

**GHANA POVERTY REDUCTION STRATEGY  
2003-2005**

**AN AGENDA FOR GROWTH AND  
PROSPERITY**

**VOLUME I:  
ANALYSIS AND POLICY STATEMENT**

FEBRUARY 19, 2003

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## **ABBREVIATIONS AND ACRONYMS**

|         |  |
|---------|--|
| AABZ    | Accelerated Agri-Business Zones                          |
| AAGDS   | Accelerated Agricultural Growth and Development Strategy |
| ACP     | African, Caribbean, Pacific                              |
| ADR     | Alternative Dispute Resolution                           |
| AGOA    | African Growth and Opportunity Act                       |
| AIDS    | Acquired Immune Deficiency Syndrome                      |
| ALA     | Area of Land under Agriculture                           |
| ASIP    | Agricultural Services Investment Project                 |
| AU      | African Union  |
| BoG/BOG | Bank of Ghana  |
| BPEMS   | Budget Preparation Expenditure Management System         |
| CAGD    | Controller and Accountant General's Department           |
| CBOs    | Community Based Organizations                            |
| CEPS    | Customs, Excise and Preventive Service                   |
| CHRAJ   | Commissioner for Human Rights and Administrative Justice |
| CMAs    | Central Management Agencies                              |
| CPI     | Consumer Price Index                                     |
| CSIR    | Council for Scientific and Industrial Research           |
| CSO     | Civil Society Organisations                              |
| CSPIP   | Civil Service Performance Improvement Programme          |
| CWIQ    | Core Welfare Indicators Questionnaire                    |
| CWSA    | Community Water and Sanitation Agency                    |
| DACF    | District Assembly Common Fund                            |
| DAs     | District Assemblies                                      |
| DFID    | Department for International Development of UK           |
| DPCU    | District Planning Coordinating Unit                      |
| DPT 3   | Diphtheria Pertussis and Tetanus 3                       |
| ECOWAS  | Economic Community of West African States                |
| EPA     | Environmental Protection Agency                          |
| EPCC    | Economic Policy Coordinating Committee                   |
| ERP     | Economic Recovery Programme                              |
| ESF     | Emergency Shock Fund                                     |
| EU      | European Union   |
| FASDEP  | Food and agricultural Sector Development Programme       |
| FCDP    | Food Crops Development Project                           |
| fCUBE   | Free and Compulsory Universal Basic Education            |
| FDI     | Foreign Direct Investment                                |
| FGM     | Female Genital Mutilation                                |
| G7      | Group of Seven developed countries                       |
| GAP     | General Agricultural Policy                              |
| GDHS3   | Ghana Demographic and Health Survey 3                    |
| GDP     | Gross Domestic Product                                   |
| GEPC    | Ghana Export Promotion Council                           |
| GES     | Ghana Education Service                                  |
| GFDC    | Ghana Food Distribution Corporation                      |
| GHS     | Ghana Health Service                                     |
| GLSS    | Ghana Living Standards Survey                            |
| GNCC    | Ghana National Commission on Children                    |

|          |   |
|----------|---|
| GOG      | Government of Ghana                                       |
| GPRS     | Ghana Poverty Reduction Strategy                          |
| GPRTU    | Ghana Private Road Transport Union                        |
| GRATIS   | Ghana Regional Appropriate Technology Industrial Services |
| HIPC     | Heavily Indebted Poor Country                             |
| HIV/AIDS | Human Immune Virus/Acquired Immune Deficiency Syndrome    |
| IEC      | Information, Education and Communication                  |
| IFAD     | International Fund for Agricultural Development           |
| ILO      | International Labour Organization                         |
| IMF      | International Monetary Fund                               |
| I-PRSP   | Interim Poverty Reduction Strategy Paper                  |
| IRS      | Internal Revenue Service                                  |
| ITTU     | Intermediate Technology Transfer Unit                     |
| JDPB     | Joint Development Planning Board                          |
| JSS      | Junior Secondary School                                   |
| KG       | Kindergarten  |
| KVIP     | Kumasi Ventilated Improved Pit                            |
| M&E      | Monitoring and Evaluation                                 |
| MDAs     | Ministries, Departments and Agencies                      |
| MDPI     | Management Development and Productivity Institute         |
| MEMD     | Ministry of Employment and Manpower Development           |
| MEPRC    | Ministry of Economic Planning and Regional Co-operation   |
| MEST     | Ministry of Environment, Science and Technology           |
| MFI      | Micro Finance Institutions                                |
| MIS      | Management Information System                             |
| MLGRD    | Ministry of Local Government and Rural Development        |
| MMDAs    | Metropolitan, Municipal and District Assemblies           |
| MOE      | Ministry of Education                                     |
| MOF/MoF  | Ministry of Finance                                       |
| MOFA     | Ministry of Food and Agriculture                          |
| MOH      | Ministry of Health  |
| MOTI     | Ministry of Trade and Industry                            |
| MOWAC    | Ministry of Women's and Children's Affairs                |
| MSU      | Management Services Unit                                  |
| MTADP    | Medium Term Agricultural Development Plan                 |
| MTDP     | Medium Term Development Plan                              |
| MTEF     | Medium Term Expenditure Framework                         |
| NADMO    | National Disaster Management Organization                 |
| NAEP     | National Agricultural Extension Programme                 |
| NARP     | National Agricultural Research Programme                  |
| NBSSI    | National Board for Small Scale Industries                 |
| NCWD     | National Commission on Women and Development              |
| NDPC     | National Development Planning Commission                  |
| NGO      | Non-Governmental Organisations                            |
| NIRP     | National Institutional Renewal Programme                  |
| NLSP     | National Livestock Services Project                       |
| NPO      | Non-Profit Organization                                   |
| NTE      | Non-Traditional Exports                                   |
| OHCS     | Office of the Head of Civil Service                       |
| OPD      | Out Patients Department                                   |



|         |  |
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| PAC     | Public Accounts Committee  |
| PAMSCAD | Programme of Action to Mitigate the Social Costs of Adjustment                       |
| PARDIC  | Public Administration Restructuring and Decentralization<br>Implementation Committee |
| PLSPF   | Private Sector-Led Poverty Fund  |
| PLWA    | Persons Living With AIDS   |
| PLWHA   | People Living With HIV/AIDS  |
| PPA     | Participatory Poverty Analysis   |
| PPMED   | Policy, Planning, Monitoring and Evaluation Division                                 |
| PRPF    | Poverty Reduction Policy Framework   |
| PSC     | Public Service Commission  |
| PSMRP   | Public Sector Management Reform Programme  |
| PUFMARP | Public Finance Management Reform Programme   |
| R&D     | Research and Development   |
| RCC     | Regional Coordinating Council  |
| RPCU    | Regional Coordinating Planning Unit  |
| RTIP    | Roots and Tubers Improvement Project   |
| SA      | Subvented Agencies   |
| SAP     | Structural Adjustment Programme  |
| SCIMP   | Smallholder Credit Input Supply and Marketing Project                                |
| SIF     | Social Investment Fund   |
| SSA     | Sub-Saharan Africa   |
| SSIDP   | Small Scale Irrigation Development Project   |
| SSNIT   | Social Security and National Insurance Trust   |
| SSS     | Senior Secondary School  |
| STDs    | Sexually Transmitted Diseases  |
| STIs    | Sexually Transmitted Infections  |
| TDE     | Total Discretionary Expenditure  |
| TIN     | Tax Identification Number  |
| UK      | United Kingdom   |
| UNICEF  | United Nations Children Emergency Fund   |
| US      | United States of America   |
| US\$    | United States of America Dollar  |
| UWADEP  | Upper West Agricultural Development Programme  |
| VAT     | Value Added Tax  |
| VELD    | Vehicle Examination and License Division   |
| VIP     | Village Infrastructure Project   |
| WAJU    | Women and Juvenile Unit of the Ghana Police Service                                  |
| WTO     | World Trade Organisation   |

## **EXECUTIVE SUMMARY**

### **1.0. INTRODUCTION**

The GPRS represents comprehensive policies, strategies, programmes, and projects to support growth and poverty reduction over a three-year period (2002-2004). It is informed by the conviction of the current government that the economy of Ghana needs to be managed effectively to enable wealth creation for the benefit of all Ghanaians.

The Government of Ghana aims to create wealth by transforming the nature of the economy to achieve growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized, democratic environment. This goal will be achieved by:

- Ensuring sound economic management for accelerated growth;
- Increasing production and promoting sustainable livelihoods;
- Direct support for human development and the provision of basic services;
- Providing special programmes in support of the vulnerable and excluded;
- Ensuring good governance and increased capacity of the public sector; and
- The active involvement of the private sector as the main engine of growth and partner in nation building.

The emphasis over the period will be on stabilising the economy and laying the foundation for a sustainable, accelerated and job creating agro-based industrial growth. The GPRS will also focus on providing the enabling environment that will empower all Ghanaians to participate in wealth creation and to partake in the wealth created. It will ensure that all Ghanaians irrespective of their socio-economic status or where they reside have access to basic social services such as health care, quality education, potable drinking water, decent housing, security from crime and violence, and the ability to participate in decisions that affect their own lives.

### **2.0 THE ECONOMY AND POVERTY IN THE 1990s**

One of the fundamental problems that have faced the country is the persistent reliance on the export of a few primary products with little or no value added (cocoa, gold, timber and others). This has made the economy vulnerable to price fluctuations dictated by buyers in the developed economies. The low earnings from primary products have meant low revenue to the country. This in turn has made it difficult to create meaningful wealth in the country. Per capita income in Ghana today is less than what existed at the time we achieved independence 44 years ago.

Ghana's economy, since the early 1990s, has been characterised by high rates of inflation, high interest rates, continuous depreciation of the cedi, dwindling foreign reserves, excessive public debt overhang and stagnant economic growth. Extensive liberalization and adjustment in the 1980s produced some growth in services and mining but did little to produce and sustain growth in agriculture and manufacturing. As a result, both growth and incomes have remained stagnant. The stagnant growth of the economy in the 1990s has produced less than acceptable levels of poverty reduction.

Spending on social programs for poverty reduction such as health and education has been low and constraining to poverty reduction. For instance, the levels of spending on health and education at 2.0% and 2.8 % of GDP respectively are much lower than African averages with a disproportionate amount of the resources used for personnel emoluments and administration.

Over the past ten years, Ghana has experienced growing and deepening poverty an evidence of intensification of vulnerability and exclusion among some groups and in some areas, especially in the north of the country and the Central region. Moreover, population growth during the period far outstripped the rate of decrease in poverty levels.

Five out of ten regions in Ghana had more than 40% of their population living in poverty in 1999. The worst affected being the three northern savannah regions (the Upper East, Upper West and Northern Regions). Nine out of ten people in the Upper East; eight out of ten in Upper West, seven out of ten in Northern Region and five out of ten in Central and Eastern Regions were classified as poor in 1999.

Food crop farmers in the country have the highest incidence of poverty. They constitute fifty-nine percent (59%) of the poor in Ghana. This has been due to several factors including lack of access to markets, high cost of inputs and low levels of economic infrastructure.

### **3.0. STRATEGIES FOR POVERTY REDUCTION**

Strategies for poverty reduction include prudent fiscal and monetary policies; private sector-led industrial production through the application of science and technology; sound and sustainable management of the environment; promotion of commercial agriculture using environmentally friendly technologies; agro-based industrial expansion; export promotion based on diversification and competitive advantages; increased investments in social services; and accelerated decentralisation as the key mechanism for policy implementation. A summary of the strategies pertaining to each of the objectives identified above is presented below.

#### **3.1 STRATEGIES FOR ENSURING MACROECONOMIC STABILITY**

To achieve macroeconomic stability prudent fiscal, monetary, and international trade policy measures will be adopted. The fiscal measures will focus on conversion of short-term debts into long-term instruments, reduction in fiscal deficits, and more effective revenue mobilization. Monetary policy will focus on effective monetary management to ensure low and competitive interest rates, single digit inflation, stable exchange rates, reasonable spread between lending and savings rates, and the establishment of long-term capital market. International trade measures will focus on mechanisms to diversify exports and enhance productivity to ensure international competitiveness to achieve a sustainable level of foreign reserves.

### **3.2 STRATEGIES FOR INCREASING PRODUCTION AND GAINFUL EMPLOYMENT**

The strategy for improving production and generating gainful employment is based on the creation of an enabling environment for improved private sector-led agro-based industrial production propelled by the application of science and technology and the promotion of tourism. This will involve improvement in the capacity of the private sector to adopt an entrepreneurial approach to increase production and generate employment. This will include:

- Easing access to farming inputs such as fertilizers, insecticides, high yielding seed varieties and irrigation-based farming techniques.
- Development of marketing channels for agricultural produce.
- Encouraging the development of non-traditional exports to expand industrial production and gainful employment.
- Accelerated growth of small and medium scale manufacturing industries through among others, the diffusion of appropriate technologies and vibrant training programmes.
- Utilising information and communication technology to further enhance our development efforts.
- Addressing the gender dimensions of production including access to credit.
- Vigorous encouragement of tourism to take advantage of both its foreign exchange earning capability, and its direct and indirect employment creation potential.
- Ensuring the sustainability of resources on which production is based.

The programme on production and employment will seek not only to improve public sector delivery of programmes but also provide sufficient incentives to stimulate private sector activities in increasing and sustaining production of basic staples, production of selected export crops, and vigorously expand employment in sectors such as tourism which can employ and enhance the skills of people in geographical areas where the poor reside most.

### **3.3 STRATEGIES FOR HUMAN DEVELOPMENT & PROVISION OF BASIC SERVICES**

Significant gaps exist in access to and utilisation of basic services by the poor, particularly with regards to health, HIV/AIDS control, population management, water and sanitation, and education and training.

Gaps in health are reflected in high levels and wide geographical disparities in outcomes, particularly under five and maternal mortality and child malnutrition. Diseases that affect the poor, including malaria, guinea worm and tuberculosis continue to exist in considerable dimensions. Quality of care, at current levels and the cost discourages many poor people from consulting qualified health personnel.

The rapid spread of HIV/AIDS has received attention from government and its partners. The immediate challenges include the prevention of the spread of HIV/AIDS and the provision of care for persons living with AIDS and their families.

There are very limited choices on fertility regulation among poor families. These families tend to have large family sizes, which critically constrain sustainable poverty reduction.

With regards to quality education, the constraints include poorly equipped and supervised public basic schools and the wide geographical disparities in access and outcomes. Other constraints are the limited relevance and participation of the poor in post basic education, constraints in regular and timely transfer of approved funds to the education sector and very severe management gaps

Consequently, the GPRS aims at removing key obstacles to access and utilisation, by the poor, of basic education, health care, population control, good drinking water, and improved sanitation. Access to basic education will mean the rehabilitation of dilapidated public school buildings, provision of basic school materials such as furniture, blackboards, chalks, and textbooks to public schools in deprived districts and training more teachers and providing incentives to teachers to stay in deprived areas. Improved basic health care for the poor will include bridging gaps in access to health, nutrition, and family planning services, ensuring sustainable financing arrangement that protects the poor, and enhancing efficiency in service delivery. Strategies for providing safe drinking water and sanitation include accelerated provision of bore holes especially in guinea worm endemic communities and accelerated provision of toilet facilities in poor communities.

### **3.4 STRATEGIES FOR SPECIAL PROGRAMMES FOR THE VULNERABLE AND EXCLUDED**

Special programmes for the vulnerable and excluded will establish systems and provide resources to ameliorate conditions of extreme poverty and social deprivation. The focus will be on interventions that have not been mainstreamed including measures to promote gender balance and equity. These interventions will also be aimed at responding rapidly to the needs of those affected by natural and man-made disasters. This will involve expanding coverage of social security scheme, introducing mutual health insurance to cover majority of workers, developing systems that enforce the rights of the vulnerable especially the rights of children and women and preventing disasters and mitigating their impact on the poor.

### **3.5 STRATEGIES FOR GOOD GOVERNANCE**

To ensure effective implementation of poverty reduction programmes and projects, steps will be taken to establish and strengthen the leadership and oversight functions of the Executive and Parliament. Communication between civil society, traditional authority and all branches of government will be institutionalised as a means of strengthening public policy management.

A major objective of the GPRS is to ensure that no Ghanaian is excluded from participation in governance, from protection of their civil liberties, from the pursuit of freedom and justice under the banner of the rule of law. To realize these objectives the GPRS will focus on ensuring:

- Timely access to justice for all;

- Transparency of Government decision making;
- Accountability and zero tolerance for corruption in both public and private sectors;
- Public participation in decision making;
- Decentralization of responsibilities;
- Observance of both rights and responsibilities; and
- Discipline and observance of laws, rules, regulations in both public and private sectors of the society.

#### **4.0 GOVERNMENT'S MEDIUM TERM PRIORITIES (2003 – 2005)**

Detailed programmes and projects for implementing the strategies identified above can be found in the main text. Given the magnitude of funding required to implement the entire programmes and projects, it became necessary to prioritise them to ensure that financing can be secured and good progress made towards meeting the major poverty reducing targets set out in the GPRS.

The priority programmes and projects, which span the five thematic areas, are infrastructure development and modernised agriculture based on rural development to ensure increased production and employment; investments in education, health, and sanitation to enhance delivery of basic social services; upholding the rule of law, respect for human rights and the attainment of social justice and equity to enhance good governance; and private sector development through macro-economic stability and streamlining of public bureaucracy.

##### **4.1. INFRASTRUCTURE**

The objective is to open up the country, introduce competition and create an enabling environment for the Private Sector. These priorities are consistent with the location analysis and are reflected in the sectoral elements of the GPRS. Actions will focus on the following:

- i. Initiate the construction of three major highways: Accra-Yamoransa; Accra-Aflao; and Accra-Kumasi. This will open up the country and link it up with the trans-ECOWAS highway project. It will ensure that Ghana is able to take advantage of the opportunities from West African economic integration and will lead to the creation of jobs.
- ii. Select one major road to a productive area in every region that links the rural areas of the region to the urban area for rehabilitation or development to open up the country for investment, productivity expansion, and job creation.
- iii. Accelerate the further development of our ports (Tema and Takoradi and inland ports) through private sector participation to make them competitive for global trade.
- iv. Re-negotiate existing telecommunications agreements to introduce more competition and accelerate access to telephones, Internet and information technology in general throughout the country.

- v. Take all steps necessary to increase the availability of energy to boost industrial growth and production. This includes the West Africa Gas Pipeline, the Bui Dam, the expansion of the thermal plant at Takoradi and increased use of solar energy.

#### **4.2 MODERNIZED AGRICULTURE BASED ON RURAL DEVELOPMENT**

Government's objective is to develop the country to become an agro-industrial economy by the year 2010. This will require the development of the rural economy. The actions to be taken will include the following:

- i. Reform land acquisition to ensure easier access and more efficient land ownership and title processes.
- ii. Serve as a catalyst to assist the private sector to increase the production of grains such as rice, maize and tubers so that we can achieve food security. This will include extension and research services, irrigation facilities, and affordable credit to support the farmer.
- iii. Encourage the production of cash crops such as cashew.
- iv. Support the private sector to add value to traditional crops such as cocoa.

#### **4.3 ENHANCED SOCIAL SERVICES**

The objective is to enhance the delivery of social services to ensure locational equity and quality, particularly with regard to education and health services. This will be done through actions including the following:

- i. Change the educational system to ensure that there is uninterrupted education for all Ghanaians from pre-school to age 17 to create the opportunity for human development and reduce poverty.
- ii. Ensure that we develop model senior secondary schools in every district in the country.
- iii. Ensure that we develop model health centres for every district in the country.
- iv. Phase out the cash and carry system and replace it with a more humane and effective system of financing health care.

#### **4.4 GOOD GOVERNANCE**

The objective is to ensure the rule of law, respect for human rights and the attainment of social justice and equity. This is to lead to the strengthening of the three arms of government, the executive, judiciary and the legislature. The actions to be taken include the following:

- i. Support the work of Parliament to enable the institution to play its role for better governance.
- ii. Restructure the civil service to ensure efficiency, effectiveness and related performance-based compensation.
- iii. Strengthen the capacity of the Office of the Attorney General and the judiciary in terms of numbers, technology, training and equipment in order to ensure the appropriate rule of law.

- iv. Enhance social order by improving the police service. Equip them with vehicles, communications, equipment and technology, enhance training and increase their numbers.
- v. Ensure transparency and accountability in resource generation, allocation and management.

#### 4.5 PRIVATE SECTOR DEVELOPMENT

The objective is to strengthen the private sector in an active way to ensure that it is capable of acting effectively as the engine of growth and poverty reduction. This is to lead to the creation of wealth at a faster rate in order to reduce poverty in a sustained manner. The actions to be taken will include the following:

- i. Work with the private sector, both foreign and domestic as an effective development partner.
- ii. Provide active assistance through the divestiture programme, financial support and streamlining government bureaucracy.

#### 5.0 TARGETS

The Ghanaian economy (the gross domestic product (GDP)) needs to grow by more than 7% annually in order for real poverty reduction to take place. Therefore, the long-term strategy of government is to increase growth to an average of 8% by the year 2010. In the short term, the aim of the government is to reduce the national incidence of poverty from 39% in 2000 to 32% in 2005. To make this possible, the GPRS over the three-year period aims to improve real GDP growth to 5.0% and per capita growth from 1.4% in 2001 to 2.4% in 2005.

The incidence of poverty incidence among food crop farmers is targeted to decrease from 59% to 46% by 2005. Under-five mortality rate is planned to drop from 110/1000 to 95/1000. Gross JSS enrolment will grow from 61% to 65%. Gross primary school enrolment will increase from 78% to 82% with that for girls increasing from 71% to 80% within the period.

#### 6.0. COSTING AND FINANCING THE POVERTY REDUCTION PROGRAMS

The broad objectives and strategies identified above are aimed at reducing overall poverty levels in Ghana. Funds from on-going poverty-related projects, HIPC savings, GOG sources, additional donor support, as well as other non-traditional sources of funding will be used to finance the programmes, projects and activities under the GPRS. In some cases, expenditure will have to be shifted to priority sectors to ensure achievement of poverty reduction targets. Based on planned actions, agriculture, health (including HIV/AIDS), education, housing and community amenities (including environmental sanitation), and production infrastructure will receive the largest shifts.



## **7.0. MONITORING AND EVALUATION OF POVERTY REDUCTION PROGRAMS**

A GPRS monitoring and evaluation (M&E) system is being put in place to track expenditure disbursement and the actual implementation of the poverty reduction programs and projects. Results from goods and services produced by the programs and projects will be assessed through household surveys and participatory poverty analysis. To determine success towards poverty reduction targets set in the GPRS, poverty indicators will be monitored and evaluated using data from the GSS Welfare monitoring system. This will be supplemented by specific community surveys to be carried out by the GPRS Monitoring and Evaluation system.

## 1.0 INTRODUCTION

The Ghana Poverty Reduction Strategy (GPRS) is a comprehensive development policy framework in support of poverty reduction and growth. It provides a comprehensive understanding of poverty and its causal relationships. The strategy includes measures to ensure macro-economic stability and a framework for sustainable economic growth to support poverty reduction. The salient features of the GPRS include a broad based sequence of programmed events in support of growth and poverty reduction and a three-year costed growth and poverty reduction measures to find expression in the sectoral Medium Term Development Plans (SMTDP), the corresponding Medium Term Expenditure Framework (MTEF) and annual budgets. It has a comprehensive monitoring and evaluation mechanism for tracking expenditure, outputs and activities in support of growth and poverty reduction and to identify the societal impact of measures taken.

### 1.1 DEVELOPMENT POLICY FRAMEWORKS SINCE THE MID 1990s

#### 1.1.1 *Ghana Vision 2020*

*Vision 2020*, originally entitled *National Development Policy Framework*, was a wide ranging, twenty five year perspective dedicated to the improvement of individual and social well being. The development of the vision 2020 was preceded by the *National Development Goal Setting Exercise*, which all districts and regions participated in. The latter exercise produced the underlying national goal which was ***to improve the quality of life of all Ghanaians by reducing poverty, raising living standards through a sustained increase in national wealth and a more equitable distribution of the benefits therefrom.*** Issues addressed in the report included the role of the public and private sector, poverty, gender equity, employment generation and rural development.

