parliament as an independent candidate stands in between the ruling party and the minority, and is therefore the king maker in terms of decisions in Parliament. The use of the fused Presidential and Parliamentary arrangement seeks to provide a better governance structure for the country. The Main or First Speaker of the Parliament of Ghana comes from the minority party. The President maintains his Executive powers and more than fifty percent of Ministers are drawn from Parliament. The Speaker noted that Ghana has accredited a number of media houses and allowed them to freely operate despite some reporting negatively. He urged fellow Parliamentarians to note that “*Leaders should not be indispensable.*”

6.1.2 The Speaker noted that the national budget presentation is a special day in Ghana. It is a platform where the majority presents its own budget whilst the minority also does the same, giving equal strength in the process.

6.1.3 The Committee was afforded an opportunity to observe a Parliamentary Session which starts from ten o'clock in the morning to three o'clock in the afternoon. The Speaker may with leave ask for extension if there is business which exceeds the meeting time. Committee business and constituency visits are slated for Mondays and weekends respectively.

6.2 Tour of the Parliamentary Training Institute (PTI) in Ghana

The Committee toured the Parliamentary Training Institute and observed newly recruited Hansard Reporters undergoing training. The institute trains MPs and staff from Ghana and from the region as well as officials from Ministries, government departments, public and private sectors. The training courses are as per request or drafted in work plans. The institute also offers online training courses and under construction is an extension of the current institute. The Committee observed, during the tour, that All MPs have offices and a secretary.

6.3 Visit to the Kwame Nkrumah Memorial Park

The Committee visited the Kwame Nkrumah Memorial Park where the brief history of the socialist and revolutionary Kwame Nkrumah was shared with the Committee. The Committee visited the mausoleum burial site to observe a moment of silence in honour of the Pan-Africanist.

6.4 Meeting with the Finance Committee Parliament of Ghana

6.4.1 The Committee is Chaired by the Majority in Parliament and has a Deputy Chairperson, the Committee has a Ranking Leader from the minority who also has the Deputy. The four enjoy a healthy working relationship and the arrangement facilitates the balancing of perspectives of both the majority and the minority. The Committee comprises of 25 Members of Parliament. The Constitution gives the Committee power to subpoena non-compliant entities.

6.4.2 The Committee noted that the Public Finance Management Act of Ghana, which is admired by most progressive jurisdictions and has gone through a serious overhaul but still gives too much power to the Minister of Finance according to the Committee. This applies to issues of loans, debt strategy and Medium Term Expenditure Reviews. The committee was also informed that the Ghanaian Budget Committee faces challenges of getting timely and comprehensive reports on debt, debt servicing and repayments from the Executive.

6.4.3 The Parliament of Ghana is in the process of establishing a Parliamentary Budget Office and is currently undertaking benchmarking studies. The Committee highlighted that it anticipates a Budget Office which will provide requisite technical skills advise and does its work without fear or favour. Like the Portfolio Committee on Budget in Zimbabwe, the counterpart Committee in Ghana is of the opinion that the Debt Management Office should be separate entity to be able to provide checks and balances.

6.4.4 The Committee also noted that the Ministry of Finance develops a Fiscal Strategy Document by end of May. The Ghanaian PFMA has rules on management of debt, rules providing for capital expenditure within the budget year and not spill into the other year.

6.5 Cancelled Meeting with the Director Responsible for Budgets in Ghana

The Committee unfortunately failed to meet the Director responsible for Budgets from the Parliament of Ghana as they were busy with preparations for the 2022 National Budget. The Ministry had a deadline for 15 November 2021 as required by the law.

6.6 Meeting with Ghana Investment Promotion Centre

6.6.1 The Committee noted that Ghana is ranked best place for doing business in West Africa (Ease of Doing Report 2019) and best destination for investment in West Africa & 5th on the continent. The country enjoys 89% internet penetration ratio and has a competitive and educated labour force and strong resource pool. Ghana has a growing middle class and is ranked highly in terms of the Global peace index because of its stable political environment.

