



REPUBLIC OF GHANA

**MINISTRY OF FINANCE**

# 2021 Annual Report

On the Collection and Utilisation of the  
African Union Import Levy

Submitted to Parliament

On

Wednesday 17<sup>th</sup> November, 2021

As part of the presentation of the 2022 Annual Budget Statement and Economic Policy in  
accordance with Section 7 of the African Union Import Levy Act, 2017 (Act 952)



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# *Acronyms and Abbreviations*

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AU	African Union
BOG	Bank of Ghana
CAGD	Controller and Accountant General's Department
GRA	Ghana Revenue Authority
HOSG	Heads of State and Government
MOF	Ministry of Finance

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## FOREWORD

The 2021 Annual Report on the African Union (AU) Import Levy is prepared and submitted to Parliament in accordance with Section 7 of the African Union Import Levy Act, 2017 (Act 952), which requires the Minister responsible for Finance to submit an annual report on the collection and utilisation of the Levy to Parliament as part of the annual Budget. The 2021 AU Import Levy Report is the fourth in the series, since the AU Import Levy Act (2017), Act 952 was passed in Parliament and assented to by the President on 29<sup>th</sup> December 2017.

The report provides a comprehensive account of the collection and utilization of the Levy from January - October 2021 and is submitted together with the 2022 Budget Statement and Economic Policy, as required by Act 952.

In fulfilment of the requirements of Act 952, proceeds from the Levy is applied for the settlement of Ghana's assessed contribution to the AU for any financial year as well as expenditure on economic and political integration programmes related to Ghana's Membership of the AU.

Despite the global economic challenges occasioned by the Covid-19 pandemic in 2020, Ghana remained committed to contributing to the AU through the collection of the Levy and has to date fully honored her assessed contributions for 2021 Financial year.

Government remains committed to the regional integration agenda and will continue to pursue the implementation of the AU Import Levy Act, to mobilise the required resources toward the settlement of Ghana's contribution to the African Union.



## *ACKNOWLEDGEMENTS*

Our gratitude goes to the management and staff of Ministry of Finance (MoF), especially, the Economic Strategy and Research Division (ESRD) for their relentless support during the preparation of this report.

We are most grateful to the Bank of Ghana (BOG), Ghana Revenue Authority (GRA), Controller and Accountant General's Department (CAGD), Ministry of Foreign Affairs and Regional Integration (MFA&RI) and other Divisions of the Ministry for their inputs for the preparation and publication of this report.



## A. Introduction

1. This report is submitted to Parliament, in accordance with Section 7 of the AU Import Levy Act, 2017 (Act 952) which requires the Minister responsible for Finance to submit an annual report on the collection and utilisation of the Levy to Parliament as part of the annual budget.
2. At the 27<sup>th</sup> AU Summit held in Kigali, Rwanda in July 2016, the Heads of State and Government (HOSG) of the AU took a decision to impose a 0.2 percent levy on the value of eligible imports originating from Non-Member States of the AU.
3. The main objectives of the levy as spelt out in Section 1 of Act 952 are to:
  - a. provide reliable and predictable funding for Continental Peace and Security Fund of the AU;
  - b. reduce dependency of the AU on partner funds for implementation of Continental Development and Integration Programmes;
  - c. provide an equitable and predictable source of financing for the AU; and
  - d. relieve the Government of pressure with respect to meeting national obligations for payment of assessed contribution to funding the AU.
4. The Member States contributions to AU is expected to finance 100 percent of the AU's Operational Budget, 75 percent of the Programme Budget and 25 percent of the Peace Support Operations, as well as any other expenditure of the Union that may be determined by the Assembly.
5. Historically, about 95 percent of the Programme Budget and almost 100 percent of the budget for the Peace and Security of the African Union has been funded by external partners. It is expected that the effective implementation of the AU levy by Member States will reduce the over reliance on Development Partner (DP) support.
6. The passage and implementation of the AU Import Levy, provides a more sustainable funding for AU related activities in member countries. In the case of Ghana, it has provided a more reliable source of funding and has contributed to the country's payment of its AU obligations on schedule.
7. Prior to the passage of the AU Import Levy Act, Ghana's AU subscription was paid from the consolidated fund as part of the annual budget. The implementation of the AU Import Levy Act, 2017, (Act 952), enables Ghana to settle its assessed contribution to the AU from the AU Import Levy account promptly.



8. Pursuant to Section 3 of the AU Import Levy Act, 2017, (Act 952), the AU Import levy is collected by the Ghana Revenue Authority, as established under Section 1 of the Ghana Revenue Authority Act, 2009 (Act 791).
9. In line with Section 4 of the AU Import Levy Act (2017), the GRA pays money collected as Levy into the AU Import Levy account opened by Controller and Accountant-General at the Bank of Ghana.
10. The settlement of Ghana's assessed contribution to the AU is transferred by the Bank of Ghana upon instructions from the Minister for Finance for each fiscal year as enshrined under Section 5(4) of the AU Import Levy Act, 2017, (Act 952).
11. This report presents:
  - i. The details of collection and utilisation of the AU Import Levy for the period January – October 2021; and
  - ii. An account of the utilization of the 2021 surplus on the Import levy account
12. The rest of the report is structured as follows. Section B presents the collection and utilization of the AU Import Levy from January - October 2021. Challenges and way forward is presented in Section C, with the conclusion in Section D.



## B. Collection and Utilisation of the AU Import Levy for the Financial Year 2021 (Jan-Oct. 2021)

13. Since the 2021 financial year is not ended yet, this report on the collection and utilisation of the Levy covers the period Jan- Oct. 2021. The 2021 full year report will be presented as part of the 2022 AU levy report when the Minister for Finance is presenting the 2023 Budget to Parliament in November 2022 by which time full year information would have been available.
14. For the period Jan-Oct. 2021, total collections from the AU Levy amounted to **GH¢80,100,272.87** and the total expenditure made from the account was **GH¢50,311,250.80** as shown in Table 1.