#### 1.1.2 *The First Medium Term Development Plan (MTDP) 1997-2000*

The MTDP was the first of the series of 5-year development plans that were to be developed from the 25-year vision. The MTDP, referred to as *Vision 2020 – the First Step*, was based upon collaborative work among Ministries, Departments, Agencies (MDA), Regions, Districts and consultations with civil society. Collaboration at national level had been achieved through broad *Cross Sectoral Planning Groups*, for each thematic area, representing MDA and representative interest groups. The MTDP covered five thematic areas; economic growth, human development, rural development, urban development and the development of an enabling environment

Analysis of these thematic areas indicates that the plan had strictly limited success. This was largely due to limited coordination between the National Development Planning Commission (NDPC) responsible for plan formulation and the Ministry of Finance (MOF) responsible for economic and fiscal management. In the event, annual budgetary allocations did not reflect MTDP Programme objectives. There also appeared to be a lack of political commitment to implementation of the plan.

## 1.2 PREVIOUS POVERTY RELATED PLANS

The GPRS was preceded by a series of plans, which placed emphasis on poverty reduction and human development. The first was the report entitled *Making People Matter: A Human Development Strategy for Ghana* (1991) followed by the *National Development Policy Framework*,<sup>1</sup> (1994) a twenty five year development perspective and *Vision 2020: the First step* (1995), a five year policy statement later developed into the *First Medium Term Development Plan 1996-2000*, (MTDP). In 2000 an *Interim Poverty Reduction Strategy Paper* (I-PRSP) was produced. The latter document was limited in scope.

*Vision 2020: the First Step* and the MTDP were not costed and the latter prepared in insufficient detail to provide effective guidance by which MDA could prepare appropriate programmes and projects. In the event annual budgets failed to reflect the policies incorporated in the plan, which was, therefore, not fully implemented.

## 1.3 EXPENDITURE ON POVERTY REDUCTION AND GROWTH

Government expenditure has been biased in favour of recurrent expenditure the majority of which went into salaries. The latter represents approximately 30% of total government expenditure. Spending on poverty reduction and growth programmes and projects has been low. Regressive elements in spending on health and education have constrained poverty reduction. The level of expenditure in the social sector is low relative to African averages with spending on health and education at 2.0% and 2.8% of GDP respectively. Education and health account for about 90% of social sector spending with the remaining sub sectors each receiving a small proportion of expenditure. Multilateral and bilateral donors make a significant contribution to development expenditure in favour of health and education.

Overall, donors contributed the largest share of non-wage expenditure. This share represented 75% of total non-wage expenditure in 1997 but declined to about 66% in 1998. Donor aid to economic services and infrastructure represents a substantial proportion of total expenditure in those two areas, for 2001, as follows:

|   |             |     |
|---|-------------|-----|
| - | Agriculture | 86% |
| - | Energy      | 90% |
| - | Industry    | 72% |
| - | Water       | 76% |
| - | Roads       | 76% |

This level of donor support for poverty reduction and growth represents an unsustainable situation in the long term.

The structure and geographical distribution of government expenditure over the period gives cause for concern. Civil service employment as a percentage of population was the third highest (1.8%) in sub-Saharan Africa (SSA). The government wage bill as a percentage of GDP (5.6%) was significantly higher than the average for low wage non CFA countries, (4.1%). Despite these figures, emoluments in the public service represent unacceptably low conditions of service. Of total government expenditure general administrative costs are very high. Within

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<sup>1</sup> Later renamed *Vision 2020*

expenditure on poverty reduction and growth an inordinate amount is dedicated to goods and services. Expenditure at the *grass roots* on social protection, production and productivity remains derisory. The geographical distribution of expenditure has not been influenced by policies to achieve a more equitable distribution of benefits. Expenditure has continued to be biased against development of the rural environment and has failed to ameliorate disparities between north and south.

#### **1.4 INTERIM POVERTY REDUCTION STRATEGY PAPER 2000-2002**

The limited impact of the *Ghana Vision 2020: The First Step* and the MTDP in laying the foundation for sustained poverty reduction led to attempts to formulate more poverty-focused policy initiatives. Consequently, the Interim Poverty Reduction Strategy Paper (I-PRSP) for Ghana was prepared in June 2000 for the period 2000 to 2002 and has been used as an outline for growth and poverty reduction.

Preparation of the GPRS for 2003-2005 builds on the I-PRSP, with greater emphasis on participation of key partners, including civil society, the media, private sector, all arms of government and development partners.

#### **1.5 A DEFINITION OF POVERTY**

Poverty is recognized as multi-dimensional with complex interactive and causal relationships between the dimensions. For purposes of the Ghana Poverty Reduction Strategy (GPRS) poverty is defined as unacceptable physiological and social deprivation. This may be caused or exacerbated by:

- lack of macro-economic stability that erodes the resources of the poor through inflation and other variables
- the inability of the national economy to optimise benefits within the global system
- low capacities through lack of education, vocational skills, entrepreneurial abilities, poor health and poor quality of life
- low levels of consumption through lack of access to capital, social assets, land and market opportunities
- exposure to shocks due to limited use of technology to stem effects of droughts, floods, army worms, crop pests, crop diseases, and environmental degradation
- habits and conventions based upon superstition and myths giving rise to anti social behaviour
- the lack of capacity of the poor to influence social processes, public policy choices and resource allocations
- the disadvantaged position of women in society
- other factors leading to vulnerability and exclusion

#### **1.6 STRUCTURE OF THE GPRS DOCUMENT**

This volume provides the analysis and policy statements of the Ghana Poverty Reduction Strategy in eleven chapters. Chapter 1 is the introduction while chapter 2 provides the process of preparing the GPRS. Chapter 3 focuses on poverty diagnostics followed by the long-term

growth and poverty reduction goals in chapter 4. Chapter 5 provides the strategy for ensuring macro-economic stability, while chapter 6 focuses on the strategy for increased production and gainful employment. Chapter 7 discusses the strategies for human resources development and the provision of basic services. Chapter 8 contains the special programmes for the vulnerable and the excluded, and chapter 9 discusses Good governance. Chapter 10 summarizes the medium term priorities of government, which consists of programmes and projects that span across all the thematic areas discussed in the previous chapters. Finally, chapter 11 presents the plan for monitoring and evaluating the implementation of the GPRS.

## **2.0 PROCESS OF PREPARING THE GPRS**

### **2.1 APPROACH**

One of the key principles adopted in the preparation of the GPRS was the participation of Ghanaians to ensure national ownership by all stakeholders of the strategy formulation, programme implementation, and monitoring. Mechanisms employed included information dissemination, collaboration, coordination, and consultation in the context of existing political and governance systems. Consultations were employed within government, between government and civil society at the national level; and between government and civil society at the local level.

Groups for consultation were selected based on their ability to build broad legitimacy for the GPRS. The groups were also seen as partners whose support was felt to be necessary for the implementation of the GPRS. Care was taken to ensure the inclusion of a full range of skills necessary for the preparation of the GPRS and the selection of effective policies for addressing poverty. The results of past participatory studies were also included as inputs into the formulation of the GPRS to reduce the pressure and costs of undertaking fresh participatory studies.

### **2.2 PROCESS**

The GPRS preparation process started in early 2000 with a national forum of stakeholders involved in poverty reduction activities. Representatives from government, the private sector, NGOs involved in the delivery of basic services, Civil Society groups involved in policy work and advocacy and some development partners participated in the forum. Discussions at the forum focused on the changing dimensions of poverty in Ghana during the 1990s and the areas of focus for the preparation of the revised poverty strategy for Ghana. A preliminary poverty situation analysis identified five major thematic areas of significance to poverty reduction and growth. These areas were:

- The Macro Economy
- Production and Gainful Employment
- Human Resource Development and Basic Services
- Vulnerability and Exclusion
- Governance

In July 2000, a formal launching of the Ghana Poverty Reduction Strategy process was held involving a wider cross section of Ghanaians and other stakeholders in development. This constituted a public declaration of the intention of Ghanaians to prepare a poverty reduction strategy with the participation of all stakeholders in development. The process was to be led by Government. Civil society at this forum, declared its preparedness to collaborate with Government to develop the poverty reduction strategy.

Following the launching of the process, Core Teams were established for the five thematic areas in August 2000. The teams comprised representatives of appropriate Government Ministries (which chaired each team), Civil Society Organisations, Non-governmental Organisations, the private sector, development partners and some private individuals. The Core Teams were chaired by the lead government agency for that sector. Broad guidelines

were provided to Core Teams at the start of the exercise, but teams were expected and did develop their own detailed approach to the task. A consultant sponsored by a lead donor or other interested stakeholders assisted the Core Teams with their analytical work. A conscious effort was made to ensure the participation of all stakeholders with a view to achieving the following objectives:

1. To ensure reflection of views of average citizen in the GPRS;
2. To ensure input of Government Ministries, Departments and Agencies;
3. To make certain that civil society's role in implementation was well defined;
4. To enhance the advocacy and watch-dog role of civil society;

The Core Teams worked throughout the change in Government at the end of year 2000 and submitted its zero draft document, which was discussed at a harmonisation workshop in March 2001 comprising all the five teams, private sector, NGOs, Civil Society and development partners.

The work of the Core Teams was itself part of the process of consultation between government, civil society and donors. To complement this, an additional series of consultations were organised in selected locations throughout the country in order to ensure the reflection of the views of a cross section of Ghanaians, especially those at the local levels in the document.

At the sector level, use of the Medium Term Expenditure Framework (MTEF) policy hearings at sector levels forms part of the existing consultation mechanisms employed for the GPRS. District Assemblies have been involved in the consultation processes for the GPRS, firstly as part of their usual consultation role in district medium-term plan preparation processes and also specifically for the GPRS. The sub-district structures also played a key role in ascertaining the views of citizens within their areas of jurisdiction, especially in the area of obstacles faced by the poor participating in growth, the prioritisation of their needs for poverty reduction, setting targets and indicators for monitoring. Some of these consultations have already been institutionalised as part of the process of preparing the district five-year plan.

## **2.3 GROUPS CONSULTED**

Specific groups were identified for participation in the formal consultations for the GPRS. They are listed below as follows:

1. **Community Groups:** Consultations were conducted in a sample of thirty-six communities at the start of the GPRS to:
  - Disseminate information on the GPRS process
  - Obtain community perceptions on poverty
  - Ascertain from respondents the priorities for poverty reduction; and
  - Find out from respondents, the obstacles to poverty reduction

Groups consulted in the sample communities included women, the youth, men, occupational and interest groups and traditional authorities. These groups were selected in consultation

with District Assemblies especially their respective District Planning and Coordinating Units (DPCUs).

These community consultations in the selected districts were followed by district wrap up sessions with District Assembly personnel including the Planning and Budget officers, the district directors of Agriculture, Education and Health and the District Coordinating Director. The district wrap-up sessions were followed by regional workshops, which had participation from all the districts within each region. Participants were from the public, private, NGO and civil society groups and community based organisations. In all, consultation workshops were also held in twelve Districts and six administrative Regions. The outputs from these consultations were fed into the analytical work of the relevant core team and these guided their study programmes.

2. **The Communications Media** through a one-day seminar involving the following sub-groups:

- The Ghana Journalists Association
- Representatives of media houses (state-owned and private)
- Representatives of the print and electronic media

This group's seminar was combined with that of the coalition of women's groups to ensure good media coverage of the event and of gender issues in the GPRS process.

3. The **Trades Union Congress (TUC)** & members of the Structural Adjustment Participatory Review Initiative (SAPRI). A one-day seminar was organised for this group, which included all the unions under the TUC, other civil society groups such the Ghana Association of Teachers, the Ghana Registered Nurses Association etc. The TUC later sent a detailed comment on the GPRS.

4. The **Professional Bodies & Student Unions** - (National Union of Ghana Students and National Union of Polytechnic Students). A call for comments was made to these two groups on the first draft of the GPRS. The two groups also participated in the seminar organised for research institutions and policy think tanks.

5. **Women leaders/Coalition of women's groups**. A one-day seminar was organised initially for this group together with the communications media. The coalition of women's groups, Netright, expressed their dissatisfaction with the lack of gender sensitivity of the first draft of the GPRS and obtained funding to hold another one-day workshop. The coalition of women's groups prepared a statement listing the areas, which they felt, could be more engendered and which had not been treated as part of the first draft document. Following this workshop, Netright engaged a consultant to prepare inputs into the GPRS to make it more gender sensitive.

6. **NGOs in Service Delivery and Religious Bodies** also had a day's workshop where together with the GPRS drafting team, NGO guidelines for implementation were drafted for their comments. These guidelines detailed the role of Civil Society in the implementation of the GPRS, their areas of interest and their areas of comparative advantage in service delivery in relation to other development stakeholders. The agreement was that these organisations were to work within the development plans of District Assemblies and Ministries, Departments and Agencies to avoid duplication.



7. The **National Association of Local Authorities** Ghana (NALAG) received a call for comments on the first draft GPRS which they responded to.
8. A call for comments was made to the **Ghana Institute of Planners**.
9. The **Ghana Employers Association**, the **Trades Unions** and the Government had a tripartite meeting on the GPRS, followed by a meeting with the labour unions, which in turn circulated that draft GPRS to their constituent members at the regional and district levels. A comprehensive statement was presented to Government from the TUC about their concerns with the document. In the main, these comments were reflected in subsequent drafts with the exception of a few which required further analytical work before they could be included. These are slated for reflection in the annual reviews of the GPRS.
10. A day's seminar was organised for the **Research Institutions And Policy Think Tanks** for their comments and inputs into the first draft GPRS.
11. **Members of Parliament & representatives of Political parties** were consulted through a two-day retreat and a one-day seminar to solicit their inputs into the GPRS. Use was also made of other seminars organised by interested groups for the Finance and Public Accounts Committees of Parliament.
12. For **Sector Ministers and their deputies**, a one-day meeting was held followed by another meeting with their Chief Directors.

As a follow-up to the meeting with Ministers and Chief Directors, a meeting was also organised together with the Ministry of Finance, with Chief Directors of MDAs and the Directors of various departments within the MDAs. Drafts of the GPRS were also circulated to divisional directors of MDAs for their specific technical comments on the GPRS. On the basis of the foregoing consultations further updating and upgrading was made to the GPRS, which was then used as the input into the MTEF and budget process, through:

- Separate GPRS/MTEF/Budget Policy Review workshops for the functional Sectors: Administration, Public Safety, Economic Services, Infrastructure and Social Services
- Separate GPRS/MTEF/Budget Cross Sectoral meetings for Functional Sectors
- Separate GPRS/MTEF/Budget Policy Hearings/Strategic Plans for MDA by Functional Sectors
- GPRS/MTEF, Budget Hearings for MDAs

Following the finalisation of draft estimates by MDAs, the MOF and NDPC/MEPRC scrutinised and completed these for review by Cabinet and Parliament. The output from this final process formed the basis for the three years of costed poverty reduction and growth measures.

13. For **Ghana's development partners**, the regular Mini-Consultative Group meetings organised as part of the Comprehensive Development Framework process served as the

forum for consultations. In addition, a separate seminar was held with development partners on the first draft following which a call for comments was made. Partners also sent in missions to determine how best they could streamline their country programmes to fit within the priorities of the GPRS as endorsed by all stakeholders.

14. A **Parliamentary Select Committee** on GPRS implementation, monitoring and evaluation has been formed following a statement by the Minister for Economic Planning and Regional Cooperation in Parliament on the GPRS.
15. At **Ministerial level**, three Ministerial Workshops to ensure Government ownership and commitment. During the final workshops, the medium-term priorities of the GPRS were agreed. This has focused the broader GPRS on the priority areas for implementation.

**Table 2.1: Chronology of the consultations by activity**

| Activity   | Participants  | Date                    |
|--|---|-------------------------|
| Conceptualisation forum  | Cross section of stakeholders on Poverty Reduction      | March 2000              |
| Launching of GPRS process  | Cross section of Ghanaian society                       | July 2000               |
| Core Teams orientation fora  | Core Teams  | August 2000             |
| Community, district and regional consultations                                 | Community groups, district and regional representatives | October – November 2001 |
| Harmonisation  | Core Teams, CSO, Private sector, Development Partners   | March 2001              |
| Special Forum for Civil Society (as input into the National Economic Dialogue) | Civil Society Organisations                             | May 2001                |
| National Economic Dialogue   | Cross section of Ghanaian society                       | May 2001                |
| Linking GPRS to annual/MTEF budget   | MTEF, Budget Division/MOF                               | June 2001 to date       |
| Presentation on draft GPRS   | Development partners                                    | July 3, 2001            |
| GPRS Instructional Workshop for MDAs   | MTEF sectoral groupings                                 | July 23 -27, 2001       |
| GPRS consultation workshop   | Chief Directors - MDAs                                  | August 2, 2001          |
| Call for comments  | Divisional Directors, MDAs                              | August 8, 2001          |
| GPRS consultation workshop   | NGOs and Religious Bodies                               | August 10, 2001         |
| GPRS consultation workshop   | Labour Unions and Civil Society                         | August 17, 2001         |
| GPRS consultation workshop   | Policy advocacy groups and Think tanks                  | August 20, 2001         |
| Review workshop  | Think tanks, research institutions & policy activists   | August 20, 2001         |
| Call for comments  | Professional bodies & NUGS, NUPS                        | August 24, 2001         |
| Call for comments  | PEF, AGI, GCC, NASSI                                    | August 24, 2001         |
| Call for comments  | Core Teams for GPRS                                     | August 24, 2001         |
| Call for comments  | National Association of Local Governments               | August 24, 2001         |
| Call for comments  | Gender Network  | August 31, 2001         |
| Call for comments  | National Association of Local Governments               | August 24, 2001         |

|   |  |                       |
|---|--|-----------------------|
| GPRS consultation workshop                    | Women's groups & the media                       | August 31, 2001       |
| Consultation & training workshop              | Budget officers - Ministry of Finance            | September 4, 2001     |
| Policy review workshops with MTEF/Budget Div. | Admin Group A, Economic and Public Safety groups | September 17-18, 2001 |
| Policy review workshops with MTEF/Budget Div. | Social, Infrastructure and Admin Group B         | September 19-20, 2001 |
| GPRS/MTEF cross sectoral meetings             | MDAs   | October 2001          |
| Policy Hearings                               | MDAs   | October 10-12, 2001   |
| Retreat                                       | Parliament                                       | October 25-27, 2001   |
| Budget Hearings                               | MDAs   | Oct 29-Nov. 2, 2001   |
| Finalisation of draft estimates from MDAs     | MOF  | November 13-18, 2001  |
| Review of draft estimates                     | Cabinet  | November 2001         |
| Review of budget with GPRS priorities         | Parliament                                       | November 30 2001      |
| Regional & District workshops                 | Regional & district personnel, CSOs, NGO         | June – December 2001  |
| Stakeholders Forum on final draft             | Cross section of Ghanaian society                | March 14, 2002        |

## 2.4 DISSEMINATION AND PUBLICITY STRATEGY

Government wishes as many Ghanaians as possible, especially the poor, to be aware of the content of the final GPRS document and how they can benefit from it or use it in their development efforts. For this reason, the objective of the dissemination and publicity of the GPRS document is:

***To create a national understanding of the GPRS for effective participation of communities, groups or individuals in influencing decisions on development policies and expenditures.***

The following target groups have been identified for the dissemination and publicity strategy of the GPRS at the various levels:

At the National level, groups identified include:

- Members of Parliament (primarily as the “voices” of the poor)
- Ministers of State
- Political parties
- Government sub-vented agencies (including Chief Directors & Directors, Planning & Budget officers)
- Research institutes and think-tanks
- Civil society organisations – e.g. TUC, GNAT, etc
- NGOs
- Private Sector, e.g. business and professional associations

- Media houses and journalists

At Regional and District levels:

- Traditional authorities
- Regional Planning and Coordinating Units (RPCU);
- District Planning & Coordinating Units (DPCU)
- Political parties – regional and district branches
- Regional and district heads of departments of Government Agencies & departments
- Private sector
- Civil society organisations
- NGOs
- Project Management units of Poverty Reduction Projects e.g. VIP, SIF etc.
- Media houses and journalists

At the Community level:

- CBOs
- Assembly persons
- Sub-district institutions
- Religious leaders
- Traditional leaders (men and women)
- Community members

At the international level, the aim is to ensure that staff in the country's embassies and "Ghanaian societies" outside Ghana become familiar with the content of the GPRS.

### *2.4.1 Dissemination Activities*

Dissemination activities vary depending on the target group and level. The following activities at the different levels have been identified:

#### **National Level:**

- Printing and distribution of the two major documents on GPRS and
- Preparation, printing and dissemination of shorter/simplified versions
- Official launching of the GPRS at national level
- Exhibitions of GPRS performance (in its second year)
- Seminars and Workshops for various national level target groups
- TV and Radio Discussion programmes
- GPRS documentaries on TV and radio
- Development of a website on GPRS
- Information posters for publicising GPRS events

#### **Regional/ District Levels:**

- Dissemination of the two major documents on GPRS and simplified versions
- Seminars and workshops for various regional/district level groups (non-technical groups)
- TV & radio discussion programme in local languages
- Seminars and workshops for Area/Town councils members and staff
- GPRS documentary/drama (on its essence) in major local languages

- Exhibitions at regional and district levels
- Information posters for publicising GPRS events

**Community Level**

- Discussion forums on local radio (FM)
- Seminars and workshops for assemblypersons
- Durbars
- Workshops for CBOs
- GPRS summary versions (25-page, one-page leaflets) translated into local languages
- Information posters

All of the above activities form part of a multimedia campaign at all levels, which uses radio and TV as the major channels because of the low literacy rate, especially among the poor. Some of the GPRS programmes will be conducted in local languages. Considering the gender dimensions of poverty, attention will be given to make dissemination and publicity of the GPRS gender-sensitive.

### 3.0 DIMENSIONS OF POVERTY IN GHANA

Poverty has many dimensions. Therefore a range of indicators is needed to inform the range of policies to tackle the causes and mitigate the consequences of poverty. Households and communities may be characterised as poor based on lowness of income, malnutrition, ill health, illiteracy, lack of access to safe water and sanitation facilities, and general insecurity. These conditions combine to keep households and whole communities in persistent poverty. The analysis here therefore focuses on three dimensions of poverty: income or consumption poverty, lack of access to basic services, and deprivations in human development. The analysis is based on the Ghana Living Standards Survey (GLSS 4) conducted by the Ghana Statistical Services over the period April 1998-March 1999. It also makes use of several supplementary data. Notably, the Participatory Poverty Analysis (PPA) survey administered in 36 sample communities from 14 districts in 6 regions provides qualitative data on perceptions of poverty. The Ghana Macroeconomics and Health Initiative background reports provide further disaggregated data on health indicators of poverty.

#### 3.1 TRENDS IN CONSUMPTION POVERTY IN THE 1990s

Poverty trends in the 1990s are the single most important indicator of whether past policies succeeded in improving standards of living, if so, by how much. We will relate the trends to the country's economic growth experience. Table 1 provides a summary picture of some of the quantitative and qualitative poverty indicators. Overall poverty levels decreased between 1991/92 and 1998/99 from 52% to 40%. Extreme poverty declined from 37% to 27% over the same period.<sup>1</sup> This progress, however, masks the uneven decline in poverty and incidents of growing and deepening poverty in some geographical areas.

The evidence suggests that the vulnerability and exclusion among some geographical groups, socio-economic groups, gender and age groups may have worsened. Population growth during the period may have far outstripped the positive impact of growth on the rate of decline in poverty levels in some areas. And, but for the migration of the youth from the rural to the urban areas as head porters, street hawkers and so forth, poverty levels in some of these areas could have been worse than what the statistics reveal.