6.6.2 The Committee learnt that Ghana Investment Promotion Centre (GIPC) is a government agency established under Act 865 to promote, coordinate, and facilitate investment in the Ghanaian economy. It provides investment advisory services, registration of new projects, processing of quota and exemption application, joint venture facilitation, renewal of registered projects, identification of specific projects for investment promotion, monitoring of enterprises to ensure compliance with GIPC Act 865 and Grant of investment incentives and provision of investor support services. The GIPC works with other collaborating institutions such as Minerals Commission, Petroleum Commission, Bank of Ghana, registrar general's department, immigration services. Ghana Chamber of Mines, Industry and Commerce to mention a few.

6.6.3 The Committee also noted that Ghana's key investment sectors are tourism, infrastructure, manufacturing and agro- processing. That total investment target in the key sectors is between US\$3.3 billion to US\$4.7 billion. It takes about 5 days to register a business in Ghana but the delay has been caused by the digitalization process the country is embarking on. Incentives are offered for key development projects and these are mostly enjoyed by the locals. Exemptions are on offer as long as the business exists.

6.7 Meeting with Ghana Revenue Authority

6.7.1 The Ghana Revenue Authority (GRA) was established in 2009 as a merger of the three revenue agencies, the Customs, Excise and Preventive Service (CEPS), the Internal Revenue Service (IRS), the Value Added Tax Service (VATS) and the Revenue Agencies Governing Board (RAGB) in accordance with the Ghana Revenue Authority Act 2009, (Act 791). GRA's core mandate is to ensure maximum compliance with all relevant laws in order to ensure a sustainable revenue stream for government, trade facilitation and a controlled and safe flow of goods across the country's borders. The Authority is headed by the Commissioner-General, with support from three (3) Commissioners in charge of the following three divisions namely Domestic Tax Revenue Division (DTRD), Customs Division (CD) and Support Services Division (SSD). Under the support services division is the Strategy/Research, Policy and programmes Department which assists in coming up with revenue targets. The Department works closely with the Tax Policy Department in the Ministry of Finance.

6.7.2 The Committee noted that revenue collection in Ghana stands at 12.2% of GDP (2020) with direct taxes contributing 73% while indirect taxes constitute 27%. Of this, VAT contribute 12.5% while revenue from extractive sectors (Mining and oil) constitute 35%. Ghana has a dual VAT regime wherein retailers are charged a flat rate while other entities are charged a standard rate of

12.5%. The 2018 Mid-Year budget amended the VAT rate from 15% to 12.5% and delinked the National Health Insurance Levy (NHIL) and Ghana Education Trust Fund (GETFund) from VAT by removing their input tax deductibility. The Committee also noted that Ghana enacted the COVID-19 Health Recovery Levy Act, 2021 (Act 1068) which imposes a special levy on the supply of goods and services, and the Import of goods and services into Ghana. The levy is chargeable at a rate of 1% calculated on the value of taxable supply in respect of the Supply of goods and services made in Ghana, but excluding exempt goods or services; and import of goods and services into Ghana.

6.7.3 The Committee also noted that, just like Zimbabwe, Ghana has a huge informal sector and is therefore is a predominantly cash economy. As such, GRA is investing heavily in digitalisation with a view to harness revenue from the sector which employs majority of the working population. Moreover, Government is proposing to introduce an electronic transaction levy (e-levy) in the 2022 budget to widen the tax net and rope in the informal sector. The proposed levy, which will come into effect on 1 February 2022, is a charge of 1.75% of the value of electronic transactions covering mobile money payments, bank transfers, merchant payments, and inward remittances. The Committee also noted that Ghana has a punitive legislative regime for non-compliance. The offences are categorised into 2: offences which attract pecuniary penalties (monetary fines) and offences which attract imprisonments or both imprisonment and pecuniary penalties. GRA retains 3% of gross collections.