**Table 1: Summary of Collection and Utilization of the AU Import Levy for the period 1<sup>st</sup> Jan – 31<sup>st</sup> Oct. 2021**

No.	Description	For the Period Jan – Oct 2021	For the Period Jan – Dec 2020
1	Total Collections (GH¢)	80,100,272.87	69,861,048.79
2	Utilisation: Payment of Ghana's Assessed Contribution to the AU (GH¢)	-50,311,250.80	-38,640,000.00
3	Surplus (GH¢)	29,789,022.07	31,221,048.79





## I. 2021 Collection

15. As Table 1 shows, the total collection from the Levy lodged into the AU Levy Account for the period 1<sup>st</sup> Jan – 31<sup>st</sup> October, 2021 stood at **GH¢80,100,272.87**.

## II. 2021 Utilisation

16. During the period under review, a total amount of **GH¢50,311,250.80** was disbursed from the AU Import Levy Account as payment for Ghana's Assessed Contribution to the AU for 2021 as shown in Table 1. The disbursement was made in August 2021.
17. Ghana's assessed contributions of **GH¢50,311,250.80** consists of Ghana's contribution of **GH¢33,829,854.57** to AU Regular Budget and **GH¢16,481,396.25** to the Peace Fund Budget for 2021. Ghana has, therefore, honoured all her assessed contribution obligations at the end of October, 2021.

## III. 2021 Surplus

18. For the Jan-Oct 2021 period, surplus, represented by the excess of collection over payments from the AU account for the period amounted to **GH¢29,789,022.07** as shown in **Table 1**.

## IV. Utilisation of Surplus

19. Section 6(2) of the AU Levy Act, 2017 (Act 952) requires that 50% of the surplus be transferred to the Consolidated Fund and the rest of the 50% retained in the AU levy account for the purposes of making up for any deficit and for expenditures on economic and political integration and diplomacy related to Ghana's membership of the AU.
20. After reconciliation exercises and reflecting the recommendations of Parliament on previous annual reports on the AU Levy, surpluses on the Levy account for the financial years 2018, 2019 and 2020 has been determined as **GH¢30,963,491.78**, **GH¢25,567,045.68** and **GH¢ 31,221,048.79** respectively as shown in **Table 2**.
21. Applying the 50% rule in line with Section 6(2) implies that an amount of **GH¢15,481,745.89**, **GH¢12,783,522.84** and **GH¢15,610,524.40** is due the Consolidated Fund for the 2018, 2019 and 2020 financial years respectively amounting to **GH¢43,875,793.13** for the three years as shown in Table 2. Similarly, an amount of **GH¢15,481,745.89** for 2018, **GH¢12,783,522.84** for 2019 and **GH¢15,610,524.40** for 2020 is due for retention into the AU account cumulating to **GH¢43,875,793.13** for the three years.
22. The Ministry of Finance has initiated processes to transfer the cumulated amount of **GH¢43,875,793.13** to the Consolidated Fund. This will be fully reported in the 2022 annual report.



**Table 2: Utilization of Surplus (GH¢)**

No.	Items	2018	2019	2020	Cumulated (2018-2020)
1	Total Collections	71,647,315.51	70,453,697.68	69,861,048.79	<b>211,962,061.98</b>
2	Utilisation: Payment for Assessed Contributions	40,683,823.73	44,886,652.00	38,640,000.00	<b>124,210,475.73</b>
3	Surplus	30,963,491.78	25,567,045.68	31,221,048.79	<b>87,751,586.25</b>
3.1	o/w for Consolidated Fund (50%)	15,481,745.89	12,783,522.84	15,610,524.40	<b>43,875,793.13</b>
3.2	o/w for Retention (50%)	15,481,745.89	12,783,522.84	15,610,524.40	<b>43,875,793.13</b>

## V. Balances in the AU Import Levy Account

23. As at 31<sup>st</sup> October 2021, the balance on the AU Import Levy Account after settlement of the 2021 assessed contribution stood at **GH¢ 96,857,040.95** as shown in Table 3 below. The balance on the account includes **GH¢ 67,068,018.88** brought forward from the year ending 2020. Note however that, when the transfers to the Consolidated Fund is effected, it will reduce the account balance by the full extent of the transfer.

**Table 3: Balances in the AU Import Levy Account**

No.	Description	Amount (GH¢)
1	Balance brought Forward from 2020	67,068,018.88
2	Collections for Jan- Oct 2021	80,100,272.87
3	Utilisation: Payment of Ghana's Assessed Contribution to the AU for 2021	-50,311,250.80
4	Account Balance as at 31 <sup>st</sup> October 2021	96,857,040.95



## C. Challenges and Way Forward

24. The presentation of the annual report together with the annual budget statement imposes a limitation on a full year presentation of this report, hence the report covers the period Jan – 31<sup>st</sup> October, 2021. The 2021 full year's report will therefore be submitted as part of the 2022 Annual Report when the Minister presents the 2023 annual Budget Statement in November 2022.
25. Ghana shall continue to engage the African Union to ensure prudent and effective utilisation of resources for the benefit of the continent.

## D. Conclusion

26. In line with Section 7 of the AU Import Levy Act, this annual report on the collection and utilisation of the levy covers the period January to October 2021. The introduction and implementation of the AU Levy Act has indeed helped the country to consistently honor its obligation to the AU on time with respect to the payment of Ghana's assessed contribution.