Table 3.1: Dimensions of Poverty in Ghana

| <b>Dimensions of Poverty based on Ghana Living Standards Survey (April 1998 - March 1999) &amp; Core Welfare Indicators (1997)</b> |                |              |             |
|--|----------------|--------------|-------------|
| Number of Households   |                |              | 4.2 million |
| Average household size   |                |              | 4.3 persons |
| Proportion of population rural   |                |              | 56.0%       |
| Proportion of population female  |                |              | 50.5%       |
| Intercensal population growth rate   |                |              | 2.6%        |
|  |                |              |             |
| Average annual household exp.  | ¢4.244 million | (US\$1,1773) |             |

<sup>1</sup> The Ghana Living Standards Survey derives two nutrition-based lines of poverty. The poverty line is the consumption expenditure needed to achieve minimum nutritional needs. Overall poverty is based on an upper poverty line of 900,000 cedis per adult per year. Extreme poverty is based on a poverty line of 700,000 cedis per adult per year.

|   |                |                |
|---|----------------|----------------|
| Average per capita total (cash + imputed) household expenditure   |                | US\$412        |
| Average per capita annual cash exp  |                | US\$336        |
| Average per capita income   |                | US\$220        |
| Overall cash expenditure on food (% of total exp)   |                | 45.4%          |
| Imputed value of own produced food (% of total exp)   |                | 10.3%          |
| Proportion of households with someone holding a savings account   |                | 28%            |
|   |                |                |
| <b>Population defined as poor (Welfare measure)</b>   | <b>1991/92</b> | <b>1998/99</b> |
| Upper Poverty Line  | 50%            | 40.0%          |
| Extreme Poverty   | 37%            | 27.0%          |
|   | Urban          | 18%            |
|   | Rural          | 46%            |
| Food crop farmers   | 68%            | 59.0%          |
| Males (Females) who never attended school   |                | 21% (41%)      |
| Males (Female) literacy rate  |                | 62% (36%)      |
| Literacy rate in urban (rural) areas  |                | 63% (40%)      |
| Children aged 6-15 attending school   |                | 80%            |
| Attendance rate rises with urbanization but proportion of females significantly lower.                    |                |                |
| Nearest primary school is at least 30 minutes away  | Urban          | 3%             |
|   | Rural          | 10%            |
|   |                |                |
| Nearest health facility is at least 30 minutes away   | Urban          | 20%            |
|   | Rural          | 61%            |
| Lowest 2 poverty groups   |                | 70%            |
| Population citing cost as key reason for non-use of medical services                                      |                | 70%            |
| Children under 8 years never vaccinated against any of the childhood killer diseases (for Rural Savannah) |                | 6.5% (12.4%)   |
| Supervised delivery assistance (Doctor, Nurse, Midwife)   | Urban          | 79%            |
|   | Rural          | 33%            |
| Pipe-borne as a source of drinking water  | Urban          | 80.3%          |
|   | Rural          | 18.8%          |
| Prevalence rate of HIV/AIDS (1999)  | National       | 3.6%           |
| Households using electricity  |                | 41.4%          |
| Population employed in agriculture  |                | 55.0%          |
| Population employed in trading  |                | 18.3%          |
| Population employed in manufacturing  |                | 11.7%          |
| Women self-employment in agriculture  |                | 48.7%          |
| Women self-employment in non-agriculture  |                | 45.1%          |
| Men self-employment   |                | 77%            |

Source: Ghana Living Standards Survey 4

<sup>2</sup> The Ghana Living Standards Survey derives two nutrition-based lines of poverty. The poverty line is the consumption expenditure needed to achieve minimum nutritional needs. Overall poverty is based on an upper poverty line of 900,000 cedis per adult per year. Extreme poverty is based on a poverty line of 700,000 cedis per adult per year.

### 3.1.1 Geographical Disparities

There are significant differences in the spatial distribution of poverty. Five out of the 10 regions in Ghana had more than 40% of their population living in poverty in 1999. By income measure, poverty levels are highest in the three northern savannah regions (the Upper East, Upper West and Northern Regions), ranging between 69% and 88%. Nine out of ten people in the Upper East, eight out of ten in Upper West, seven out of ten in Northern Region and five out of ten in Central and Eastern Regions were classified as poor in 1999 (Figure 3.1). Of the ten regions, the Upper East, Northern and Central regions experienced increases in poverty levels and extreme poverty in the 1990s. Urban areas in the northern savannah also experienced significant increases in poverty levels during the period.

Figure 3.1: Regional Poverty Profile

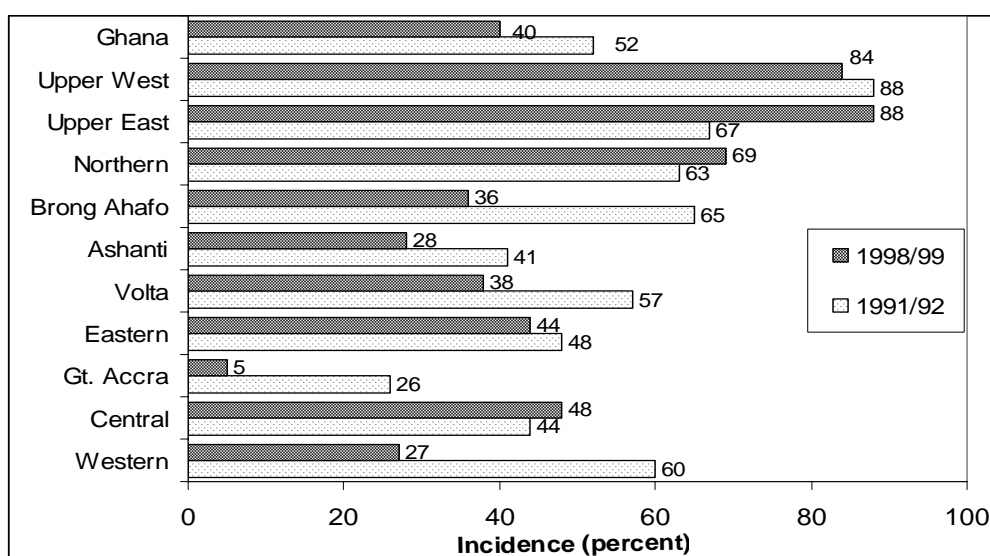
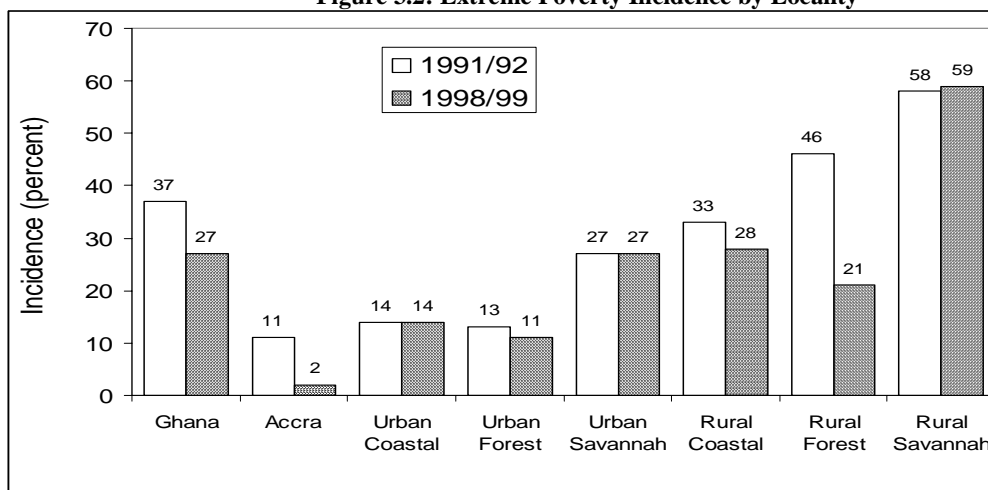


Figure 3.2 provides another perspective of the incidence of poverty for the country as a whole and by localities that span different administrative regions. At the national level, despite the 10 percent drop between 1991-92 and 1998-99, nearly one-quarter of the population (27%) in 1989-99 was unable to meet their basic nutritional requirement even if they devoted their entire consumption budget to food. The geographical variations of extreme poverty ranged from 2% in Greater Accra to 59% in Rural Savannah, which spans much of the Northern, Upper West and Upper East administrative regions. The 1% increase in extreme poverty between the two census periods in rural savannah is in contrast with the no-change in extreme poverty in the urban savannah. The increase in overall poverty across these three administrative regions is therefore largely a rural phenomenon, a case of the poor getting poorer, and an indication that policy measures to alleviate poverty could not have taken hold in this region of the country.

In contrast, reductions in extreme poverty have occurred noticeably in rural forest belt (covering Brong Ahafo, Western, Ashanti regions) and moderately in the rural coastal (covering parts of Eastern, Central and Volta regions). Despite these reductions, the levels of poverty in Brong Ahafo, Volta, and Eastern regions remain high. The information in Figure 3.2 also suggests that apart from Accra average reductions in extreme poverty in the urban areas have been marginal, falling from 18% in 1991/92 to 17.3% in 1998/99.



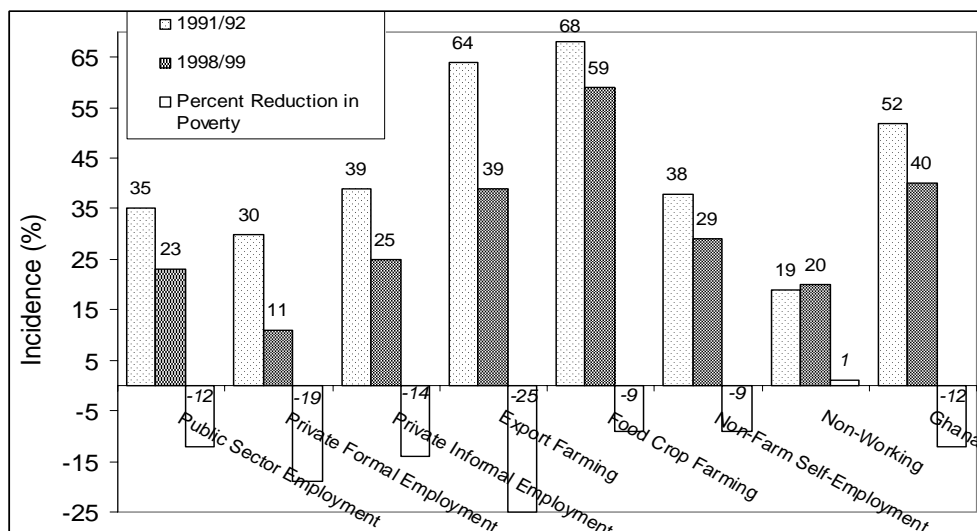
**Figure 3.2: Extreme Poverty Incidence by Locality**

Source: Ghana Statistical Service

The lack of disaggregated data covering districts and communities is a major limitation of poverty analysis in Ghana which future surveys must rectify. For example, although rural poverty in Coastal belt is around 30%, (Figure 2) there is evidence that this figure like all the broad geographical income poverty indicators masks significant variations that may exist at the district levels. It is conceivable that some districts in larger areas classified with higher incomes (lower poverty) have significantly higher poverty incidences. For example, a 1993-94 research study of Osudoku, a sub-district of Dangme-West, a rural coastal area, suggested poverty levels as high as 70%. The GLSS 4 therefore fails to uncover the true incidence of poverty even based on consumption levels.

### 3.1.2 Disparities Among Occupational Groups

Figure 3.3 presents the incidence of poverty by main economic activity of households based on the upper poverty line. Poverty is by far highest among food crop farmers. Their poverty remains nearly 19% above the national average of 40% in 1998/99 and they, together with those in non-farm self-employment, experienced the least reduction (9%) in poverty. This is of concern for three reasons: (1) the contribution of food crop farmers to the national incidence of poverty is much in excess of their population share, (2) poverty among food crop farmers is also much more pronounced based on the measure of extreme poverty, and (3) women are more predominant in both the food crop and non-farm self-employment sectors. Although the incidence of poverty among export farmers remains relatively high (39%), they experienced the largest reduction in poverty (25%). The strength of their poverty reduction reflects a number of factors including the conscious policy effort to promote the growth of the non-traditional exports in the 1990s, the relatively easier access to financing, and access to markets.

**Figure 3.3: Poverty by Socio-Economic Groups**

Also experiencing noticeable reductions in poverty are those in formal private sector employment followed by those in the informal private sector and wage employees in the public sector. Looking forward, the trends in poverty reduction in the 1990s suggest that the growth in the private sector and access to marketing opportunities, especially for exportable products, may hold greater promise for poverty reduction. The range of policies to reduce poverty must address the constraints on food crop farmers (predominantly rural, small scale) and the non-farm self-employed, also predominantly women engaged in micro enterprises.

## 3.2 TRENDS IN SOCIAL DIMENSIONS OF POVERTY

### 3.2.1 Health-Based Indicators of Poverty

Social indicators point to mixed progress in the 1990s. Although early mortality rates decreased (66/1000 to 56/1000 for infants and 119/1000 to 108/1000 for under five) from 1992 to 1998, there are deep geographical disparities. Infant and under five mortality in the three northern regions are generally higher than in the south. In comparison with the Greater Accra Region, they are twice and three times as high respectively. A contributory cause is the fact that over 30% of children in the north are not fully immunized before their first birthday. The 31% incidence of diarrhoea in the north is unacceptably high compared to the national average of 18%. The immediate contributory factors to this problem are the lack of access to health-determining facilities, in this case, water and sanitation.

### Poverty and Nutrition

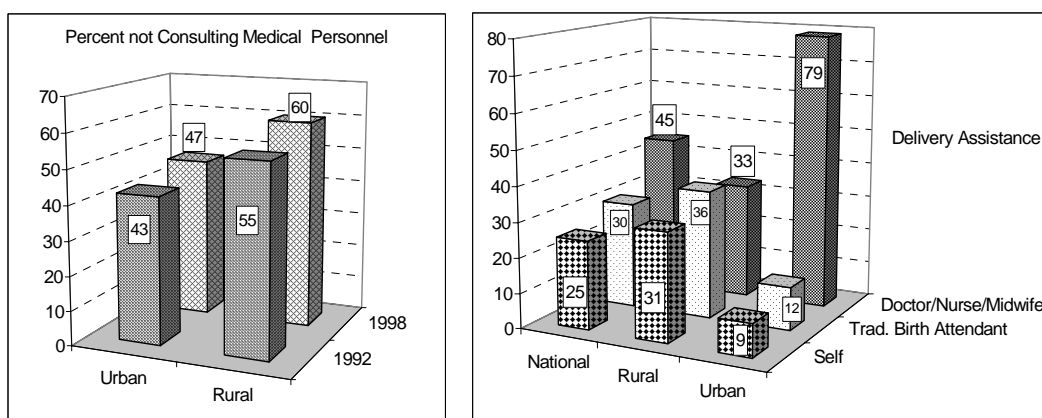
Nutritional-based measures of poverty reveal similar regional patterns. Although the incidence of stunting and wasting<sup>3</sup> declined in the ten-year period since 1988, the incidence of wasting

<sup>3</sup> Stunting measures the height to age ratio. Wasting measures the weight to height ratio. A child is described as stunted if the height-for-age index is more than two standard deviations below the median of an international reference population. A child is described as wasted if the weight-for-height index is more than two standard deviations below the median of an international reference population.

increased in three regions. Nation-wide, about every 30 in 100 children under 5 years were found to be stunted. The percentage for the rural areas is 33 in every 100 and for urban areas 21 in every 100. Boys were 14% more likely to be stunted than girls in the same age cohort. In contrast, boys were 40% less likely to be wasted than girls. Malnutrition measured by underweight and stunting among children under five similarly shows adverse conditions prevailing in the north of the country with 34%-38% and 35-40% respectively compared to 25-27% and 26% nationally. Boys were nearly 7% more likely to be underweight than girls.

These children are more than hungry. There is not only a discomfort in being malnourished, high incidence of malnutrition can affect brain growth and development. For school-going children, there is impairment in the capacity to do mental work through illness and plain weakness.

Figure 3.4: Access to Medical Personnel and Delivery Assistance



### Poverty and Access to Health Care

Use of health facilities (as indicated by the number of individuals seeking modern medical care following an illness or injury) is also low and on the decline (Figure 3.4), a feature observed to be closely linked with the introduction of increases in health user fees. Delivery assistance signals the depth of delivery of health services. Data for 1998 indicate that about 45% of all deliveries at the national level were supervised by a medical practitioner, about 31% by Traditional Birth Attendant, and 25% by unsupervised self help. The percentage of supervised births by a medical practitioner in the urban areas of nearly 79% is more than twice the rural figure of 33%. For 56% of the population who are predominantly rural, unsupervised deliveries is nearly one-third of all deliveries. On regional basis and for no apparent reason, Traditional Birth Attendant delivery is highest in the Eastern region. Unsupervised delivery appears to be the norm in the Upper East region.

Nearly 70% of the sample population (especially among the rural and urban poor) cited cost as one key reason for non-use of medical services. Physical location of health facilities, which is not directly related to household income and affordability, is another important factor. The not-for-profit religious missions sector operates 43 hospitals outside the regional capitals, making them relatively accessible to rural populations in districts where they are sited. Dyna Arhin remarked that in other rural districts where neither mission nor state

hospitals are located, distance represents a major obstacle for the rural population even when incomes in these districts may be higher than the national average<sup>4</sup>. By the GLSS 4, the proportion of the population in rural areas who needs more than 30 minutes to reach the nearest health facility increases by the level of poverty. It ranges from 51% for the non-poor to 70% for the lowest 2 poverty groups.

#### *Poverty and Handicapped Persons*

It is noteworthy that the level of handicapped persons is higher in the rural areas of the country than in the urban areas. Surprisingly, the level of handicap persons tends to increase monotonically with increasing poverty. The fundamental reason is that generally, women in poor households are less likely to seek or to receive maternal care services than their urban counterparts. Children from poorer households in both urban and rural areas therefore are more likely to be born without medical supervision. These together with poor nutrition increase the likelihood of abnormal growth and vulnerability to disease and mishaps with adverse developmental effects. Even some congenital effects may themselves reflect poor pre- and post-natal care.

#### *Poverty and Access to Safe Water and Sanitation*

The relatively high incidence of diarrhoea in the northern parts of the country was attributed partly to the lack of access to clean drinking water and proper sanitation. Coverage of potable drinking water varies substantially across the country.

**Table 3.2 : Source of Drinking Water**

| Source of drinking water | Ghana | Urban | Rural |
|--------------------------|-------|-------|-------|
| Pipe-borne               | 41.6  | 80.3  | 18.8  |
| Well                     | 33.9  | 10.8  | 47.2  |
| Natural Sources          | 24.6  | 8.8   | 33.9  |

Source: GLSS 4

Given the preponderance of water-borne diseases, the vulnerability of 81% of the rural population who depend on untreated water should be a matter of concern. The problem may be no less severe even among urban districts, especially those in the periphery of urban (peri-urban) areas. A study of 60 communities in the second largest municipality in Ghana (Kumasi Metropolitan) and five other districts found that 23% of the sample did not have access to pipe-borne water or pipe network. Moreover, 63% had pipe network but had no water or experienced irregular flow of water and up to 30% of households depended on hand-dug wells. Using access to water as an indicator of poverty, the study estimated the level of poverty in this urban sample to be between 50-75%. The study suggests that some districts even in the larger urban classification would require prioritisation of investments in water to alleviate poverty.<sup>5</sup> The study also observed that households without access to piped water tend to rely on a variety of less reliable and unhygienic sources, including mobile water tankers, and fixed vendors of water, shallow wells and deep wells, boreholes, springs and commercially bottled water.

<sup>4</sup> These observations were made by Dyna Arhin-Tinkorang (2002) in a draft document "A Revisit of Ghana's Poverty Profile as Inputs into the Ghana Macroeconomics and Health (GMH) Initiative".

<sup>5</sup> Arhin, D (September 2002).

Research has also shown that water quality in the peri-urban areas has fallen for one simple reason: increasing demands on waste management systems cannot cope with urbanization.<sup>6</sup> As a result, pollution of water and all facets of the physical environment are rising, making waste management strategies an urgent need in order to avert the detrimental impact on health of some sections of the population. Of concern is that those likely to be hardest hit by a high exposure to contamination from improperly disposed sewage and refuse are the poor and vulnerable groups- those least able to cope with it.

#### *Poverty and the Incidence of HIV/AIDS*

Table 3.3 below highlights the incidence of HIV/AIDS and the prevalence rates in 1999. The sharp geographical variations are just as important as the incidence by age groups. Of the half a million afflicted Ghanaians the majority are within the ages of 15-49 years, and the prevalence rate is twice as high for females as males. The implications for poverty are many especially in the areas of socio economic development. The loss of the youth in their productive years will diminish the capabilities of households to support themselves. In agriculture, the loss of labour may compel farmers to shift from export or cash to food crops. And in industry, the loss of skilled manpower will increase the costs for training and replacement training, and health bills. Moreover, for households, the increase in the prevalence rate will mean the loss of the first social safety net, loss of income to the family as a result of loss of breadwinners, increase the dependency of children on the aged, selling of family assets to pay for bills, increased orphans, and children may not attend school.

Table 3.3: HIV Prevalence Rate (1999)

|   |  |
|---|--|
| <b>Prevalence Rate (in absolute numbers): National</b>        | <b>3.6%</b>  |
| Southern belt- Gt. Accra, Eastern, Volta, Coastal             | 2.3% (Accra)<br>6.6% (Agomanya district)                   |
| Middle belt- Ashanti, Brong Ahafo, parts of Western and Volta | 4.8%   |
| Northern belt – Northern, Upper East and West                 | 6.9% (Wa in Upper West)<br>1.6% (Bolgatanga in Upper East) |
| HIV Hardest hit regions                                       | Eastern, Volta, Gt. Accra, Western, Ashanti                |
| Ratio of female to male HIV infected                          | 2 to 1 (2001)  |
| Young women of child-bearing age (15-49 years)                | Twice likely to be infected as men in same age group       |

Source: Information supplied by Ghana Aids Commission from NACP, HIV Sentinel Surveillance 2001 (May 2002).

The above evidence suggests a number of priority areas for the country's efforts at addressing access to health and health related causes of poverty. The key major areas are financial and physical barriers to accessing health care, diarrhoea, malaria, early childhood vaccination and immunization against killer diseases, maternal care, source of drinking water, and reducing the spread of HIV/AIDS. Several aspects of the above areas relate to efficiency and effectiveness of the use of existing resources, improved physical location of health care

<sup>6</sup> Martin Fowler, "Peri-urban issues, poverty and sustainable livelihoods approach in Ghana," keynote paper delivered at the Developing Sustainable Livelihoods and Natural Resource Use in Peri-Urban Kumasi Workshop hosted by the Kumasi Natural Resources Management Research Project, Ghana: Feb. 2000.

facilities, additional manpower needs, improved community education, and additional resource mobilization.

### 3.2.2 Education and Poverty

The level of education attained is a signal of the income earning potential of individuals and households and therefore a predictor of the population segment likely to be vulnerable to income shocks especially with ageing. Table 4 highlights the education attainment of people aged 15 years and above. About 32 percent of adults and nearly twice as many females as men had never been to school. And not a negligible number (25%) went to school but did not complete the minimum years for any certificate.

Table 3.4: Levels of Educational Attainment (Population aged 15 and above)

| Highest level attained | Percent |         |     |
|------------------------|---------|---------|-----|
|                        | Males   | Females | All |
| Never been to school   | 21      | 41      | 32  |
| Less than MSLC/BECE    | 25      | 26      | 25  |
| MSLC/BECE              | 39      | 29      | 33  |
| Secondary or higher    | 16      | 6       | 10  |
| Total                  | 100     | 100     | 100 |

Source: GLSS 4

Table 3.5 summarizes further the rural-urban and regional analysis of individual characteristics of education by gender. There is a substantial difference between girls and boys in their school attendance, noticeably so in the rural areas and in the Northern, Upper East and Upper West regions. For example, for every 100 girls who never attended school there were 45 (Urban) and 64 (rural) boys who also never attended school. For those who attend school, the higher girl's school dropout rate is evident in the ratio of girls to boys who finally complete secondary school education.

As we see from Table 3.5, the ratio is 100 girls to 201 boys in the urban areas and to 417 boys in the rural areas. The regional disparities in the level of highest school attained are also evident in Table 3.5, and are more noticeable in regions with higher rural population concentration. In terms of school completion, the results show that the poorest regions also tend to have the highest girl's school dropout rate at the primary and junior school level. The dropout rate picture is different at the secondary school level. For every 100 girls who managed to complete Senior Secondary school, there were 833 boys in Brong Ahafo, 600 boys in Central region, 460 boys in the Eastern region, 440 in Northern region and 190 in Upper West.