7.0 KEY OBSERVATIONS

- 7.1** That the private sector in Rwanda is very active and plays a pivotal role in economic development.
- 7.2** That trust building is essential in business. The perception of the government towards the private sector. Should be that of partners in economic development and not see them as cash cows.
- 7.3** That private sector in Rwanda took the lead and contributed 23 billion Rwandan francs to support the government in covid-19 mitigation. Private sector assisted government with funds towards purchase of PPEs and consumables during the pandemic. Moreover, government uses the Rwanda Investor Forum to understand problems faced by Investors and addresses them timeously and effectively.
- 7.4** That Rwanda's arrangement of having three Ministers responsible for finance, economic development and investment is commendable as it assists in creating a balance in the financing, investment and stabilisation roles that the Ministry of Finance plays in order to achieve economic growth.
- 7.5** That Rwanda prioritises reforming the investment climate and almost every year there are amendments to support the ease of doing business to create a friendly environment. Currently, within 6 hours one can register a company and applications can be made online.
- 7.6** That it took 7 institutions to form 1 organisation as a result of political will and Rwanda now ranked no. 2 on the ease of doing business in Africa and in top 50 globally.
- 7.7** That there is a women's fund through the central bank to support women in business and corporate banks also support women empowerment.
- 7.8** That although the ease of doing business in Rwanda is good, the private sector continues pushing for more reforms to make Rwanda a best destination for doing business. The private sector contributes about 19% of GDP in the manufacturing sector.

- 7.9** That the Public Finance Management Act of Ghana, although well commendable still needs to be analysed closely to strengthen Parliamentary oversight and limit powers of the Minister of Finance.
- 7.10** That the working relationship of MPs from different political parties in Ghana is strengthened by the observation that they complement each other rather than oppose for the sake of it. This is reflected in the nomenclature (Majority and minority parties, as opposed to ruling Party and Opposition party in Zimbabwe)
- 7.11** That the capacity of members of parliament in Ghana has been strengthened by a fully functional and well-funded Training Institute and a fully established secretariat (Each MP has an office manned by a secretary)

8.0 RECOMMENDATIONS

- i. Parliament should ensure that the PFMA provides for the synchronisation of the national and Local Authority Budgets so that the National Budget feeds into the Local Authority Budgets. Currently, Local Authority budgets are approved well before the national budget and hence are not informed by the national economic developments and projections, as well as anticipated devolution funds by December 2023.
- ii. The Budget Strategy Paper should be subjected to scrutiny and debate in Parliament before approval and such scrutiny should be informed by public consultations. This will minimise the huge forecasting errors (Unreconciled forecasts between the BSP and the Budget Statement). The Ministry of Finance should amend the PFMA Regulations by December 2022 to provide for this.
- iii. Parliament of Zimbabwe should provide for the strengthening of Gender Budget Monitoring through amendment of its Standing Orders.
- iv. Government should direct that all policy pronouncements be handled by the Ministry of Information, Publicity and Broadcasting. Lessons can be learnt from Rwanda where no Minister is allowed to meet a development partner other than the three Ministers of Finance, Minister of the concerned project and or any relevant Minister involved or concerned.
- v. The Ministry of Finance, through a Statutory Instrument, should provide for ZIMRA to retain at most 3% of the net revenue collected for its operations beginning 2022 fiscal year. This will ensure that the authority is adequately capacitated to pursue revenue enhancement measures and plug revenue leakages.
- vi. The ICT sector should be viewed as a business enabler and therefore ICT gadgets should be zero rated to enhance access to the gadgets by its citizens. The Mid-term Fiscal Policy Review should provide for such.
- vii. Government must complete the implementation of policy measures to address structural reforms that relate to the ease and cost of doing business, fiscal consolidation, state owned enterprises and incentives to expand output and productivity. Addressing the structural reforms would therefore enhance business confidence and attract investment, both domestic and foreign. As such, there is need for reconstitution of the Easy of Doing Business Task Force under the auspices of the OPC to complete all outstanding issues by December 2022.
- viii. There is need to secure the independence of the Central Bank by amending the RBZ Act to allow for an independent person to chair the Monetary Policy Committee by December 2023, as is the case in Rwanda.
- ix. Parliament should invest in a state of the of the art printing press by December 2022 so as to save on printing costs. In the same vein, Parliament should speed up the establishment of the Training Academy which should begin by capacitating Members after the 2023 Harmonised Elections.