Table 3.5: Gender Analysis of Education by Region

| <b>Number of Males to Every 100 Females by Indicator</b>  |          |         |               |       |         |         |             |          |            |            |
|---|----------|---------|---------------|-------|---------|---------|-------------|----------|------------|------------|
|   | National |         |               | Rural |         |         |             | Urban    |            |            |
| Literacy rate   | 170      |         |               | 192   |         |         |             | 149      |            |            |
| Never attended School   | 59       |         |               | 64    |         |         |             | 45       |            |            |
| Primary school not completed  | 74       |         |               | 79    |         |         |             | 60       |            |            |
| Junior Secondary completed  | 150      |         |               | 164   |         |         |             | 132      |            |            |
| Senior Secondary completed  | 256      |         |               | 417   |         |         |             | 201      |            |            |
| <b>Gender Analysis of Education: Regional Analysis of Individual Characteristics in the Rural Areas</b> |          |         |               |       |         |         |             |          |            |            |
|   | Western  | Central | Greater Accra | Volta | Eastern | Ashanti | Brong Ahafo | Northern | Upper East | Upper West |
| Literacy rate   | 210      | 241     | 183           | 161   | 170     | 211     | 250         | 414      | 201        | 196        |
| Never attended School   | 37       | 44      | 63            | 50    | 51      | 54      | 53          | 83       | 86         | 90         |
| Primary school not completed  | 90       | 71      | 97            | 81    | 104     | 45      | 43          | 252      | 332        | 100        |
| Junior Secondary completed  | 211      | 218     | 217           | 154   | 145     | 159     | 176         | 395      | 145        | 176        |
| Senior Secondary completed  | 300      | 600     | 240           | 277   | 463     | 91      | 833         | 440      | 247        | 190        |
| <b>Gender Analysis of Education: Regional Analysis of Individual Characteristics in the Urban Areas</b> |          |         |               |       |         |         |             |          |            |            |
|   | Western  | Central | Greater Accra | Volta | Eastern | Ashanti | Brong Ahafo | Northern | Upper East | Upper West |
| Literacy rate   | 146      | 178     | 130           | 146   | 156     | 166     | 169         | 235      | 193        | 110        |
| Never attended School   | 42       | 36      | 43            | 36    | 33      | 49      | 55          | 55       | 39         | 72         |
| Primary school not completed  | 46       | 89      | 45            | 66    | 37      | 47      | 77          | 148      | 112        | 83         |
| Junior school completed   | 137      | 161     | 113           | 160   | 140     | 130     | 146         | 230      | 182        | 120        |
| Senior Secondary completed  | 274      | 303     | 180           | 230   | 175     | 258     | 279         | 139      | 203        | 79         |

**Table 3.5: Education Characteristics by Poverty Quintile**

|   | Education Characteristics by Poverty Quintile |           |                 |                |           |                 |                |
|---|---|-----------|-----------------|----------------|-----------|-----------------|----------------|
|   | NATIONAL                                      | RURAL     |                 |                | URBAN     |                 |                |
|   | National                                      | All Rural | Very Poor Rural | Non-Poor Rural | All Urban | Very Poor Urban | Non-Poor Urban |
| Literacy rate >15yrs  | 48  | 40        | 24              | 62             | 63        | 40              | 85             |
| Time to reach the nearest primary school % greater than 30 minutes.   |   |           |                 |                |           |                 |                |
|   | 8   | 10        | 14              | 6              | 3         | 6               | 1              |
| Time to reach the nearest secondary school % greater than 30 minutes. |   |           |                 |                |           |                 |                |
|   | 65  | 77        | 86              | 69             | 42        | 57              | 27             |
| Satisfaction with school attended                                     |   |           |                 |                |           |                 |                |
| Primary   |   |           |                 |                |           |                 |                |
| No Problem  | 39  | 30        | 18              | 43             | 61        | 49              | 76             |
| Lack of books/supplies  | 37  | 42        | 45              | 36             | 25        | 36              | 14             |
| Poor teaching   | 6   | 8         | 10              | 5              | 3         | 4               | 3              |
| Lack of teachers & overcrowding                                       | 16  | 21        | 32              | 13             | 6         | 11              | 3              |
| Facilities in bad condition   | 32  | 40        | 50              | 31             | 13        | 15              | 8              |
| Secondary   |   |           |                 |                |           |                 |                |
| No Problem  | 60  | 30        | 18              | 45             | 58        | 42              | 74             |
| Lack of books/supplies  | 38  | 45        | 54              | 34             | 28        | 41              | 18             |
| Poor teaching   | 7   | 8         | 8               | 5              | 5         | 8               | 2              |
| Lack of teachers & overcrowding                                       | 15  | 20        | 27              | 13             | 7         | 15              | 2              |
| Facilities in bad condition   | 28  | 36        | 45              | 24             | 13        | 19              | 8              |
| Reasons for not attending school                                      |   |           |                 |                |           |                 |                |
| Too far   | 7   | 9         | 11              | 8              | 4         | 7               | 2              |
| Too expensive   | 29  | 32        | 36              | 27             | 24        | 32              | 20             |
| Must work in home   | 34  | 36        | 33              | 38             | 31        | 20              | 43             |
| Find school useless   | 9   | 11        | 18              | 7              | 6         | 12              | 3              |
| Illness   | 2   | 3         | 4               | 2              | 1         | 2               | 0              |
| Pregnancy   | 3   | 4         | 4               | 3              | 2         | 4               | 1              |
| Failed Exam   | 5   | 5         | 5               | 6              | 4         | 5               | 3              |
| Got Married   | 4   | 5         | 6               | 4              | 3         | 3               | 3              |

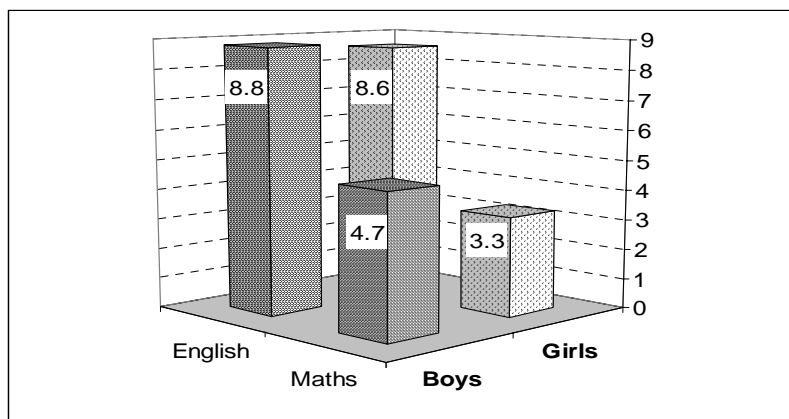
Source: CWIQ Survey 1997, Ghana Statistical Service March 1998

Table 3.6 highlights some of the reasons that might contribute to dropout rates by poverty quintile in the rural and urban areas. The reasons range from the lack of books and supplies, poor teaching, lack of teachers and overcrowding, distance, high cost, child labour, disease, pregnancy, and early marriage. Nearly one-third of children cited the need to work as the reason for not attending school. Another third cited cost as the reason. The two reasons are closely linked because children from poor to poorer homes are the ones most likely to be in need of work to earn income or provide supplementary family labour. Child labour therefore



is a national problem. It breeds another cycle of people who most likely will be less well off or end up in poverty later. Participatory assessments further reveal the depth of social problems, particularly, the phenomenon of street children, *kayayei* and harmful tradition practices as both causes and effects of school dropout rates.

**Figure 3.5: Share of Pupils Reaching Mastery Levels<sup>7</sup> in English and Mathematics (1999)**



Source: Ministry of Education, Criterion Reference Test, 1999

Overall, gross primary one admission and primary school enrolment ratios have not significantly improved since 1992. Dropout rates remain high at about 20% for boys and 30% for girls at Primary School and 15% for boys and 30% for girls at Junior Secondary School. Gender and location disparities are evident. The quality of education is alarmingly low (Figure 3.5) further impinging on enrolment and retention.

### 3.2.3 Poverty and Landlessness

Until recently landlessness in Ghana was not perceived to be a problem. Almost all communities were self-sufficient in their basic land requirements for subsistence and related needs, thanks to progressive customary tenurial systems.<sup>8</sup> However, emerging land use patterns, urbanization, and gender insecurity especially in communities adjacent to sprawling urban centers pose problems. Rapid urbanization is likely to threaten overwhelming majority of the indigenous communities given their weakened or non-existent land rights, the lack of alternative sources of livelihoods and employment avenues. With the current population growth of 2.6%, the growth of urban centers and their peripheries is likely to be at least double the national rate and it can be expected that the pressure of landlessness and homelessness on the poor and the very poor can be intense. A case study of Ofankor lands, a peripheral community of the nation's capital, Accra, shows that the poor and indigenous communities are often the victims of land expropriation into government lands which are subsequently allocated to individuals outside the community often with paltry compensation to the indigenous people.<sup>9</sup> Besides high population growth pressures, rapid urbanization and

<sup>7</sup> Mastery level scores are 60% (English) and 55% (Maths).

<sup>8</sup> Observations made by Kasim Kassanga in "Changes in Land Tenure" presented at the Kumasi Natural Resources Management Research Project Workshop, Kumasi, Feb. 2000.

<sup>9</sup> Kasim Kasanga, Jeff Couchrane, Rudith King and Micheal Roth, Land Markets and Legal Contradictions in the Peri-Urban Area of Accra: Informant Interviews and Secondary Data Investigations. Research Paper, Land Tenure Centre, University of Wisconsin, May 1996

emergent informal land markets, many point to failures of formal land policy interventions by government at the misinterpretation and misapplication of the basic tenets of the law to the disadvantage of the poor and vulnerable groups.

### *3.2.4 Disparities By Gender*

The analysis so far indicates that poverty in Ghana has important gender dimensions and therefore requires focused public policy measures. Females represent 50.5% of the total population, with regional variations of 49% in the Western region to 52% in the Central region. The evidence also suggest that regions experiencing the least reductions (or experiencing increases) in poverty levels (Central, Eastern, Northern, Upper East and Upper West – Figure 3.1) also tend to have female population in the range of 50 – 52 percent. Incidentally, these regions also tend to have greater population concentrations in the rural areas.

Studies have shown that women experience greater poverty, have heavier time burdens, lower rates of utilisation of productive resources and lower literacy rates. Gender disparities exist with respect to access to and control of a range of assets including direct productive assets such as land and credit, human capital assets including education and health, and social capital assets such as participation at various levels, legal rights and protection. Lack of start-up capital and resources for any kind of income generating enterprise and lack of labour in smaller households prevent women from escaping poverty.<sup>10</sup>

Some socio-cultural factors continue to perpetuate the gender inequities in access to and use of services and also contribute to such situations as the inequitable allocation of food within the household, leading to malnutrition – notably among women and children. Gender-based violence also has important health, economic and political implications.

The connection between education, female household heads and income earning capability is a good reason to worry about the fact that only 6% of females aged 15 years and over had attained higher than secondary school education. Nearly 35% of all household heads are females. About 61% (53%) of female household heads in the urban (rural) areas fall in the poorest 20% of the population.<sup>11</sup> Most important of this statistics is that female poverty entails further deprivations that manifest in children's significant under nourishment and infant mortality.

The different HIV prevalence rate (Table 3.3) among women and men between the ages 15-49 is also another cause for concern. The risk factors and vulnerability are different for men and women as are the implications for the impact of HIV/AIDS by gender. There are implications for care, treatment and for addressing the needs of AIDS orphans, which falls disproportionately on women.

Gender differences also exist with regard to legal status and also in their rights and protection under the law. Women's legal rights with regard to access and control of land differ by the diverse lineage systems. Women are also poorly represented at all levels of decision-making.

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<sup>10</sup> Ernestina Fredua Antoh, "Gender and Poverty" in Kumasi Natural Resources Management Project Workshop, Feb. 2000.

<sup>11</sup> Data based on Core Welfare Indicators Questionnaire Survey, 1997.

Women’s decision-making choices at the community and household levels, especially in rural areas, are constrained by cultural taboos and resistance from men.

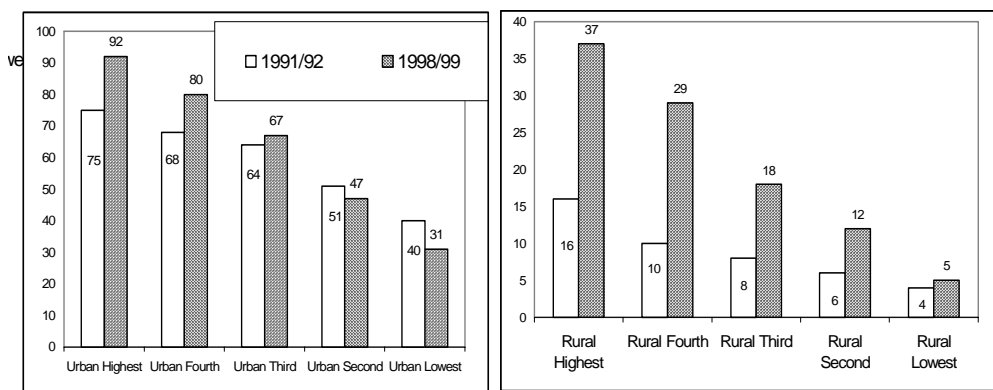
### 3.2.5 Poverty and Infrastructure Support

It is hard to conceive of any poverty reduction measures without devising appropriate policy measures to address issues of deprivations as reflected in inequitable access to health facilities, opportunities for children to go to school, availability of electricity and safe water, and access to markets. These have direct and indirect bearings on a number of poverty indicators, varying from the income poverty of food crop farmers, limited access to health, and the vulnerability of the rural population to internal shocks.

It is generally acknowledged that while feeder roads are in very bad conditions and trunk roads bad, the problems of transportation along the coast and connecting most of the food growing regions – Central, Western, Ashanti and Brong Ahafo – are not any better. Poor road network is a constraint to a resource-based expansion for 2 reasons. On the production side, it severely limits access to prime agricultural lands, especially in the Brong Ahafo, Western and Ashanti regions. On the distribution side, it limits opportunities and access to markets, raises costs to producers and the predominantly self-employed women in the distributive trade, and serves as disincentives to those who wish to invest in the agricultural sector. For food crop farmers, as an example, increasing productivity may not be sufficient to alleviate their plight, especially if farmers in the same geographical area tend to grow similar products and therefore cannot find markets among themselves. A study of peripheral communities around Kumasi, the second largest metropolis, found that improvements in road infrastructure enabled some farmers to supply a much bigger market than they had previously been able to serve. This led to an increase in the proportion of higher value horticultural and intensive poultry enterprises.<sup>12</sup>

Granted that bad roads conditions are not the sole reason for accidents, the high incidents of road accidents in Ghana and the consequent handicaps and lost of lives, are as inimical to growth as diseases that lead to premature death of the working population.

**Figure 3.6: Percentage of households using electricity**



<sup>12</sup> Cited in Martin Fowler “Peri-urban issues, poverty and sustainable livelihoods approach in Ghana” in Proceedings of Final Workshop, University of Science and Technology, Kumasi, February 2000.

As with access to water and sanitation, Figure 3.6 suggests that initiative by government in the 1990s to improve rural electrification has yielded positive results, but more marked for richer groups than for poorer groups. While there was a 37% and 40% increase in access to electricity for the urban and rural top two income quintiles, there was only a net gain of 17% for the lowest three groups in the rural areas, and a 10% reduction in access for their urban counterparts. The overall picture indicates that the proportion of “poor” and “very poor” using electricity increased from 29.8% to 31.7% between 1991/92 and 1998/99.

### **3.3 PERCEPTIONS OF POVERTY BY COMMUNITIES**

#### *3.3.1 Attitudes to Poverty*

Participatory Poverty Analysis (PPA) was administered in thirty- six sample communities from fourteen Districts and six Regions. It was evident in the course of the survey that communities, on the whole, had an innate understanding of the symptoms and causes of poverty. There was also ample evidence that over the past decades there had been a marked attitudinal change. Only in a small minority of cases was poverty seen, as in the past, as an inevitable condition expressed by a few as *destiny, fate, and incurable disease*. The large majority were aware that with help communities and individuals had the ability to intervene in the pattern and rhythm of life, to improve their social and economic environments and to enlarge choice.

At the District and Regional levels there was optimism that policy measures, programmes and projects when properly planned and effectively delivered, were the means of first reducing and then eliminating poverty. This awareness is important to the role of District Assemblies as,

- *Change agent* for the transformation of society and the local economy
- *Mobilizer* of human and physical resources
- *Protector* of vulnerable groups and
- *Provider* of information to occupational and social groups

To most communities sampled poverty was represented by a lack of basic necessities and facilities, an inability to provide education and medical care for the family, a lack of access to assets and a lack of education. In all communities there was a noticeable gender differentiation in relation to poverty. Men gave priority to the need for support to agriculture, non-farming activities and other alternative employment. Women stressed the importance of being able to support the family by provision of basic necessities with particular reference to education and health. Lack of access by women to land and other assets was also noted.

#### *3.3.2 Manifestations of Poverty*

There was a differentiation between communities in the north of the country and those in the south. The former saw a priority need for irrigation, potable water, health facilities and employment generation alternative to farming. In the southern communities there was considerable emphasis on skill training, general education, transparency, good governance and provision of economic and social infrastructure. In both north and south lack of access to credit was a factor noted as exacerbating conditions of poverty particularly affecting the

farming community and the informal industrial sector. There was a similar concurrence regarding the effects and manifestation of poverty. A loss of dignity and respect was noted in a number of northern communities and some in the south. The north in particular noted out-migration as a direct result of poverty. All communities recorded hunger, malnutrition, ill health, high mortality rates, low life expectancy, increase in school dropouts, low levels of education, increase in crime, personal conflicts, loss of integrity as some of the consequences of poverty. In the urban areas crime, increase of children living on the streets and commercial sex were noted.

### **3.4 TACKLING POVERTY**

At the individual and community level, methods for dealing with conditions of poverty varied across communities. They included seeking alternative employment, working harder, mortgaging property, selling assets, reducing diet, taking children out of school to put to work, borrowing, begging, prostitution, and stealing. Overall those in poverty make light of their condition, which obscures the level of hardship and suffering which such people, and sometimes, whole communities, are forced to endure. Those in poverty and extreme poverty represent an under-class in society, which remains under-privileged, unrepresented and a prey to exploitation.

The overall picture of the diversity of socio-economic conditions and the disparities in the incidence of poverty in the country suggests that there can be no excuse for complacency in tackling poverty. At one end of the scale Upper East, Upper West and Central regions showed the highest incidence of consumption poverty. Greater Accra showed the lowest incidence of poverty, although it too has its share of pockets of extreme poverty that are not well reflected in aggregate statistics. Incidence of extreme poverty is highest in the rural savannah, and just as high in urban savannah as in the rural coastal belt. The rural nature of poverty has not changed much since the early 1990s. It suggests that poverty is also primarily an agricultural phenomenon and largely in the informal sector.

As to the gender dimensions of consumption poverty, the evidence is that regions with least reduction (experiencing increases) in poverty levels tend to have high female population in the range of 50-52 percent. Also noteworthy is that the youthful age structure of the population, their concentration in rural areas, their preponderance among poorer households all have implications for public spending on education and health, manpower training and development, and population planning measures.

The indicators, the varied incidence and depth of poverty also suggest that the continuation of economic policies of the 1990s is not likely to improve the socio-economic conditions of the poor, especially those in extreme poverty in the current decade. And, even if it does, change may be very slow or not fast enough to avoid a widening gap between the poor and non-poor. In its 1995 report, the World Bank observed that despite the positive impact of Economic Recovery Programme, it will take the average poor Ghanaian no less than 10 years to escape poverty, and for the poorest nearly 40 years if specific policies are not in place. The overall picture is that economic growth has taken place unevenly across regions, among socio-economic groups, between genders, or that the positive effects of growth on poverty have not been uniform.

Here are two reasons why. One is that development policies put in place to address the hardships experienced by the poor and the vulnerable were not sufficiently guided by adequate data on the incidence and depth of poverty and, therefore, how to design and deliver targeted poverty alleviation measures. Another is that population increases may have outstripped the positive effects of growth on poverty. Be that as it may, desired poverty reduction measures should be guided by the fact that economic growth does not automatically benefit all income groups equally, and, without proper policy interventions, can exacerbate inequalities. For example, the terrible phenomenon of head porters (or *kayayei*) and the street hawkers has to be recognized with demographic and social information of where they migrated from rather than policies that seek to rectify their abject poverty in the urban areas, lest the migration will continue. Even if economic growth is positive, as it has been throughout the 1990s, but the initial structures such as access to markets, availability of social amenities are very unequal, the poor will get a relatively small share of the benefits with or without population growth.

Admittedly, designing public policy to address the incidence of poverty head on at the grassroots is difficult if only because data are sparse. To date we do not have district specific data, let alone on communities within districts. Aggregate regional statistics is bound to obscure the plight of small communities in the periphery of urban areas. It is not unreasonable to guess that what we would find in the peri-urban areas is that their situation would be more like those in the rural than in urban settings.

Sample community consultations have made clear that poverty, particularly in the rural areas requires actions that are directly focussed on the fundamental causes of poverty, and the inequitable distribution of the benefits of society. There is the need for priority action to redress the exclusion of the poor, particularly those in the rural environment. Clear guidelines are required regarding a poverty focus in decision-making and the application of participatory planning at all levels. The Participatory Poverty Analysis, (PPA), has clearly shown that local communities have an important part to play in development decision making and have a commonsensical approach.

A number of key entry points identified during the PPA for priority interventions include the following:

- Small scale irrigation schemes, particularly in the northern savannah.
- Provision of potable water in rural areas.
- Generation of non-farming employment in rural areas.
- Improved access to education and health facilities in rural areas.
- Free basic education including provision of school clothing and meals for children in the three northern Regions.
- Measures to ensure equal rights to women.
- Provision of safety nets and measures to rehabilitate those trapped within demeaning and anti social circumstances.
- More equitable distribution of basic services between rural and urban environments, particularly in the north.
- Reform of the traditional land administration system to give farmers and those in the informal industrial sector access to land as a monetary asset.
- Increased provision for useable vocational training schemes.

## **4.0 GROWTH AND POVERTY REDUCTION**

### **4.1 THE MAIN GOAL**

The main goal of the Ghana Poverty Reduction Strategy is to ensure **sustainable equitable growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized, democratic environment.**

This will be achieved by

- ensuring economic stability for accelerated growth
- increasing production and promoting sustainable livelihoods
- facilitating direct support for equitable human resource development
- providing special programmes in support of the vulnerable and excluded
- ensuring gender equity
- ensuring good governance and the increased capacity of the public sector
- the active involvement of the private sector as the main engine of growth and partner in nation building.

### **4.2 STRUCTURAL REFORM FOR SUSTAINED GROWTH**

Ghana's early development, within the world economy was accompanied by a high level of geographical polarization and an interruption in the development of indigenous political, economic, and spatial structures and systems. Colonial penetration consolidated a process informed largely by external circumstances and priorities. This situation led to a condition commonly referred to as the *producing what is not consumed and consuming what is not produced* syndrome. This characteristic still obtains today.

### **4.3 STRUCTURE OF THE ECONOMY**

The structure of Ghana's economy remains little changed since independence. The economy remains fragile and very vulnerable to internal and external shocks in the formal sector. The geographical distribution of settlements and economic and social activities reflect a certain level of polarization. Concentration occurs in four major centres dominated by entrepôt and service functions.<sup>2</sup> These centres and other enclave economies have a greater connectivity with external systems, including pricing mechanisms, to which they are economically subservient, than with their indigenous hinterlands towards which they have parasitic tendencies.

The concentration of resource investment in a few areas has resulted in a large proportion of human and physical resources remaining outside the commercial economy. These economically and socially peripheral regions remain rudimentary in terms of development. The characteristic of such a dualistic economy is an ever-widening gap between rich and poor. Significant and sustainable reduction of poverty, vulnerability, and exclusion therefore remain an intractable problem. Disparities in levels of poverty and the rate of poverty reduction are particularly evident between the north and the south and Accra and the rest of the country respectively. The exceptionally rapid growth of Accra-Tema and the significant

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<sup>2</sup> The four centers are Accra, Kumasi, Sekondi-Takoradi, and, to a lesser extent, Tamale.

reduction in poverty there has been fuelled by the massive injection of donor aid largely spent locally on goods and services over the past two decades.

#### *4.312 Economic Crises*

Ghana is currently suffering one of many periodic economic crises, which have characterized its modern economic history. These crises manifest in several ways. Double-digit inflation has been fuelled by donor aid and the monetising of fiscal deficits. The excessive growth of money supply has resulted in the depreciation of the nominal value of the cedi. Persistent deficit financing has resulted in a massive debt overhang giving a ratio of external debt to GDP of 120%, the highest in Africa. The current crisis is a symptom of the domestic policy framework that has retarded Ghana's economic growth and development. In this context, crises are the consequences of past policy regimes. The mismanagement of each crisis lays the foundations for the next. The fundamental reasons for economic stagnation and for Ghana's susceptibility to crises is that the state has attempted to accomplish more than it is able given the limited resources it can command. It is also constrained by a weak administrative apparatus. Poor prioritisation has exacerbated the situation. The State has reached beyond its means and capabilities throughout Ghana's post-colonial history. The only difference in the performance of the various governments have been in the explicit policy means that have been used to express the presence of the state in the economic affairs of the nation.

#### *4.3.2 Geographical Distribution of Resources*

Past policies for a more equitable distribution of resource investment have not been implemented. Failure to allocate investment on the basis of a rational analysis of prevailing conditions has led to very high levels of deprivation in some parts of the country. A disproportionate *per capita* investment in Accra has dramatically skewed opportunities, life styles and quality of life in favour of this metropolitan area to the disadvantage of those living elsewhere. The northern parts of the country suffer enduring high levels of poverty. Poverty has deepened and become more intractable in the Northern, Upper East and Central Regions. High rates of under-five mortality and infant mortality occur in Central Region and under-five mortality in Brong Ahafo. Inadequate levels of economic infrastructure occur in Brong Ahafo, Volta and parts of Western Region.

Positive action to redress gross imbalances in geographical distribution of resource investment must be taken in the interests of the more effective use of human and physical resources and of equity.

#### *4.3.3 Governance and the Global Economy*

Governance, that is the manner of governing, is a dynamic element in which the role of the state is adjusted as demanded by political philosophy and internal and external factors. The art of governance is the ability to balance national aims with a changing global environment. Most African states were borne out of commercial and political coercion resulting in national boundaries, which are without political, geographical, historical or ethnic relevance. These circumstances are inhibiting to development and growth. Global financial markets currently beyond the control of national and international authority impose an additional constraint. An economy with undue reliance on market forces has a propensity to increase and magnify the



gap between rich and poor. A global economy with the same characteristics widens the gap between the rich and poor nations. The fact is that financial markets have moved with greater speed, skill and positive intuition than national and international political systems. Global market mechanisms are penetrating into fields of activity such as societal values in which they do not belong. Unless adjustments are made undue reliance on market forces may override democratic national determination and collective interests. The world has entered into a period of profound imbalance in which effective collective decision making mechanisms for the global economy do not exist at present. Uncontrolled global trends, which tend to stimulate cyclical conditions of *boom* and *bust*, may inhibit structural change. Action to counteract or ameliorate this may be needed at a continental or intercontinental scale.

## **4.4 LESSONS FROM PAST REFORM PROGRAMMES**

### *4.4.1 Limited Structural Change*

The GPRS strategy is informed by the experiences of the past reform programmes. The economic reform programmes undertaken from the early 1980s represented the first serious attempt to introduce important market principles into Ghana's economy. The programmes met with some success in macroeconomic recovery and stabilization, albeit short-lived but largely failed in structural reform. The programmes produced a limited success in the growth of agriculture and manufacturing, propelling expansion only in services on the back of a debt financed import/consumption boom. In the 1970s, agriculture accounted for more than half of the nation's total value added, but declined to just over 40 percent in the 1990s. By 1998 agricultural growth rose to 5.1% but fell to 3.9% and 2.1% in 1999 and 2000 respectively.

The structure of the agriculture sector remained unchanged. Farm gate expenditure in agriculture has been derisory. Industry also declined from about 20 percent to 14 percent of GDP during the same period. Services on the other hand rose from about 30 percent to 44 percent, overtaking agriculture as the most dominant sector. The sharp expansion of services coincided with a virtual disappearance of private savings during the 1980s and 90s while the imports/GDP ratio rose thirteen-fold, far surpassing the exports/GDP ratio and opening up a wide trade gap. The public saving ratio that improved during the 1980s under the reform programmes lapsed again into dissaving during the 1990s. The reform programmes left in their wake large and persistent fiscal and external gaps, the fiscal deficits creating a heavy debt burden. External deficits put pressure on the balance of payments. This culminated in a crisis situation at the end of the 1990s. As a result Ghana had no recourse but to seek relief under the HIPC Initiative.

Structural rigidities in agriculture remain intractable largely because of the predominance of subsistence farming. Cash crops are subject to prohibitively high transaction costs, as evidenced by large differentials between producer and consumer prices, arising from monopolistic and inadequate distribution systems. Agricultural policy, notwithstanding massive donor support, has failed to address these market impediments. Another important structural rigidity is the predominance of parastatals in several sectors of the economy. Two out of every three workers in the modern formal sector are employed in the public sector.<sup>14</sup> They tend to be immobile. Many parastatals are vested with quasi monopoly power,

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<sup>14</sup> The informal self-employed sector accounts for the largest segment (three-quarters) of the labour market while the rest is in the formal sector.

inefficient with budgetary allocations and no tax obligations, and with preferential access to bank credit. These parastatals crowd out private business and create deep-rooted mistrust between the public and private sectors. A credible privatisation programme is needed to restore sound public finance and create incentives for private activity together with actions to curb monopolistic tendencies.

#### *4.4.2 Low Private Sector Response*

Private sector led growth did not occur as intended under the economic reform programmes because not only were the public policies misguided but the structural rigidities inherent in the Ghanaian economy were not recognized. The problem was in large part the combination of an expansionary fiscal policy largely financed by massive externally funded budget support of which little was spent on supporting directly productive activities, productivity or the promotion of sustainable livelihoods. The ensuing pattern of government expenditure tended to be inflationary. A tight monetary policy completely failed to counter the monetary impact of large public capital inflows. These policies led to an overvalued real exchange rate and high real interest rates, which not only penalized the tradable sector but also depressed the entire domestic economy, a case of the public sector crowding out the private sector. Meanwhile, the public capital inflows led to a consumption/import boom that fuelled the service sector expansion. As a result, services expanded while agriculture and industry lagged behind.

#### *4.4.3 Excessive Government Borrowing*

Ghana began borrowing heavily from external sources in the early 1980s. The large inflows of external aid never ceased. Aid proceeded through a succession of IMF and World Bank programmes as well as bilateral aid. Donor aid is firmly entrenched in the structure of the Ghanaian public financial systems. Over 70 percent of Government's development expenditure, is externally funded. Although external aid enabled the Government to restore confidence, increase outlays on infrastructure development and social services, spur economic growth, and contribute significantly to poverty alleviation, especially during the 1980s, it also created a basis for the macroeconomic instability that the IMF and World Bank programmes intended to solve. The deterioration of macroeconomic stability was more manifest during the late 1990s than in the preceding decade. Since 1983 multilateral and bilateral donor support has inadvertently created monetary shocks and quasi-fiscal deficits of a magnitude overwhelming the Government's capacity for macroeconomic management. The latter was also constrained by the dwindling portion of the budget covered by internally generated funds. Long term, Ghana must grow out of aid dependency before the debt overhang stifles the domestic economy altogether. Aid and debt policy needs to be reassessed with a view to bringing it down, along with the fiscal deficit, to a level that would restore market incentives for private sector activity, i.e., macroeconomic stability and competitiveness as well as long-term creditworthiness. The HIPC Initiative presents an opportunity to do so. Concurrently, efforts must be made to generate greater domestic savings to make up for a reduction in foreign aid. A financial sector development policy, including strengthening of the banking sector and contractual savings institutions, needs to be developed and implemented.

#### *4.4.4 Public and Private Sectors*

There has been a persistent lack of clarity in the respective roles of the public and private sectors. Failure to acknowledge and utilize the pre-eminent role of the private sector in promoting growth has severely limited economic opportunities. Failure of the public sector to manage the macro economy has contributed to the deplorable failure of past development policies.

Plans to reform the public service in the 1980s by improved institutional structures and more clearly defined roles had very limited success. There appeared to be a lack of political commitment to the programme. Few of the reforms, including decentralization and the decomposition of power, were implemented. The capacity of the public service remains limited despite available talents and skills. This situation would appear to have been caused by a number of interactive factors including a dysfunctional relationship between political and official decision makers, politicisation of public service posts, patronage, lack of discipline, endemic corruption and unacceptably poor conditions of service. Thirty years of attrition have left their mark. Great commitment and positive action at all levels is required to redress the situation.

#### *4.4.5 Parastatal Sector Reform*

Privatisation of the parastatal sector is an integral part of the transition from a government-centred economy to a private sector led economy. Attainment of a sustainable growth path is not possible without completing this transition. It still has a long way to go before the process complete.

A parastatal sector reform programme was launched in 1983 as part of Ghana's overall economic recovery programme. The efforts for privatisation were renewed in 1988 with creation of the Divestiture Implementation Committee. The reform programme consisted of measures to both improve the performance of state-owned enterprises remaining in state ownership and divestiture of enterprises designated for privatisation. While those enterprises that were privatised brought in foreign direct investment, increased efficiency, profitability, and employment, a number of major strategic state-owned enterprises languished in the privatisation process due to political interference and opposition from workers and managers. Government is currently proceeding with plans for the divestiture of four large strategic state enterprises, sixteen medium sized ventures and two small sized enterprises.

### **4.5 PERSPECTIVES FOR GROWTH**

A strategy for rapid and sustained growth must first and foremost rely on the skills and creativity of the nation's people and their ability to respond to opportunities in an environment of good governance, political stability and economic transparency. This strategy deals with the fundamentals of creating an environment of economic transparency in which the efforts and entrepreneurial talents of Ghanaians can express themselves free from over-regulation and onerous administrative hassles. The environment of good governance and political stability is essential to success. In the development of the GPRS due consideration has been given to the bi-directional nature of the relationship between economic, governance and political factors.

The overall target in Ghana's long-term poverty reduction strategy is to achieve growth to ensure the virtual disappearance of poverty by 2020 as originally set forth in *Ghana Vision 2020*. The GPRS attempts to out-perform the International Development Targets cast in terms of reduction of extreme poverty, social and human development, environmental sustainability and regeneration as well as democratic accountability, protection of human rights and the rule of law.<sup>15</sup> These targets presuppose attainment of an overall GDP growth averaging at least 6 percent per annum and implementation of public policies for drastic spatial reorganization of investment for economic activity and social protection.

Poverty impacts on all aspects of human life and therefore poverty reduction requires a multi-sectoral approach. The overriding goal of Ghana's economic and social development policies is to improve the quality of life for all Ghanaians by guaranteeing basic human rights, creating a strong economy, and ensuring universal access to work, health, and education. It requires development activities undertaken by a wide range of agencies and organizations concerned with particular sectors of development, all of which will need to be closely integrated. Sustainable growth in support of poverty reduction requires intervention in the following areas.

#### *4.5.1 Development of a Mature Economy*

Action by government progressively to grow out of the high level of aid dependency creating a debt overhang, which is stifling the domestic economy, is of critical importance. Government must restore market confidence and create incentives to promote a private sector environment in which Ghanaian skills, talents, and enterprise can thrive in a globally competitive economy. This environment will be attained by

- Sustainable and predictable public sector savings through effective control of fiscal excesses in government,
- A functional financial sector in which market forces, supported by the creative management of the public sector, mobilize private domestic savings for productive investments and attract foreign capital
- An economic environment in which workers and enterprises are encouraged to be competitive and to capture the legitimate returns for their efforts and risk taking

These processes must be supported by enduring actions which will improve foreign reserves and ensure a competitive exchange rate. Revenue mobilization must be perpetually strengthened with a tariff structure to maximise revenues and minimize unfair competition.

The fundamentals of the strategy are centred on an economic role for the State that is consistent with the realities of Ghana's current place in the world economy, the nation's resource base, and the need to create a framework in which Ghanaians and their enterprises can become increasingly competitive in domestic and global markets. Given this context, the state must have limited economic objectives. They must be focused on normative and regulatory functions. Government must also generate positive savings to restore solvency to the financial system and to restore credibility to its economic role, as well as to the economy as a whole. The strategy should be focused on wealth creation and the eradication of poverty

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<sup>15</sup> These International Development Targets have been agreed by the entire United Nations membership, following a series of summit meetings held by the UN and its specialized agencies over the past ten years or so (Realizing human rights for poor people, DFID, October 2000).

through the performance of markets, which must be allowed to carry out their resource allocation functions. The State's legitimate role in the creative management of the economy and the distribution of social and other appropriate public services is an essential component to this strategy.

Development of the rural environment is seen as the catalyst for the transformation of the national economy and the drive to economic maturity. Reform of the land administration system is pivotal to this revolution. The change of the archaic, near-subsistence agricultural economy into a progressive, dynamic, entrepreneurial and profitable business will bring about structural change and change to the spatial organisation of the rural environment. It will also act as a stepping-stone to widespread industrialization. Appropriate macroeconomic policies supported by the appropriate sectoral strategies will lead to structural changes in economic and social linkages and the geographical pattern of urbanization. Economic and social policies, decomposition of power, decentralization and appropriate investment strategies will bring about desired changes. These processes should ultimately lead to the growth of a mature national economy based upon the optimum use of human and natural resources and manifested by the nesting and overlapping of social and economic systems. The aim is to achieve an optimal geographical pattern of resource investment designed to strengthen and extend national and local connections between both production and trading activities. This will require a determination by both public and private sectors; the former in providing an appropriate environment and the latter by seeking profits in a socially beneficial way.

Initially the provision of economic and social infrastructure, land reform and incentives to entrepreneurs by the public sector must be directed towards creating an environment in which these structural changes will be stimulated to the point of self-perpetuation. What is required is a coordinated and comprehensive approach to develop and then to strengthen socio-economic activity systems by bringing into close proximity, in terms of time and space, the four phases of economic activity, viz. investment, production, processing and distribution. This approach will incorporate more human, physical and financial resources into the economy and significantly increase choice.

Such changes will bring about a more efficient and geographically balanced urbanization process in which town and country offer inter related and complementary services and life styles. Within this structure towns will play a pivotal role as catalysts for social, economic and cultural development and change. To perform this role in the future there must be a departure from the chaotic, inefficient, unplanned urban systems that currently prevail. The planning of towns to serve as an integral part of the national economy is an essential element in national development, growth and poverty reduction.

#### *4.5.2 Financial Sector Development*

A well functioning financial sector is indispensable to economic growth and development, and thereby the reduction of poverty. The ability of the financial sector to serve as an effective and low cost intermediary between savers and borrowers for investment purposes has been seriously compromised by problems that threaten its soundness and stability. It is saddled with a large and growing burden of non-performing assets, primarily loans to state-owned enterprises. It has a serious over exposure to foreign exchange liabilities. As a result of excessive government deficit financing, more than one-third of its assets are tied up in the indebtedness of the government and state-owned enterprises. Currently, it is under a great

deal of stress, stemming from the deterioration of loan quality as businesses came under increasing pressure due to prohibitively high real interest rates. This has been exacerbated of late by unfavourable terms of trade and the large cedi depreciation in 2000. The non-performing loan problem was exaggerated by loans to state-owned enterprises, including the massive syndicated loan to the Tema Oil Refinery. These problems must be overcome expeditiously.

Long-term capital is at a rudimentary state of development in Ghana. The total capitalization of the Ghana Stock Exchange is small even by emerging market standards. Trading volumes have deteriorated over the past few years. The bulk of Ghana's long-term funds are concentrated in SSNIT, which is in financial disarray. It has many non-performing loans and low return equity investments in insolvent or distressed state-owned enterprises. As a result SSNIT suffers from liquidity problems. A thorough review needs to be conducted with a view to developing and implementing policies for the reform of the nation's social security programme. The strategy for financial sector development calls for macroeconomic stabilization, of which sustained fiscal discipline is a *sine qua non*. Macroeconomic stabilization along with a reduction of domestic debt will help lower interest rates and create incentives for private investment. In parallel, the government will need to deal with non-performing loans through strengthened supervision and regulation, recapitalizing and eventually privatising state-owned banks. The large open position in foreign exchange must be closed.

The government should privatise or otherwise sell its equity in state-owned or state controlled banks. If these banks are bailed out again, it will be the second time in roughly a decade that public funds have been used for this purpose. These resources are very costly. Every cedi spent on a *bail out* could have been spent on poverty reduction and growth. Returning the financial sector to private sector ownership would also boost credibility in the government's deficit reduction strategy and in its commitment to private-sector led growth.

#### 4.5.3 Rural Development and Industrialization

Poverty reduction in the rural environment is largely synonymous with growth. The potential for growth is considerable. Under- and un-utilized human and physical resources abound. The long-term growth strategy is predicated on the concept of the modernization, restructuring, and development of the rural environment as the catalyst for the transformation of the national economy. Ghana is predominantly an agricultural country. The entrepreneurial opportunities in large and small-scale farming and the farm gate processing of both food and industrial crops are considerable given an appropriate marketing environment. Agricultural industrialization provides for spin-offs and the creation of backward and forward linkages.

Government must play a supportive role in achieving the transformation of the rural environment from its subsistence orientation to a commercially attractive, viable, and dynamic sector, which is vital for the achievement of sustained equitable growth. The restructuring of the rural environment is an important aspect of devolution and decentralisation and is seen as the catalyst for transformation. It is an essential element in reinforcing macro economic policies for stability and sustainable growth. The need is to change the concept of agricultural activities as simply a way of life to that of a profitable commercial and industrial occupation. The necessary achievement of this objective requires

a corresponding transformation in attitudes and conventional societal values. These include attitudes to land. The need is to incorporate the value of land into the national economy as a tradable asset whilst retaining its communality. Representational and gender issues also arise. Habits and conventions based upon superstition and myths which give rise to anti social behaviour and inhibit structural change must be subtly excised by sustained education and demonstration. At the same time traditional values which enrich the culture of life and social stability must be assisted to endure within a changing society.

The transition of Ghana's economy to a market-oriented policy environment was set in motion in the early 1980s under the economic reform programmes but the process was interrupted by a series of policy and market failures. This is especially so with agriculture, the mainstay of Ghana's economy. Performance of the agricultural sector has a strong correlation with Ghana's overall cyclical fluctuations. Agricultural policy, despite massive support from donors and external financial institutions, has generally failed because it has not effectively addressed the fundamental technical and institutional constraints. It has not been accompanied by policies, including macroeconomic policy, to set pricing in a way that is consistent with competitiveness and incentives for production and marketing.<sup>16,17</sup>

Ghana must industrialize. The process should begin with refocusing on its traditional core competency, agriculture. Development in agriculture must be stimulated by policies, which will encourage and facilitate links with agro-industry including simple farm gate processing. Foreign direct investment should be very actively encouraged. Joint ventures can be formed between Ghanaian and foreign firms where foreign technology and capital could be combined with locally grown raw materials and expertise. Policies needed to create an enabling environment for FDI and technology transfer include infrastructure development, establishment of a legal framework for protecting property rights, contract enforcement, and land tenure reform.

In order to establish effective linkages with agro-industry, agriculture must transform itself into an efficient entrepreneurial activity and provide a stable supply of quality raw materials at low costs. The process must start with reforming the present state where subsistence agriculture predominates for historical reasons and because disincentives exist for production and marketing. Policies should focus on removing pricing distortions. The real effective exchange rate of the cedi is inconsistent with competitiveness. This should be corrected by macroeconomic policy. Taxation on agricultural production should be removed. Cocoa marketing should be deregulated while retaining provisions for price stabilization for the

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<sup>16</sup> Agriculture's GDP contribution declined over time: 52 percent during 70-75 to 42 percent during 91-95. Services rose from 29 percent to 44 percent during the same periods; Industry from 19 percent down to 14 percent.

<sup>17</sup> Ghana's agricultural policy, in the early stage of reform, was guided by the objective of food security and maximization of export earnings through increased producer prices, subsidies for inputs, and institutional development. In the latest phase of reform in the 1990s, subsidies were removed and guaranteed prices abolished with a view to market orientation. But, productivity and output suffered as subsidies were removed. Ghana's agriculture remains subject to low productivity due to outmoded farming practices and limitations of small-scale farming. 90 percent of Ghana's agricultural value added is generated by farmers of smallholdings practicing shifting cultivation and no tillage subject to insufficient irrigation and a limited use of fertilizers. In manufacturing, a market-oriented reform freed up constraints in factor markets and boosted growth in the early stage of the economic reform programmes, but the recovery was short-lived. Some domestic-resource based sub-sectors expanded while others came under foreign competition and shrank. A shift of activity did not take place due to lack of private investment. Liberalization and market-orientation were conditions necessary but not sufficient for sustained industrial development.

farmer. Competition needs to be introduced into the distribution system and monopoly profits that currently drive a wedge between producer and consumer eliminated. Competitiveness should also be enhanced by measures to make the economy more efficient through a reduction of investment risks. These measures include improvement of storage facilities and construction of feeder roads and the connection of these with the national road system. The latter is critically important to opening up the rural sector and to expose it to market incentives. The stimulation of agricultural industrialization will lead the way to a broader industrial environment in both formal and informal sectors.

#### *4.5.4 Natural and Built Environments*

The quality of both the built and the natural environments is vital for long-term growth and development. Increased production can only be meaningful on the one hand when it occurs in well-managed, amenable, efficient, safe and healthy built environments. On the other hand, protection of the natural environment to prevent deforestation, land degradation, and loss of ecosystems is paramount.

Safeguarding the environment is therefore an essential condition for sustainable development and improving the quality of life. The long-term objective is to maintain a sound environment and to prevent all forms of environmental degradation. This will be achieved by ensuring that the national policies now in place, such as the requirement that all investment projects are subject to environmental impact assessment and the prohibition on practices, which destroy the environment, are fully implemented. Mining activities, fishing, farming and timber resource exploitation, energy provision and manufacturing industrial production must be subjected to environmental impact assessments and audits. Institutions concerned with environmental protection will be strengthened to enable them enforce regulations.

Generally the adoption of improved technologies will favour the environment. For example, the replacement of shifting cultivation with permanent rotational cropping, which is an objective of agricultural policy, will help to prevent deforestation and soil degradation. A replanting programme must be developed and fully implemented in the lumber industry to ensure regeneration of forestry resources, an important source of foreign exchange earnings. Collaborative natural resource management with communities is essential. The use of administrative regulations must be enforced alongside market based economic incentives. For instance, product quality, especially agricultural, is increasingly a key determinant of marketability, price and profitability. The early preparation of a National Land Use Plan is an essential tool in environmental management.

Concern for the environment requires constant and detailed vigilance and political commitment. The achievement of the environment objectives will to a large extent depend on the effectiveness of the recently formed district level environmental committees and the full implementation of the policy of administrative decentralization.

Sound environmental quality is not achieved by individual countries acting alone. Improved management of trans-boundary resources including water, air, fauna and flora will be pursued in collaboration with countries of ECOWAS and beyond.



#### 4.5.5 *Social Development*

The ultimate objective of the social development programme in the GPRS is to ensure equitable growth for all Ghanaians, and in particular to upgrade the pre-capitalist rural sector. It seeks to ameliorate the spatial disparities in the growth process and provide social safety nets for the vulnerable and excluded. The prime objective for education must be to achieve near universal literacy and to enable all children to receive at least basic education. The education objectives also provide for increased enrolment rates in secondary and tertiary education, especially for females. The objective is to raise the median level of education of the population as a whole to JSS3 by 2020. Curricula at all levels must place greater emphasis on scientific subjects and mathematics which together with improved vocational training will contribute to achieving the objectives for science, technology and production. Improvement in the general level of health requires not only an expansion and upgrading of the health living environment. Achievement of the health objectives is thus equally dependent on securing adequate food supplies, better understanding of health matters, provision of safe water supply and sewerage, improved housing, well planned settlements and the prevention of environmental pollution as it is on the provision of medical facilities. Access to all these facilities will be affected by the spatial distribution of population and of economic activities and by their location in relation to transport facilities. Social sector investment will be enhanced by the HIPC initiative.

Improvements in the fields of education and health are not simply moral and equity issues. An improved quality of life and the availability of choice are essential to equipping people with a capacity to understand the need for change and the notion that it is possible for communities to intervene and change their economic and social environments. A shift in attitudes is an essential prerequisite to the adjustment to societal values required to embrace, perpetuate and develop new technologies and economic and social structures.

#### 4.5.6 *The Role of the State*

Government will need to play a supportive role in achieving the transformation of the agricultural sector from its subsistence orientation to a commercially attractive, viable, and dynamic activity. This is vital for the achievement of sustained equitable growth. However, agricultural transformation will not be achieved without a corresponding transformation of the attitudes of individuals to work in general and commercial farming in particular. It requires a transformation from a culture of subsistence to a culture of business focused on profit and accumulation. Pivotal to the process of change in the rural environment is the reform of traditional land administration systems. Under present conditions land as an asset is excluded from the national economy and its value denied to the farmer. It is not tradable. Legal title to land within the concept of communality is an essential prerequisite to attracting entrepreneurship into farming and the promotion of agricultural industry. Without legal title to land there can be no transformation. Effective management of the transformation demands an integrated cross-sectoral approach and dynamic government support.

Ghana must redefine the role of the State as the policy manager for development and the economy, enforcer of laws, rules and regulations and a provider of public utilities and services. Public sector reform involving right-sizing of the public service, restoring competitive conditions of service and SOE reform is a *sine qua non* for provision of an enabling environment for private sector development and the effective provision of public

services. Progressive public sector reform is required significantly to improve capacity and efficiency. A continuous process of reform is also required to enable the public service to accommodate its changing operational role in relation to the private business sector and civil society. New skills are also required to deal with development and economic issues at an international level and to contribute to decision making in relation to the global economy, within international groupings.

Strong regional and continental affiliations offers particular opportunities for forging alliances with states with like-minded, people oriented policies in order to exercise greater influence internationally. Ghana is in a fortunate position as a member of the Economic Commission of West African States with a positive policy for cooperation and integration. The emerging African Union offers particular opportunities for the continent to exercise political and market influences worldwide. International groupings, such as ECOWAS, offer a means to overcome the limitations to effective exploitation of resources imposed by colonial boundaries by, for example, river basin development across national borders. Cooperation between the African Union and other people oriented continental power blocs provides a means of limiting the adverse affects of the imbalances between individual and corporate decisions expressed by global markets and collective decision-making as expressed through political dialogue. Long term futures in governance demand an extra national and continental posture to development and growth within the world economy for sustainable poverty reduction. This will necessitate adjustments to the role of government within the international community of nations.

#### *4.5.7 Decentralization and Equity*

In terms of governance at the national level the need is for a vigorous and progressive deepening of decentralization and the devolution of power. A combination of the latter with permanent mechanisms for a symbiotic relationship between communities NGOs, civil society organizations, private business and the public sector and between levels of government will strengthen national government and nation building through dialogue and consensus. The aim must be to decompose power to the District to the extent that Assemblies are in effective and total control of their departments and staff within the context of relevant legislation. Ultimately District departments must have the capacity to carry out all District level programmes and projects funded from their own resources and by central government. In the latter case decisions on resource utilization including priorities and intra-District location must lie with the local authority. Central government should progressively use District Assemblies as agents for the local provision of physical infrastructure and services wholly or part funded by the former. The goal is to provide for a situation where national development plans are an aggregation of local development plans and the latter are a disaggregation of national plans. Dialogue between the national and local level must achieve a synthesis of mutually supportive measures, which bind together national policies and local aspirations.

#### *4.5.8 Resource Investment and the Budgetary Process*

The current sectoral and sub sectoral allocations of government expenditure, including the donor component, do not represent an optimum distribution in support of poverty reduction and growth. A better distribution must be achieved within the next few years. This will

require experimentation and innovation to move from a somewhat inflexible system of budget planning and to remove the rigidities in the system. The budget is an essential planning tool. Perspective and medium term planning processes must be integrated with the procedures for MTEF and the annual budget. Significant adjustments are required to procedures. The review of MTEF and proposals for the second stage of this instrument must be seen as part of proposals to improve the overall long, medium and short-term government planning machinery. What is needed for the medium term is a process jointly owned by the NDPC and MOF; the latter being concerned with GOG fiscal and economic management and the former with medium term policy planning, including the role of the private sector.

Improvements are also required to ensure the more timely receipt of budget allocations by MDA. Forward planning by sectors requires an assured flow of funds over the three-year period. Failures in provision not only affect GOG funded programmes and projects but also donor programmes where counterpart funds are required.

#### 4.5.9 Growth and Poverty Reduction

In the last analysis the pace of poverty decline will be determined by the rate of economic growth and the appropriate distribution of resources sectorally and geographically.

Analysis<sup>18</sup> has shown the pace of poverty decline to be very sensitive to the rate of growth in total consumption. A consumption growth rate of 7% per annum would eradicate urban poverty by 2020 and reduce rural poverty to just over 10% of the population. Growth in consumption of 6% would also produce a sharp decline in numbers of people in poverty as the table below shows.

**Table 4.1: Poverty Projections in Relation to Growth of Consumption**

|   | 1998 | 2005 | 2010 | 2015 | 2020 |
|---|------|------|------|------|------|
| <i>Projection 1 (consumption growth of 6 percent per annum)</i>   |      |      |      |      |      |
| <i>Consumption poverty headcount (percent):</i>                   |      |      |      |      |      |
| Urban   | 18.6 | 13.0 | 8.7  | 5.0  | 2.6  |
| Rural   | 49.9 | 38.9 | 30.7 | 22.5 | 15.9 |
| All Ghana   | 39.5 | 30.3 | 23.4 | 16.6 | 11.4 |
| <i>Total poor population (million)</i>                            | 7.29 | 6.70 | 5.87 | 4.76 | 3.72 |
| <i>Projection 2 (consumption growth of 4.3 percent per annum)</i> |      |      |      |      |      |
| <i>Consumption poverty headcount (percent):</i>                   |      |      |      |      |      |
| Urban   | 18.6 | 15.0 | 12.4 | 10.4 | 8.5  |
| Rural   | 49.9 | 43.2 | 37.9 | 33.4 | 29.9 |
| All Ghana   | 39.5 | 33.8 | 29.4 | 25.7 | 22.7 |
| <i>Total poor population (million)</i>                            | 7.29 | 7.45 | 7.33 | 7.26 | 7.26 |

<sup>18</sup> Analysis by World Bank staff; the variation in baseline figures from those in GLSS 4 is due to slightly different weights. This makes no significant difference to the projections.

*Projection 3 (consumption growth of 7 percent per annum)**Consumption poverty headcount (percent):*

|  |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|
| Urban                                  | <b>18.6</b> | <b>11.9</b> | <b>7.2</b>  | <b>3.2</b>  | <b>1.1</b>  |
| Rural                                  | <b>49.9</b> | <b>36.7</b> | <b>26.2</b> | <b>17.1</b> | <b>10.5</b> |
| All Ghana                              | <b>39.5</b> | <b>28.5</b> | <b>19.9</b> | <b>12.5</b> | <b>7.3</b>  |
| <i>Total poor population (million)</i> | <b>7.29</b> | <b>6.27</b> | <b>4.96</b> | <b>3.52</b> | <b>2.34</b> |

**4.6 MEDIUM TERM ACTIONS IN SUPPORT OF LONG TERM GROWTH***4.6.1 Composition of Expenditure Medium Term to Long Term*

The intention is to achieve a better sectoral composition of expenditure, a better balance between administration and development costs and a geographical distribution responding to a rational assessment of need for social protection and the potential for growth. Problems arise in attempting to calculate the proportion devoted to overheads by the classification system used. For purposes of analysis, from a development perspective, the categorization of expenditure tends to lack clarity. This needs resolution together with a rationalization of the process of medium term planning and expenditure forecasts. Proposals are made under the governance section of this document. The aim in the medium to long term is to achieve a division between overheads and development costs of 20-25% and 80-75% respectively. Of development costs the aim is to achieve a distribution between social and economic sectors of about 60% for the former and 40% the latter. Over time the following distributions of development expenditure is suggested as a guide within the social and economic sectors.

Table 4.2: Suggested Guide for Expenditure within the Social and Economic Sectors

| <b>Social Sector Budget,<br/>of the 60%</b> |     | <b>Economic Sector Budget,<br/>of the 40%</b> |     |
|---|-----|---|-----|
| Education                                   | 60% | Agriculture*                                  | 35% |
| Health & Welfare                            | 40% | Infrastructure                                | 45% |
|   |     | Industry                                      | 20% |

These figures are comparable to expenditure allocations in other countries.

Provision is made for the geographical distribution of expenditure by MDA down to Regional level on the basis of twenty-seven parameters<sup>19</sup>. Data is currently not available for a further disaggregation. RCCs are required to consult with District Assemblies using proactive workshop techniques for defining sub Regional distributions. RPCU and DPCU must devise simple methods to facilitate the allocation of resource investment at District level by a rational analysis of prevailing conditions and need. More comprehensive methods for sub Regional allocations of government expenditure related to the preparation and regional coordination of District Development Plans will be provided by NDPC at a later stage.

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\* Including irrigation

<sup>19</sup> Appendix A

Considerable additional resources are required in the three northern Regions overall, significantly to ameliorate the very high level of deprivation in this part of the country<sup>20</sup>. The northern parts of Brong Ahafo and the Volta Regions have similar conditions prevailing. Upper East, Northern and Central Regions record a deepening of poverty; all of these Regions in addition to Eastern Region have above average levels of poverty. Extra funding is required. Subject specific need is also identified for the advice of MDA<sup>21</sup>. The need to reduce under-five mortality in Central and Brong Ahafo Regions is illustrated. Deficiencies in physical infrastructure are revealed in Brong Ahafo, Central and Volta Regions. A realistic locational pattern of resource expenditure must be devised to eradicate these inequitable variations.

The cost effectiveness of expenditure must be improved. Expenditure by MDA on goods and services in relation to spending on production, productivity and direct social protection is excessive. A better balance must be achieved. Guidance is given in Appendix A of this report<sup>22</sup>. In addition to the foregoing, future improvements to the composition of expenditure in support of poverty reduction and growth will depend upon two main factors: the ability of government to reduce spending on general administration, and the cooperation of donors in the interpretation of the GPRS.

There are rigidities that limit adjustments to the sectoral composition of expenditure in favour of poverty reduction and growth in the medium term. Public sector salaries represent a large part of administrative or overhead costs. The relative proportion cannot be reduced over a short period. On-going programmes and projects, particularly those that are donor funded, must run their course, in most cases. These constraints limit the changes which can be made to sectoral and sub sectoral allocations. In the course of implementation, the outcome of the monitoring process will determine the ability to improve composition in support of poverty reduction and growth.

#### *4.6.2 Framework for Poverty Reduction and Growth*

The policies implicit in the foregoing section will inform short, medium and long term action by MDA to achieve the main goal of the GPRS to ensure **sustainable equitable growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized democratic environment.**

Policies and areas for intervention in response to medium-term growth and poverty reduction are elaborated in the next five chapters under the thematic areas of

- Macro Economy Stability
- Production and Gainful Employment
- Human Resource Development and provision of basic services
- Special Programmes for the Vulnerability and Exclusion
- Governance

The immediate actions required in each of the thematic areas are identified below.

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<sup>20</sup> Provision is made for extra per capita expenditure for the three northern Regions in Appendix C, paragraph 4, Box 2.

<sup>21</sup> Appendix C, paragraph 5, Box 3 and Annex

<sup>22</sup> Appendix C, paragraph 3, Box 1

#### 4.5.2.1 The Macro Economy

- Generate a primary budget surplus that exceeds interest payments such that public debt is reduced both in absolute terms and in relation to GDP. Sustain this policy until the public debt/GDP ratio stabilizes in a low range
- Reassess the use of external assistance. Re-calibrate and reallocate external assistance in a manner consistent with Ghana's absorptive capacity and macro economic stability
- Gradually phase out externally funded budget support in the long term by first reallocating all available external funds for budget support, including adjustment lending, to essential poverty reduction programmes and investment programs
- Strictly control money supply with a firm monetary policy objective of re-establishing price stability.
- Minimize monetary shocks by restricting external funds to the foreign exchange components of social or investment programmes or balance of payments support.
- Regain competitiveness by keeping inflation in check.

#### 4.5.2.2 Production And Employment

- Remove taxation on cocoa production and break up monopolies in the distribution system with a view to minimizing gaps between producer and consumer prices
- Support the improvement of storage facilities to minimize post harvest losses
- Improve the road network to streamline distribution and generally expose the rural sector to market incentives
- Develop and implement a land programme with a view to harnessing the potential of land as the main productive asset in rural development
- Introduce specific strategies to improve women's labour productivity and access to and control of economically productive assets, especially land
- Empower women through the promotion of income-generating activities supported by the introduction of improved technologies, credit and guaranteed markets
- Emphasise comprehensive, integrated rural development in priority locations
- Develop small scale irrigation schemes
- Support agro-processing, promoting the development of techniques and equipment which reduces the time burden of women
- Reduce dependence on traditional farming techniques that are time intensive and which result in low productivity
- Support development of farmer based organisations (FBO) to facilitate access to inputs, credit and markets
- Support appropriate technology generation and transfer
- Support promotion of priority NTE
- Support promotion of the informal industrial sector with provision for skills training
- Promote labour intensive methods in all appropriate building and engineering projects
- Vigorously support all programmes which lead to sustainable livelihoods
- Increase the proportion of government expenditure in support of the agricultural economy
- Promote competitiveness in regional and international markets
- Undertake re-forestation and rehabilitation of degraded lands
- Enforce tree planting regulations by timber firms
- Initiate community participation in national resource and environmental management, monitoring & evaluation

- Initiate and implement effective planning of human settlements in the interest of efficiency and amenity

#### 4.5.2.3 Human Resources

- Increase the proportion of government expenditure dedicated to the social sector
- Accelerate the implementation of programmes and projects which improve quality of life with particular reference to education
- Actively support the removal of gender biases which affect the access of women and girls to human capital assets
- Promote publicity campaigns down to Unit level to reduce the rate of population growth
- Actively generate an understanding nationwide, of the concept of societal change in support of an universal commercial economy and new technologies particularly in the rural environment
- Aggressively attack the incidence of HIV/AIDS by publicity campaigns down to Unit level
- Urgently provide safety nets for the vulnerable and excluded
- Educate and publicise in favour of the eradication of conventions and traditions which are anti social or impede development and relative equity
- Support cultural traditions which strengthen and enrich society
- Promote entrepreneurial training among young people
- Expand the traditional apprenticeship system

#### 4.5.2.4 Governance

- Enforce a palpable political commitment to the processes of reform and development and the agencies responsible for their implementation
- Define the role of the state and its relationship to the private business sector as the engine of growth
- Incorporate civil society, including local communities into the nation building and development planning processes
- Vigorously proceed with *de facto* decentralisation and devolution involving a positive role for Traditional Authority and communities as partners of the District Assemblies
- Urgently increase the capacity of an appropriately sized public service with radically improved conditions of service
- Define the role of the Central Management Agencies (CMA) requiring provision of a standing technical body for the coordination of national strategies on financial management, human resource management and development policy
- Define the functions, locate and strengthen the planning agencies (NDPC/MEPRC/PPMED/RPCU/DPCU) to provide a service in which economic, social and political policies in space and time are analysed and formulated as a single integrated task in collaboration with civil society
- Rationalise the roles of and procedures for MTDP and MTEF
- Accelerate the programme of divestiture as a matter of urgency
- Complete the programme for subvented agencies during the plan period
- Use divestiture proceeds entirely for debt reduction
- Introduce reforms to the budget and public expenditure management system as a matter of urgency

- Exert pressure for a coordinated posture by the African Union in relation to the global economy, the WTO and G7
- Explore the potential for international development programmes within ECOWAS

In the first year of the three-year plan MDAs have been advised to concentrate on the acceleration, greater cost effectiveness of on-going programmes and projects and better targeting for poverty reduction and growth. This should be accompanied by the planning of expenditure on future programmes directed at the poor as a specific target group. Such policies and programmes should provide for the practical provision of physical infrastructure or services designed to reduce poverty, stimulate economic growth or provide sustainable livelihoods in favour of identifiable beneficiaries.

#### *4.6.3 Cross Cutting Issues*

Implementation of the programme objectives and project outputs will in many cases be at a sectoral level. However a number of priority cross cutting issues have been identified in the process of preparing the GPRS. These will require an integrated, inter disciplinary and cross-sectoral approach. It is anticipated that the main thrust for achieving growth and poverty reduction will depend upon the provision of a dynamic multi sectoral approach. Comprehensive programmes and projects are required.

The following cross cutting issues will require an integrated, interdisciplinary and cross-sectoral approach by MDA. The lead Ministry or Agency is indicated against each.<sup>23</sup>

- |                                       |  |
|---------------------------------------|--|
| - Macro Economic Stability            | Ministry of Finance                              |
| - Transformation of the Rural Economy | Ministry of Food and Agriculture                 |
| - Production for Export               | Ministry for Private Sector Development          |
| - Youth Employment                    | Ministry for Manpower Development & Employment   |
| - Gender Equity                       | Ministry of Women & Children's Affairs           |
| - HIV/AIDS.                           | Ministry of Health                               |
| - Slum Abatement.                     | Ministry of Local Government & Rural Development |
| - Public Sector Development           | Office of the President                          |
| - Environment                         | Ministry of Environment & Science                |

Time will not permit MDAs to put in place the necessary organization required to prepare cross-sectoral programmes for inclusion in the 2002 budget. However, functional and sectoral MDAs are required to commence preparing the above cross-sectoral programmes to find expression in the budget for 2003 and succeeding years. For this purpose the NDPC will re-establish Cross Sectoral Planning Groups, which includes membership of civil society, to support the preparation of cross-sectoral programmes for the above cross cutting issues.

The need for an inter sectoral approach to cross-cutting issues is self evident. An inter sectoral approach is also necessary geographically. In the past the tendency has been for expenditure on development to be widely dispersed which results in a limited impact. It is important that investment and services in support of poverty reduction and growth are concentrated in specific locations of identified need and opportunity in an integrated and

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<sup>23</sup> A full list of collaborating MDA is given in Appendix D.



comprehensive manner to create a critical mass of mutually supportive activities and services. To this end, NDPC and MEPRC will in collaboration with MDAs identify locations for this purpose including locational priorities for Accelerated Agri Business Zones (AABZ). It is emphasised that the MTDP and its poverty reduction and growth component are open-ended rolling plans, which are subject to monitoring, evaluation and revision as a continuous process. The same principle applies to sectoral and District Plans.

The subject of cross cutting issues and planning for integrated development will require further elaboration for which the MTDP is the appropriate vehicle. Policies within the GPRS will form the central feature of the second Medium Term Plan.

#### 4.6.4 Poverty and Growth Targets

The implementation of the three-year rolling programme for poverty reduction and growth is framed to result in realistic but significant improvements in terms of poverty reduction and growth.

Table 4.4: Poverty Reduction Targets

|   | 2000*       | 2005               |
|---|-------------|--------------------|
| <b>Core Poverty Indicators</b>                                      |             |                    |
| Incidence of poverty  | 39%         | <b>32%</b>         |
| Incidence of extreme poverty  | 27%         | <b>21%</b>         |
| Real GDP growth rate  | 3.7%        | <b>5%</b>          |
| Real GDP per capita growth  | 1.4%        | <b>2.4%</b>        |
| Gross primary school enrolment rate                                 |             |                    |
| Total   | 77.6%       | <b>82%</b>         |
| Girls   | 71%         | <b>80%</b>         |
| Under-five mortality rate   | 110/1000    | <b>95/1000</b>     |
| Maternal mortality rate   | 200/100,000 | <b>160/100,000</b> |
| Children under-five underweight                                     | 25%         | <b>20%</b>         |
| Total Fertility Rate  | 4.6         | <b>4.2</b>         |
| <b>Supplementary Indicators</b>                                     |             |                    |
| Incidence of poverty among food producers                           | 59%         | <b>46%</b>         |
| Incidence of poverty in:  |             |                    |
| Northern  | 69%         | <b>60%</b>         |
| Upper East  | 88%         | <b>75%</b>         |
| Upper West  | 84%         | <b>70%</b>         |
| Consumer price index (end year)                                     | 40%         | <b>5%</b>          |
| Agricultural growth rate  | 3.8%        | <b>5%</b>          |
| Infant Mortality Rate   | 56/1000     | <b>50/1000</b>     |
| Criterion Reference Test (mastery level) for public primary schools |             |                    |
| English   | 8.7%        | <b>11%</b>         |
| Math  | 4.0%        | <b>6.4%</b>        |
| Gross junior secondary school enrolment rate                        | 60%         | <b>65%</b>         |
| Households with access to safe water                                |             |                    |
| Urban   | 70%         | <b>78%</b>         |
| Rural   | 40%         | <b>54%</b>         |

|   |     |            |
|---|-----|------------|
| HIV/AIDS behaviour indicator – condom use |     |            |
| Female                                    | 6%  | <b>20%</b> |
| Male                                      | 14% | <b>30%</b> |

\*Or latest year.

#### 4.6.5 *Expenditure*

Volume 2 comprises:

- An analysis of expenditure for poverty reduction and growth within the budget ceilings for 2002-2004
- Costed programmes within the budget ceilings for 2002-2004
- Costed programmes to achieve the GPRS unconstrained by the budget ceilings.

## **5.0 THE MACROECONOMY**

### **5.1 AN OVERVIEW**

#### *5.1.1 MACROECONOMIC STABILITY AND POVERTY*

The poverty reduction strategies and programmes outlined in this document will not succeed in an environment of macro-instability. However, this is not to suggest that macro-stability is a sufficient condition for poverty reduction; it fosters a positive environment for growth. To the extent that the strategy for growth is pro-poor, growth will lead to significant reductions in poverty.

While the causes of poverty in Ghana are multifaceted, macro-instability has played a significant role in exacerbating poverty. Macro-instability in Ghana has been fuelled to a large extent by government policies that have resulted in a persistent overshooting of the budget deficit and also by the measures employed to finance the growing deficit. Prominent among such measures are debt monetization and the sale of Treasury Bills.

Key factors that have accounted for government's tendency to overshoot the deficit include weak revenue mobilization mechanisms, anticipatory spending (i.e. spending in anticipation of donor inflows), continued expenditures to support a large and inefficient public sector (including debt guarantees of subvented agencies), expenditures to finance election year campaigns, social investment expenditures and expenditures to service the debt created by the fiscal deficit. In effect, government expenditure control and monitoring systems have been weak.

In particular, domestic financing of the deficit through the sale of Treasury Bills and through the printing of money (i.e. debt monetization) by the Bank of Ghana, has contributed immensely to high interest rates and inflation<sup>24</sup>. High interest rates have raised the cost of credit to the private sector, stifled investment and consequently, the growth of employment opportunities in the private sector. On the other hand, the relative attractiveness of Treasury Bills together with the minimal risk associated with such investments have subverted the intermediation role of financial institutions and undermined competition for savings mobilization within the banking sector. This in part explains the large spread between the lending and savings rate<sup>25</sup>.

By continually depreciating the value of the domestic currency relative to other currencies, the growth in inflation, resulting from the central Bank's accommodation of the deficit (i.e., the printing of money), has not only contributed to the volatility in the exchange rate but has fuelled secondary rounds of inflation by raising the domestic currency price of imports.

In effect, macro-instability in Ghana has been characterized by investment stifling real interest rates (i.e., the nominal rate adjusted for inflation), double digit inflation, an exchange rate that is both overvalued and volatile, a low level of savings and balance of payments deficits stemming from excess domestic demand for imports.

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<sup>24</sup> This is not to deny the potentially inflationary impact of foreign inflows on the economy.

<sup>25</sup> The large spread (over 20 percentage points) between the lending and the savings rate is further explained by the poor risk assessment capacity of banks and the fact that their inflationary expectations are "downward rigid".

Macro-instability has also exacerbated poverty through at least four channels. First, inflation and inflationary expectations have eroded the real wages particularly of workers on fixed incomes. Furthermore, inflation has increased the risk and uncertainty associated with long term investments in sectors such as agriculture and industry. Indeed, food producers have been particularly disadvantaged because of poor distribution and marketing channels while limited storage facilities have undermined their leverage over farm gate prices. On the other hand, service activities such as wholesale and retail trading have thrived in part because of the relatively quick turn-around of such investments. In addition, the financial sector has benefited immensely from their virtually risk-free investments in high yielding Treasury Bills. To the extent that the service sector activities are concentrated in the urban metropolis, and to the extent that the bulk of the poor are engaged in rural agriculture, the poverty reducing potential of service sector growth is significantly lower than the corresponding impact of the agricultural sector.

Secondly, high interest rates have crowded out the private sector investments and reduced the rate of employment growth. Employment options for lowly paid public sector workers have consequently been reduced. Indeed, this may have contributed to the slow pace of public sector reform and increased the attractiveness of graft as an option for income generation within the public sector.

Thirdly, currency volatility has negatively impacted on foreign direct investment (FDIs) by introducing greater risk in the returns on such investments. Indeed, it is conceivable that the concentration of FDIs in relatively low risk areas such as the extractive and service industries is in part a result of currency volatility. Foreign direct investment is linked with poverty because of the potential economic opportunities (e.g., technology and skill transfer and employment) it can provide to the domestic economy.

Fourthly, inflation has eroded the real value of government revenues and hence, the ability to provide adequate social services to the poor. Indeed, as real wages have declined with inflation, government's development expenditures have been crowded out by pressure on government to pay a "living wage". Expenditures on social services have also been compromised by the fact that debt servicing has taken up a growing share of the budget, leaving few resources for poverty-related investments.

### *5.1.2 THE MACRO ECONOMIC FRAMEWORK*

The broad objectives of the medium term macro-framework are to promote private sector-led growth including small-scale business development, in a manner consistent with poverty reduction and to adjust government's budget for increased expenditures on education, health and other priority social sectors. Achieving this goal will require the achievement of macroeconomic stability in the first instance and reforms in the area of fiscal, monetary and trade policy to ensure sustained growth.

In the short to medium term (i.e., 2003-2005), changes in the key macro indicators are expected to be modest. The real GDP is expected to rise from 4.7 percent in 2003 to about 5 percent in 2005. Agriculture is expected to play a progressive role in achieving this objective. Agricultural growth is expected to rise from 4.1 percent per annum in 2002 to 4.8 percent per annum by 2005. The service sector, which has consistently enjoyed the fastest growth, is expected to experience a slower growth rate of 5.1 percent in 2005 relative to the 4.7 percent

growth rate in 2002. Industry on the other hand, is projected to experience accelerated growth with the implementation of agro-processing initiatives proposed in Chapter 6 of this document. The overall targets for the period 2003-2005 are provided in Table 5.1.

**Table 5.1: Key Macro-Economic and Financial Targets: 2002-2005\***

|   | 2002 <sup>a</sup>                                | 2003 <sup>b</sup> | 2004 <sup>*</sup> | 2005 <sup>*</sup> |
|---|--|-------------------|-------------------|-------------------|
| <b>National Income</b>                              | <b>(Annual % change unless otherwise stated)</b> |                   |                   |                   |
| Real GDP Growth                                     | 4.5  | 4.7               | 5.0               | 5.0               |
| Nominal GDP Growth                                  | 28.2   | 24.3              | 18.4              | 12.1              |
| Real per capita growth                              | 1.9  | 2.1               | 2.4               | 2.4               |
| <b>Sectors</b>                                      |  |                   |                   |                   |
| Agriculture   | 4.1  | 4.5               | 4.8               | 4.8               |
| Industry  | 4.7  | 5.1               | 5.2               | 5.2               |
| Services  | 4.7  | 4.9               | 5.1               | 5.1               |
| <b>Money and Credit</b>                             |  |                   |                   |                   |
| Annual avg. CPI                                     | 14.8   | 15.1              | 8.0               | 6.0               |
| End of Period CPI                                   | 15.2   | 9.0               | 7.0               | 5.0               |
| Reserve money (excluding foreign currency deposits) | 42.6   | 20.7              | 18.3              | 12.1              |
| Credit to government <sup>1</sup>                   | 32.5   | 0.0               | -7.5              | -7.7              |
| Broad money (excluding foreign currency deposits)   | 50.0   | 21.2              | 18.4              | 12.1              |
| <b>Government Budget</b>                            | <b>(In % GDP, unless otherwise stated)</b>       |                   |                   |                   |
| Total revenue (excl. grants)                        | 18.0   | 22.3              | 22.5              | 22.3              |
| Total expenditure <sup>2</sup>                      | 26.1   | 29.7              | 28.2              | 26.8              |
| Overall Balance (including grants) <sup>3</sup>     | -6.8   | -3.6              | -1.6              | -0.6              |
| Domestic primary balance                            | 2.0  | 3.0               | 2.6               | 2.5               |
| Domestic Debt stock                                 | 28.9   | 23.6              | 17.8              | 14.8              |
| Divestiture Receipts                                | 0.0  | 0.7               | 0.6               | 0.0               |
| Net Domestic Financing                              | 4.8  | 0.0               | -2.4              | -2.0              |
| <b>Functional Distribution<sup>4</sup></b>          |  |                   |                   |                   |
| Administration                                      | 19.79  | 14.2              | 13.3              | 13.3              |
| Economic Services                                   | 18.00  | 9.7               | 10.3              | 10.3              |
| Infrastructure                                      | 17.19  | 17.2              | 19.1              | 19.1              |
| Social Services                                     | 34.71  | 38.1              | 34.3              | 34.3              |
| Public Safety                                       | 9.66   | 11.1              | 9.0               | 9.0               |
| Utilities   | -  | 2.7               | 3.2               | 3.2               |
| Contingency   | 0.62   | 6.9               | 10.9              | 10.9              |
| <b>External Sector<sup>5</sup></b>                  |  |                   |                   |                   |
| Current account balance                             | 0.6  | -1.7              | -1.5              | -1.2              |
| External debt outstanding                           | 112.4  | 94.3              | 82.1              | 74.3              |
| External debt service incl. Fund                    | 7.8  | 6.6               | 5.5               | 5.2               |
| (In % of exports)                                   | 18.4   | 15.6              | 13.4              | 13.1              |
| (In % of government revenue)                        | 37.1   | 24.3              | 20.5              | 19.6              |
| Gross International Reserves (in months of imports) | 1.9  | 2.3               | 2.7               | 3.1               |
| <b>Cocoa Exports</b>                                |  |                   |                   |                   |
| Volume (1000 tons)                                  | 367  | 395               | 403               | 419               |
| Price (in US\$/ton)                                 | 1266   | 1500              | 1900              | 1800              |
| <b>Investment and Saving</b>                        |  |                   |                   |                   |
| Gross investment                                    | 19.7   | 23.0              | 23.7              | 23.8              |
| Private   | 13.6   | 13.6              | 13.8              | 14.1              |
| Public  | 6.1  | 9.4               | 9.9               | 9.7               |
| <b>Gross national saving</b>                        | 20.3   | 21.2              | 22.2              | 22.6              |
| Private   | 19.2   | 17.3              | 17.0              | 16.5              |
| Public  | 1.2  | 3.9               | 5.2               | 6.1               |

<sup>a</sup> Projected values; <sup>b</sup> Revised Projections

\*Projected unless otherwise stated

1/Increase in credit to government as a percent of broad money at the beginning of the period

2/ Including capital outlays

3/ After domestic arrears clearance

4/ Functional shares for 2003-2005 exclude debt relief savings financed through external project aid and transfers to the local authorities

5/Reflects large cedi depreciation relative to dollar in 2000

**Table 5.2: Real GDP and Sectoral Growth Rates: 1995-2000**

|             | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | Avg.        |
|-------------|------|------|------|------|------|------|------|-------------|
| Real GDP    | 4.0  | 4.6  | 4.2  | 4.7  | 4.4  | 3.7  | 4.2  | <b>4.3</b>  |
| Agriculture | 3.7  | 5.2  | 4.3  | 5.1  | 3.9  | 2.1  | 4.0  | <b>4.0</b>  |
| (%of GDP)   | 36.3 | 36.5 | 36.6 | 36.7 | 36.5 | 36.5 | 35.9 | <b>36.4</b> |
| Industry    | 4.1  | 4.7  | 6.4  | 3.2  | 4.9  | 3.8  | 2.9  | <b>4.3</b>  |
| (%of GDP)   | 24.9 | 24.9 | 25.4 | 25.1 | 25.2 | 25.2 | 24.9 | <b>25.1</b> |
| Service     | 4.7  | 4.2  | 6.5  | 6    | 5    | 5.4  | 5.1  | <b>5.3</b>  |
| (%of GDP)   | 28.1 | 28.1 | 28.7 | 29.1 | 29.2 | 29.2 | 29.9 | <b>28.9</b> |

Source: various Budget Statements

### 5.1.3 MACRO ECONOMIC TARGETS AND JUSTIFICATION

#### 5.1.3.1 GDP Targets

The targeted GDP growth rate of 5 percent by 2005 is based on historical trends and the anticipated impact of the proposed growth and poverty reduction strategies on the overall growth rate. As shown in Table 5.2, over the period 1995-2001, real GDP growth has averaged approximately 4.3 percent. During that period, the agricultural, service and industrial sectors experienced average growth rates of 4.0 percent, 5.3 percent and 4.3 percent respectively. The highest overall GDP growth rate during the period was 4.7 percent in 1998 and the lowest was 3.7 percent in 2000. The targeted GDP growth rate of 5.0 percent in 2005 takes into account the expected positive impact of the measures proposed in this document, primarily macro-stabilization and improved agricultural productivity and processing on income and wealth generation. The effects of these measures will however, not be felt until the later part of 2004.

In particular the anticipated boost in agricultural production, which currently makes the greatest contribution to the GDP, will be critical to the realization of the overall GDP targets. In 2000, the contributions of agriculture, industry and services to the GDP were 36.5, 25.2 and 29.2 percent respectively. Net indirect taxes accounted for the remaining 9.1 percent. The targets for the period 2003-2005 assume that the sectoral contributions will remain largely unchanged. Using the 2000 sectoral shares as a point of departure, the projected growth rate for agriculture, industry and services for the year 2005 are 4.8 percent, 5.2 percent and 5.1 percent respectively. Indirect taxes are estimated to grow at the rate achieved in 2000 (4.4 percent) and maintain their 2000 contribution to GDP of 9.1 percent. The targeted sectoral growth rates are consistent with the projected overall growth rate of 5 percent in 2005.

It is important to note that the projected sectoral growth rates do not represent historical highs and have been achieved in the past. Hence, the proposed overall growth rate of 5 percent is realistic and indeed modest if the proposed policy measures are implemented.

#### 5.1.3.2 Agriculture Sector Targets

The agricultural sector growth rate is expected to rise from 4.1 to 4.8 percent between 2002 and 2005. The targeted agricultural growth rate of 4.8 percent is premised on the successful implementation of a proactive Agri-business strategy that focuses on improving access to

land and promoting effective marketing, storage and transportation systems to reduce price volatility and minimize production risks particularly those stemming from post harvest losses.

#### 5.1.3.3 Industry Targets

Industrial growth is projected to reach 5.2 percent in 2005 on account of increased agro-processing activities, lower transaction costs associated with production, lower real interest rates resulting from a decline in inflation and inflationary expectations and the adoption of cost recovery pricing of utilities.

#### 5.1.3.4 Services Targets

The growth in the service sector is expected to rise from 4.7 percent in 2002 to 5.1 percent in 2005. However, this growth rate will remain below the 5.4 percent level achieved in 2000. Government services constitute the largest (37 percent in 2001) component of the services subsector, and accounts for approximately 10.7 percent of GDP. With the GPRS emphasis on private sector led growth, the relative decline in Service sector growth therefore reflects a more rationalized role for government in the development process. In effect, growth in government services is projected to decline as the private sector assumes a leading role in the development process.

Furthermore, the relative growth of the service sector will decline as resources gravitate to the agricultural and industrial sectors of the economy in response to incentives that make such sectors relatively more attractive to investors. Moreover, the decline in the yield on Treasury Bills resulting from successful efforts at reducing government borrowing will in the short run have an adverse impact on profit growth in the financial sector which currently accounts for approximately 14 percent of total service sector output.

#### 5.1.3.5 Functional Expenditure Targets

The functional distribution of expenditures is projected to change in conformity with the strategies outlined in the GPRS. The proposed allocations in Table 5.1 are based on a broad resource envelope (i.e., includes Government of Ghana and Donor funds).

##### a) Administration

Allocations to this sector are expected to decrease over the period due to efforts aimed at maximising efficiency in service delivery. The allocation to this broad sector is expected to decline from approximately 20 percent in 2002 to 13 percent in 2005. The decline in the relative size of the Administration sector is largely due to the reclassification of General Government Services as a Contingency item and not a component of the Administration sector as was done in the past.

##### b) Economic Services

The allocation to this sector will be stable at 10.3 percent after declining from 18 percent in 2002. The downward trend is largely due to a decline in expected donor inflows to the energy sector.



The relative allocations to MDAs in this broad sector will change partly as a result of increased funding to the Ministry of Agriculture, over the 2003-2005 period. This increase is on account of the emphasis and priority given to the agricultural sector as will become evident in chapter 6. It is anticipated that the Ministry of Agriculture will devote greater resources to facilitating irrigation and storage construction and improving marketing and distribution channels. It is also expected that in conformity with the GPRS priorities, the relative share of donor funds to this vital sector will increase accordingly.

c) Infrastructure

The allocation to this sector will increase from 17 percent in 2002 to 19 percent of discretionary expenditure by 2004 and 2005 because of the need to rehabilitate existing feeder roads, trunk roads, and major road networks. The rate of increase in the sectoral share of infrastructure is gradual because of an expected improvement in efficiency with respect to road construction.

d) Social Services

The bulk of the savings from the HIPC Initiative will be devoted to social services. Hence, HIPC savings will be additional to the shares depicted in Table 5.1. It is projected that after the HIPC savings are taken into account, the relative share of social services will rise above the projected level of 34 percent for 2005. The increase in the relative share of resources devoted to the social sector reflects the major role that education, health and social welfare services is expected to play in the fight against poverty. However, efforts to increase efficiency in this sector will boost the cost-effectiveness of social service expenditures.

e) Public Safety

The allocation to this sector, which increased from 7.94% in 2001 to 9.66 percent in 2002 will rise to 11.1% in 2003 and levels off at 9.0% thereafter. Efficiency gains are expected which will increase resources available to help strengthen the enforcement of human rights particularly for vulnerable groups such as women and children. The initial increase in resources to the sector is intended to quickly equip and strengthen the police service in fighting armed robbery and the military in rapid response to national disasters.

### 5.1.3.6 Inflation Targets

The year-on-year inflation rate is projected to decline from 40.5 percent in December 2000 to 9.0 percent in 2003 and to 5.0 percent by 2005. The end of period CPI for 2002 was 15.2 percent and expected to decline to 5.0 percent by 2005. The target of 5 percent for 2005 is based on the assumption that the growth in both broad and reserve money will decline from 50.0 and 42.6 percent respectively in 2002 to 12.1 percent for both indicators in 2005. Credit to government is also targeted to decline from a growth rate of 32.5 percent in 2002 to zero percent in 2003 and to -7.7 percent in 2005.

### 5.1.3.7 Links Between the Macro-Framework and the Costing

The macro-framework determines the resource envelope available to finance the Medium Term Priorities of the GPRS. Invariably, a macro-framework that points to a stagnant or

shrinking resource envelope implies fewer resources to finance the MTP and hence, a larger financing gap (i.e., gap between the cost of implementation and the resources available to effect implementation).

It is also important to note that the current composition of the discretionary budget poses a severe constraint to implementation of the MTP because it is heavily skewed towards financing personnel emoluments at the expense of investment expenditure. As shown below, however trends in projected Government expenditure (excluding donor funds) reveal a slightly growing share of investment expenditure in the GoG resource envelope and a corresponding decline in the share of personnel emolument. This shift, however subtle, is welcomed and represents a marked improvement in the effort towards re-directing the GoG resource envelope in support of national development.

Table 5.3 Percent Distribution of Items 1 to 4 of Government of Ghana Only Expenditure\*

| Items 1- 4           | 2002 | 2003 | Change |
|----------------------|------|------|--------|
| Personnel Emoluments | 70.5 | 69.9 | -0.6   |
| Administration       | 18.1 | 13.7 | -4.4   |
| Service              | 6.3  | 10.3 | 4.0    |
| Investment*          | 5.1  | 6.1  | 1.0    |

\*Excludes investment financed from HIPC resources

#### 5.1.3.8 Underlying Assumptions

The macro-economic targets assume that there will be no sustained domestic or external shocks. Domestic shocks such as long period of drought will certainly destabilize the macro-economy. Likewise, external shocks such as a worldwide recession will adversely impact on economic growth through the effect on exports and the level of capital inflows.

## 5.2 KEY ISSUES & POLICY AREAS

To achieve the broad objectives above measures in the following three areas will be adopted.

- Fiscal Policy Management
  - Debt Restructuring and Management
  - Expenditure Management
  - Resource Mobilisation
- Monetary Policy Management:
  - Price and Exchange Stability
  - Institutional Legal and Regulatory Reform
  - Capital Market Development
  - External Shock Management
- International Trade Management:
  - Export Competitiveness
  - Export Diversification

Fiscal measures will focus on improvements in expenditure management and more effective revenue mobilization. Monetary policy measures emphasize tight credit and open market operations to mop up excess liquidity and restrain inflationary pressures arising from debt monetization. It is also informed by measures to manage the impact of donor inflows on the domestic money supply by limiting the use of capital inflows to development projects and minimizing their application to recurrent expenditure. International trade measures focus on mechanisms to diversify exports and achieve a sustainable level of foreign reserves through increased international competitiveness. The measures also emphasise the importance of identifying and nurturing new areas of comparative advantage particularly in the area of data processing for export as well as the urgent need to form strategic partnerships with well placed foreign firms to exploit non-reciprocal access to US and EU markets offered under AGOA and the Cotonou agreements.

### 5.2.1 *Fiscal Policy Management*

Reducing the fiscal deficit (external and domestic) and consequently government borrowing is a key objective of the macro-framework. To this end, assessing the debt stock and its maturity profile is a prerequisite for designing an appropriate strategy for amortization.

The elements of the strategy to improve fiscal discipline are:

- Improved debt management
- Improved public expenditure management
- Improved fiscal resource mobilization

#### 5.2.1.1 Promoting Effective Debt Management

Improving the nation's debt management capacity requires more effective mechanisms to monitor the debt stock, restructure the domestic debt to ensure a greater balance between short and long term debt instruments. It also focuses on measures to re-direct more resources to reducing the size of the domestic debt.

a) Monitoring the size of the domestic debt

A first step to monitoring the domestic debt requires a comprehensive audit of the stock of payment arrears including debts incurred by state owned enterprises and sub-vented organizations. Such audits will be routinely conducted to provide timely updates on the domestic debt stock and the rate of domestic debt accumulation.

b) Restructuring the Domestic Debt Stock

Currently, the bulk of the domestic debt is in the form of short-term (90 to 180 day Treasury) instruments. This places great fiscal pressure on government since the interest rates on Treasury Bills are currently prohibitive. Increasing the term structure of the government's debt instruments will reduce the frequency of debt service payments and afford government more time to make good on its debt obligations. To this end, new medium to long-term debt instruments indexed to the rate of inflation are being developed to reduce government's domestic debt service payments. In line with this proposal, the Ghana Linked Index Bond was introduced in September 2001. It is expected that more instruments of a similar nature will be developed in the future.

c) Reducing the Stock of Domestic Debt

Effective debt management also involves identifying opportunities to reduce the debt stock to manageable levels. The nation's decision to join the HIPC initiative will be of assistance in reducing the external debt to sustainable levels. The domestic debt however, still remains a problem for reasons cited above because even though the domestic debt stock is only a fraction of the external debt, the high interest rates and short term nature of the domestic debt imposes a higher debt service burden on government than the external debt. This in turn reduces the quantum of available funds for other government expenditures including expenditure on the social and economic sectors. In effect, expenditures on health, education, feeder roads, rural water and sanitation that directly benefit the poor, are effectively constrained as debt service payments increase. Indeed, development expenditures have borne the brunt of reduced government expenditures. To alleviate the fiscal constraints imposed by the domestic debt, twenty percent of the savings from the Enhanced HIPC Initiative and ninety percent of the proceeds from the implementation of the divestiture process will be applied to reducing the domestic debt stock. Furthermore, government will intensify its effort to retrieve all arrears owed to it.

#### 5.2.1.2 Improving Public Expenditure Management

Efforts to manage the existing debt stock must be complemented by measures that forestall an accelerated and unsustainable growth of the deficit. To this end, it is proposed that institutional structures and mechanisms that minimize the deficit by ensuring that expenditures keep pace with revenues must be created (where they do not exist) or strengthened where they are ineffectual. The reason is obvious, a growing deficit adds to the debt stock. Improving the management of public expenditure constitutes one mechanism for reducing the deficit. Achieving this objective will require improved forecasting and monitoring of commitments and cash transactions of Ministries, Departments and Agencies to ensure that such expenditures are within their allocated expenditure ceilings. It also

requires that government expenditures pass the litmus test of cost-effectiveness to ensure value for money and reduce extravagance.

To this end, under the Budget and Public Expenditure Management System (BPEMS), a Cash Management module is being implemented. Bank Accounts of GOG are being restructured under this system to allow for improved Government Cash Position Visibility, provide for Government of Ghana Forecasting capability for committed expenditure, timely reporting on financial transactions at the National, Ministerial and District levels. This new Bank Account structure will become operational in 2003.

The system will also detail financial analysis of cash and banking transactions at all MDA levels, facilitate cash forecasting at the National level by MoF and provide for automated reconciliation of GoG accounts to ensure fiscal transparency.

The creation of the Economic Policy Coordinating Committee (EPCC) to monitor government expenditure is another example of the institutional reforms directed at improving expenditure management. The Committee (EPCC) comprises officials of the Controller and Accountant General's Department (CAGD), the Bank of Ghana (BoG) the Ministry of Finance (MoF), the National Development Planning Commission and the major revenue generating agencies (VAT, CEPS and IRS). In line with its duties, the EPCC will produce a set of quarterly expenditure ceilings for each Ministry, Department and Agency (MDA).

Another committee, the Cash Management Committee (CMC) has also been established to assist MDAs prepare monthly Cash Plans, coordinate weekly revenue inflows and manage cash position of GoG in order to control its expenditures.

Generally BPEMS when fully implemented (approximately next three years) will provide features to enhance expenditure monitoring with the use of Oracle Financial Application Package. BPEMS will be operational in all eight pilot MDAs by end of 2003. Regional sites will come on board by 2004.

Meanwhile all MDAs from January 2003 will be utilizing the new broad based BPEMS Chart of Accounts and in effect BPEMS solution will be operational from 2003. Data will be collected from all the treasuries and captured at CAGD headquarters to generate monthly reports for ease of monitoring.

a) Tracking Expenditures for Poverty Related Projects

To ensure that allocations for poverty related projects are not misapplied it is proposed that expenditures at all levels are prioritised in accordance with the Poverty Reduction Strategy.

When emoluments and administrative costs are fully incorporated into the planning process in the next one to two years, it is believed that the systems of expenditure monitoring being implemented under BPEMS budgetary control features will facilitate closer tracking of poverty related expenditures including those under the enhanced HIPC initiative.

In the interim the HIPC Accounting Manual is being used to guide users in the utilization of HIPC and Poverty related funds and the HIPC Software is used to capture the related data and generate reports accordingly.

b) Commitment Control and Procurement

Government currently accumulates substantial payment arrears because expenditures are recorded on cash basis, thereby understating total payment obligation.

BPMS seeks to address this problem by introducing modified accrual system and thereby taking cognisance of commitments and payables utilizing the Purchasing and Payable Modules.

In addition, the new Procurement Bill under PUFMARP will ensure transparency and value for money in public procurement.

This bill is expected to be passed by Parliament by the end of the first quarter of 2003. Training materials and manuals are being developed and training of all stakeholders is scheduled to start after the bill has been passed. It is anticipated that this new bill will become operational in 2003.

c) Transparency in Use of Special Statutory Funds

To ensure greater transparency in the use of Special Statutory Funds (e.g District Assembly Common Funds, Roads Fund, Education Fund etc), information on transfers into the fund and on the utilization of such funds will be published on a quarterly basis.

To this end BPMS has provided a broad based Chart of Accounts to capture Fund Types, inter-fund transactions and account for the utilization of such funds. A special reporting tool will be utilized to generate needed reports to be reviewed by stakeholders.

d) Limiting of Domestic Borrowing

One of the Fiscal policies of Government is to limit net domestic borrowing in order to reduce interest rates thereby increasing access to capital for the private sector, to increase production, create more jobs and reduce inflation.

5.2.1.3 Improving Fiscal Resource Mobilization

Improvements in the use of government funds must be complemented by measures to strengthen the capacity of government to mobilize revenue. To this end, the strategy focuses on increasing revenues not by increasing taxes but by instituting measures that widen the tax base. This involves minimizing revenue leakages, reducing the incidence of tax avoidance, strengthening the capacity of revenue collecting institutions (including District Assemblies) and ensuring cost recovery pricing.

a) Minimizing revenue leakages in all revenue collection agencies

Achieving this objective requires a review of the incentive structure for all revenue agencies. In addition, the mechanism for setting revenue targets is being reviewed. To this end, revenue targets will be set in consultation with an independent body or research institute. This body will also be involved in a comprehensive assessment of the revenue generating potential of

the economy. Furthermore, revenue targets must adequately control for or take into account expected inflation and exchange rate changes.

Revenue leakages will also be minimized through more effective monitoring and control of bonded warehouses. The tendency for bonded commodities to be removed from the warehouses without the requisite payment of duty results in substantial revenue losses. To improve the monitoring of bonded warehouses, a programme of automation of all such warehouses will be undertaken. Besides this, the Revenue Agencies Governing Board is currently considering the possibility of hiving off the operations of the Bonded Warehouses to a Private Sector Agency to be run as a profit center for CEPS.

The use of tax exemptions as an instrument for enticing investors has been a very contentious issue lately. Even where it is accepted as a desirable tool, it is very necessary to consider the scope both in terms of items and application and time. Most exemptions are determined by only the immediate economic activity it is going into, irrespective of its full impact on the country as a whole. It is necessary that exemptions be linked to the medium to long-term impact on the economy as a whole and not only the sector within which beneficiaries operate. Law on exemptions need to be critically reviewed and made more realistic and as much as possible help in reducing the negative impact of exemptions on revenue.

A common Taxpayer database for tax collection Agencies has been established to provide revenue-collection Agencies with a more accurate profile of eligible taxpayers. In furtherance of this, the Taxpayer Identification Numbering System (TIN) Law Act 632 (2002) has been passed by Parliament to facilitate the issuance of unique numbers for purposes of Taxpayer Identification, data gathering, selective cross-referencing of data among the Revenue Agencies and coordination to achieve greater tax compliance.

b) Reviewing and revising existing taxes, fees and user charges

The failure of most user fees, taxes and charges to reflect production costs has contributed to revenue shortfalls and consequently the growth in the deficit. In response to this problem, energy and utility pricing will be based on the principle of cost recovery. However, it is recognized that the indiscriminate application of the principle particularly in the area of health and utility pricing will result in undue hardship to the poor and undermine the very basis of the GPRS. To avoid pricing the poor out of the market for such essential services, a system of cross-subsidization measures will be enforced to mitigate the impact of cost-recovery on the poor.

c) Strengthening the revenue collecting institutions

Revenue collecting Agencies must be institutionally strengthened to improve their effectiveness in increasing government revenues. In line with this objective, a National Tax Audit Bureau to assist the revenue collection agencies has been created together with a Revenue Agencies Governing Board charged with the responsibility of coordinating the efforts of the various Revenue Agencies. As an incentive for increased revenue collection, the Revenue Agencies have been allowed retention of up to three per-cent (3%) of revenue collected to be re-invested for institutional strengthening.

Additionally, a Large Taxpayer Unit (LTU) is being created as a pilot site for the development of new approaches, new programmes and procedures for large taxpayers to enhance revenue through improved compliance and service to taxpayers.

d) Strengthening District Assemblies for improved tax collection

District Assemblies are ideally placed for revenue mobilization including the collection of taxes. Relative to central government their administrative size is smaller and relatively more manageable. Furthermore, they have closer contact with the community and hence have more reliable information about tax-payers. To exploit the strengths of District Assemblies in the revenue mobilization effort, the capacity of district level revenue agencies be strengthened. Furthermore, district level revenue agencies will be effectively linked or networked with national agencies for information sharing purposes.

### 5.2.2. *MONETARY POLICY MANAGEMENT*

One of the important lessons from the history of economic policy management in Ghana is the need to avoid conflict between fiscal and monetary policy. It is important to avoid fiscal dominance in the economy or a situation in which expenditure decisions would result in high inflation and a rapid currency depreciation, and would need to be countered with interest rates increases possibly to the point that this could become unsustainable and monetary policy would become ineffective.

The new Bank of Ghana Act:

- Refocuses the central bank on the major task of inflation control and away from the developmental activities, which characterized the Bank of Ghana's operations in the past. According to the Act the primary objective of the Bank is to maintain price stability "independent of instructions from Government or any other authority".
- Establishes a Monetary Policy Committee responsible for formulating monetary policy to bring transparency to the central bank's operations and its communications with the public.
- Stipulates that government borrowing from the central bank in any year shall be limited to 10 percent of its revenue.

These provisions of the Act are meant to ensure discipline in monetary management. In this regard, key indicators of monetary discipline will be the extent to which the objectives and procedures laid out under the Bank of Ghana Act are attained. These include:

- Exchange rate stability
- A transparent central Bank
- Keeping Government Borrowing within prescribed limits, and
- Effective functioning of the Monetary Policy Committee



### 5.2.2.1 Price and Exchange Rate Stability

The Bank of Ghana Act enshrines price and exchange rate stability as primary policy goals. It is important to note, however, that price and exchange rate stability can be attained at a very high cost to the economy in terms of high real interest rates, which would be detrimental to economic growth. In the framework of maintaining price and exchange rate stability at low real interest rates:

- It would be important to place government spending in a disciplined fiscal framework, with hard caps on expenditures (including explicit budgetary allocations to cover subsidies to public enterprises and transfers of funds for quasi-fiscal operations).
- Explicit guarantees to public enterprises have been a source of rapid growth of public debt, and very serious monetary implications when default occurs. The Bank of Ghana should use its statutory discretion only in cases that are truly exceptional in nature, and do not pose any risk to the financial position of the bank.

#### a) Establishing an Efficient Inter-bank Foreign Exchange Market

One legacy of the unstable economic environment has been the fragmentation of the foreign exchange market that has taken place over the years. This has been an important source of institutional weakness and problems for monetary and exchange rate policy. We now have in Ghana, a de-facto fully liberalized current and capital account, with transactions conducted in two segments of the foreign exchange market. Thanks to the legacy of controls, a large atomistic informal foreign exchange market operates side by side with the core inter-bank market, one for trading in currency notes, and the other for trading in forex and all other financial assets. Interbank trading in foreign exchange is very low in volume relative to external payments transactions. Trade is organized around preferred bank-client relationships in small segments of the market in which exporters and importers cluster as distinct groups around individual banks for transactions in a manner that leaves them vulnerable to small shifts in positions. The challenges are to develop an incentive-based and fully transparent system to pool and allocate resources in a well-integrated inter-bank market.

#### b) Ensuring a Greater Intermediation within the Financial System

To help develop an efficient financial system, it is important that the large amount of savings and financial assets, which are currently held outside the formal financial system be brought within the financial system to allow for efficient intermediation. Banks have a core responsibility to help attract depositors into the banking system. The mobilization of savings is the key to expanding and deepening the financial system. No amount of savings is too small. It is evident that banks are not encouraging a savings culture by students and the young and for that matter the general public, by imposing prohibitive minimum deposit requirements and charges on cheques. The Bank of Ghana should use moral suasion and other avenues available to it to encourage banks to accept and provide incentives to the placement of deposits. Furthermore, Banks should be encouraged to reduce the spread between savings and lending rates.

### 5.2.2.2 Improving the Institutional, Legal and Regulatory Framework for Monetary Management

#### a) Revising Laws and Procedures Governing the Banking Sector

The legal and regulatory framework needs to be re-examined to allow for innovation and the development of strong institutions to support savings mobilization.

- It is important to ensure speedy passage of key legislation governing the operation of the banking system. These include the Banking Bill and the Payments Systems Bill. The new Banking Bill is intended to strengthen the operational independence of the Bank of Ghana in its role as a regulatory authority and to ensure greater transparency in the regulatory framework for banking. The Introduction of the Payment Systems Bill is a response to the need to develop non-cash payment products and clearing systems in order to reduce the over-dependence on cash payments in the economy.
- There is also the need to expedite the submission to Parliament and passage of the Anti-Money Laundering Bill. This Bill seeks to reinforce existing mechanisms for monitoring terrorist finances and money laundering within the global financial system. This is especially important in the context of the recommendation of the Investors Advisory Council to introduce off-shore banking in Ghana. It is important that the necessary safeguards be put in place.
- In this regard, the Exchange Control Act (71) of 1961 needs to be reviewed to make it consistent with a liberalized foreign exchange market.

#### b) Banking Supervision

On the supervisory role of the Bank of Ghana, the regulatory framework should be applied fairly with the intent of maintaining a liberal arrangement rather than a control regime. Furthermore the licensing framework for financial institutions should be reviewed to allow for the speedy processing of applications and the licensing of high quality and large-sized institutions to provide depth to the financial market. At the same time rigorous supervision and enforcement of prudential regulations are essential to safeguard the soundness of the banking system and facilitate the exit of weak banks that pose systemic risks.

### 5.2.2.3 Deepening Capital Markets

The development of capital markets is a long-term measure that cannot be achieved over a two to three year period. However, measures need to be put in place to nurture the development of such markets. The proposed strategy focuses on tax incentives to promote long-term savings and also on regulatory changes to promote competition in delivery of pension schemes.

#### a) Implementing schemes to increase long-term savings/funds

Domestic money banks are not well suited for providing long term financing since their deposits are subject to withdrawal at short notice. The Social Security and National

Investment Trust pension scheme (SSNIT) on the other hand, is a potential source of funds for long term lending. Contributions to SSNIT are currently fixed at 17.5 percent of total compensation for all formal sector workers (i.e., those enterprises employing more than 20 persons). The GPRS recognizes that in spite of its potential as a source of long-term lending; SSNIT has serious financial and administrative problems, which threaten its medium term functioning. Low rates of return on investment (2.3 percent in 1999), high provision for bad and doubtful debts (20 percent of assets) and high administrative costs (up to 22 percent of collected contributions) constitute some of the key problem areas. In view of this, the reform of SSNIT will be intensified to ensure improved internal control and audit systems, improved design and implementation in investment strategies and an investment portfolio that favours short term or inflation indexed government securities. As SSNIT's financial health improves, the required percentage of SSNIT contributions will be gradually reduced to free up funds for supplementary pension schemes. To encourage patronage of such schemes, tax deferrals should be granted for participation.

### *5.2.3 International Trade*

The underlying philosophy behind the proposed macroeconomic policy measures for international trade is the promotion of the international competitiveness of domestic firms within the framework of trade liberalization. Trade competition must however be fair and not unduly disadvantage domestic firms. Support will be provided to domestic firms to foster their competitiveness not only in the arena of traditional exports but to carve out new areas of competitive advantage in non-traditional commodities, particularly non-primary products.

#### **5.2.3.1 Improving Export Competitiveness**

At the macro-level, the competitiveness of domestic firms will be promoted through the adoption of competitive and credible exchange rate regime, and the implementation of a tariff and tax structure that expedites trade, minimizes tax avoidance and penalizes "dumping".

##### a) Maintaining Competitive Real Exchange Rates

The acceleration in the rate of inflation together with external shocks have contributed largely to the currency volatility in Ghana. In a flexible exchange rate regime the observed (i.e. nominal) exchange rate will depreciate (in the absence of government interventions) if the domestic rate inflation is higher than the corresponding rate among Ghana's major trading partners. Maintaining stable and competitive exchange rates will therefore require discipline and a harmonization in the monetary and fiscal policies of government to reduce inflationary growth and stabilize the value of the currency. Furthermore, it is proposed that both market and non-market interventions in the foreign exchange market be minimized. Non-market interventions distort the exchange rate by under-pricing the foreign currency. The resulting overvaluation of the exchange rate leads to a resurgence in parallel market activities and penalizes exports. Market interventions (i.e., the sale of foreign currency to reduce its value) on the other hand, are unsustainable especially because of the low level of the nation's foreign reserves.

b) Improving the Import/Export Regime

Reducing the administrative bottlenecks associated with the export and import process will facilitate international trade. To achieve this objective, the cumbersome customs procedures will be streamlined to reduce transactions costs associated with clearing and exporting goods.

Although the new system of destination and transaction valuation adopted in April 2000 represents an improvement over the previous system, the valuation process is still inadequate and inspection rates continue to be high largely because of inadequate training for the implementing agencies. To address these issues, public education will be undertaken to inform the trading community about new customs procedures and processes. Such education will include the introduction of short courses, help desks and hotlines to assist importers. In addition, the process of destination inspection and transactions-based valuation will be improved by rigorously enforcing performance standards for the inspection companies to significantly reduce valuation times. To this end, the licensing requirements for freight forwarders and clearing agents will be revised to include proficiency in the new scheme.

The performance of the duty drawback scheme has been hampered by delays in repayment of drawback refunds. In response to this problem The GPRS underscores the need to make adequate budgetary provisions to fund duty drawback payments. Firms that are not reimbursed by the deadline will be able to offset their reimbursements against their tax liabilities and all outstanding duty drawback arrears.

c) Minimizing the Incidence of “dumping”

Dumping is said to have occurred if a commodity is sold on the domestic market at a price that is less than the producer’s cost of production. Dumping constitutes unfair trade practice and unduly disadvantages import competing domestic firms. In recognition of the adverse effects of this practice, the World Trade Organization ruled that a country can initiate anti-dumping measures after it has established that (a) dumping exists (b) there is material injury or threat of material injury to the nation’s domestic industry (c) there is a causal link between the dumping and the injury. To the extent that the above conditions hold, the ultimate remedial measure against dumping will be the imposition of an anti-dumping duty equivalent to the full margin of dumping or less.<sup>26</sup>

To address the issue of dumping, the government will initiate the appropriate steps to seek redress for dumping and in the event that dumping is established, a surcharge will be imposed on “dumped goods”. Moreover, quality control standards for imports will be enforced to curtail the influx of shoddy goods. Furthermore, the trade liberalisation policy will be reviewed in the context of its impact on the economy and the environment.

**5.2.3.2. Diversifying the Export Base**

Diversifying the export base is a necessary imperative for reducing the nation’s vulnerability to shocks and increasing the sources and quantum of foreign exchange earnings. This objective will be achieved by identifying and exploiting new areas of competitive advantage, forming strategic partnerships to take full advantage of preferential access to foreign markets provided under current trade agreements.

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<sup>26</sup> The maximum acceptable WTO margin for dumping is 2% of the export price. Likewise, dumping is deemed to have occurred if the volume of imports of a commodity exceeds 3% of the volume of a similar product in the importing country.

a) Promoting New Areas of Competitive Advantage

To promote new areas of competitive advantage, firms engaged in processing of agricultural products for export will be supported. In particular processing of cocoa beans will be encouraged. Similar support will be granted to new promising areas such as data processing for external markets, starch, salt and shea-butter production for export.

b) Taking full advantage of Preferential Access to Markets (AGOA, EU-ACP)

While the AGOA and EU-ACP agreements offer market opportunities for developing countries including Ghana, their ability to exploit such opportunities has been constrained by supply-side bottlenecks. To capitalize on preferential access to foreign markets efforts to support domestic firms to access foreign markets will be complemented by measures that encourage domestic firms to forge strategic partnerships with foreign firms that do not enjoy similar market access.

## **6.0 PRODUCTION AND GAINFUL EMPLOYMENT**

### **6.1 AN OVERVIEW**

The strategy to improve production and generate gainful employment is based on creating an enabling environment to stimulate private sector activities. This will involve improvement of the capacity of the private sector to adopt an entrepreneurial approach to increase productivity and generate employment

#### *6.1.1 Agricultural Development*

The poverty diagnostics in Chapter 3 shows that the incidence of poverty among food crop farmers is the highest among economic groups. A survey of the agriculture sector presents a picture of the food crop farmer and provides pointers to why poverty may be high amongst this group and what can be done to reduce it. The average farm size is small (less than 1.2 hectares) and hired labour is hardly used by this group. The average food crop farmer has limited contact with the product market and is unlikely to use fertilisers, insecticides, high yielding seed varieties or irrigation-based techniques of production. Smallholder farms dominate the sector accounting for about 80% of total agricultural production.

An analysis of the structural roles of women and men also reveals that women are more active in agriculture than men, especially in food production. Men are predominant in cocoa farming, as this requires individualised land ownership, which is not easily accessible to women, though women also supply labour in cocoa farming<sup>27</sup>.

Crop production is largely rain-fed and traditional techniques of production tend to dominate. It is estimated that 6,000 out of approximately 2,740,000 farm-households nation-wide used irrigation services in the period 1998/99. The estimates also reveal that 20% of the households use fertilisers and about a tenth purchase seeds for planting. Fertiliser use is estimated at 8kg per hectare compared to an average for developing countries of 60 kg per hectare. Productivity in the crop sector is therefore quite low. Estimates of achievable yields, that is, yields that have been achieved in isolated cases due to more effective extension and other logistic support show that there is a wide gap between actual and potential yields.

Productivity in the livestock sector is also low by international standards. Despite production being widespread, output of livestock is only about 8% of agricultural GDP compared to 75% in many countries. It is estimated that the average production of milk from a cow in Ghana is 4 litres a day compared to a possible 30 litres a day internationally. The meat or carcass yield of local breeds of livestock is also estimated at about 20% of that of exotic breeds. An estimated US\$100 million is spent annually on imports of livestock and livestock products. Generally, lack of access to high yielding breeds has been identified as the major constraint to the development of livestock in Ghana. Cattle production is mainly free range. More than 80% of the poultry in the country consist of the local breed, which produce 100 eggs per annum compared to 180 eggs per annum for the exotic breed. The current heavy reliance on imported frozen meat, dairy products and live cattle and sheep is a reflection of the lack of concerted efforts aimed at increasing productivity in the livestock sub-sector.

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<sup>27</sup> Draft Ghana Country Gender Assessment, prepared by World Bank staff, August 2001

Marine fish production fell in 1997 and 1998 although inland fish production has been on the rise since 1994. The drop in marine fish production was a result of declining stocks of fish due to the proliferation of demersal trawling activities in the near shore waters, absence of a legal framework and an active fisheries resources management, and rising costs in fisheries operations.

A poor marketing and distribution network is a constraint on the expansion of production. In the cocoa sector there exists well-established marketing chains that transfer the produce from the farm to the final consumer. However, such well-established marketing chains do not exist for food crops. Most farmers are not part of these marketing chains and the cost of accessing them is high.

Many projects were implemented as part of the medium term agricultural development plan, MTADP, in the 1990s to address some of the issues discussed above. Unfortunately the performance of agriculture during the period of implementation of the MTADP was poor. The expected private sector response did not materialise. For instance, it was expected that about 40% of the cocoa purchasing would be done by the private sector. However the private sector currently does not handle more than 25% of domestic purchases as they have been limited by the required up-front payment. While some improvements in infrastructure occurred, targets were not achieved. Instead of rehabilitating 1200-2000 km of roads each year, annual achievements have ranged from 212 km to 1080 kilometres only.

In 1995, the government made a firm commitment to implement proposals aimed at reducing poverty in Ghana. Most of these proposals have been implemented at varying degrees of success. The Accelerated Agricultural Growth and Development Strategy (AAGDS) was formulated as a new agricultural strategy to improve human welfare and reduce poverty in the country.

Programmed for implementation over a ten year period 2001-2010, the AAGDS seeks to significantly increase the production of selected products by improving access to markets, developing and ensuring improved access to technology for sustainable natural resource management, improving access to agricultural financial services, improving the quality of agriculture-related infrastructure, and enhancing human resource and institutional capacity.

In the context of the Ghana Poverty Reduction Strategy, it is important to note that on-going AAGDS projects that are consistent with the GPRS will continue to be implemented. On the other hand, some projects such as the International Fund for Agricultural Development (IFAD) initiative in the Northern Region must be made completely consistent with the GPRS.

### *6.1.2 Non-Traditional Export Development*

Non-traditional export development is seen as one of the critical areas for poverty reduction efforts as well as for growth. The range of products designated as non-traditional is large. All agricultural products other than cocoa, timber products other than logs and lumber, locally manufactured products including handicrafts and salt and processed gold constitute non-traditional exports when exported. Ghana can take advantage as a small country to increase production significantly. The broad strategy is to increase non-traditional exports by reducing transaction costs and increasing the productive capacity of exporters.

### *6.1.3 Manufacturing Industry*

Productivity in Ghana's manufacturing sector tends to increase with firm size. Value added per employee in firms employing more than 99 workers is four times the productivity of the micro firms that employ less than five workers. Studies show that efficient firms are the ones that export. However, most firms in Ghana's manufacturing sector are not involved in exporting; and the proportion of firms that export some of their output is not more than a third of all firms. Firms that do export do not tend to export more than 35% of their output except for the few in the Export Processing Zone.

While support for large-scale industrial producers is important, such efforts must be complemented by measures that enhance the productive capacity of small-scale producers. This will have a more direct impact on poverty inasmuch as the majority of small-scale producers are poor. The National Board for Small-Scale Industries NBSSI is charged with the responsibility of formulating, developing and implementing a national programme that is aimed at accelerating the growth of small-scale industries. The objective of the NBSSI is to contribute to new business creation in order to alleviate poverty through the increased output of small-scale enterprises. The Management Development and Productivity Institute, MDPI, is expected within the strategy to undertake programmes to increase the productivity and output of these enterprises. Strengthening such institutions is therefore required.

### *6.1.4 Employment*

The national employment policy framework is aimed at creating an enabling environment for accelerated growth and employment. A second objective is to create adequate wage and self-employment opportunities for entrants into the labour market. There is an emphasis on micro and small-scale enterprises and employment opportunities for women.

Several projects that have been implemented, have aimed directly at employment generation. Some examples of these are: Priority Public Works Project; Labour Intensive Projects; Feeder Roads Project; Food for Work Projects; Labour Based Feeder Road Rehabilitation and Maintenance Project and; and Special Employment Schemes. These schemes have tended to generate employment but only for the life of the project. The benefits of each project tend to be largely restricted to the project area and do not have much of an impact at the national level. An employment generation strategy in Ghana cannot be based solely on the existence of projects. What is needed is the creation of an enabling environment that will encourage investment and production nation-wide by the private sector.

There have been other schemes aimed at improving upon production conditions, thus contributing to employment generation. Some of these are: Credit schemes for small-scale enterprises and farmers; Enhancing Opportunities for Women in Development; Community Initiative Projects; and Ghana Regional Appropriate Technology Industrial Services, GRATIS, and the Intermediate Technology Transfer Units, ITTUs. A large section of the urban work force is self-employed in the informal sector. The sector is therefore very important to Ghana's economic progress. Its features are addressed to increase production and productivity.

The strategy on production and employment will seek not only to improve the efficiency of public sector programmes but also provide sufficient incentives to stimulate private sector entrepreneurial development.



In the 1980s, the Programme of Action to Mitigate the Social Cost of Adjustment (PAMSCAD), had included a number of infrastructure projects which used labour-intensive production technologies:

- Priority public works programme;
- Labour intensive feeder roads project
- Hand-dug wells; and
- Sanitation projects.

An International Labour Organisation (ILO) study on structural adjustment and employment in Ghana estimated that these works created 20,000 person-work-years of employment during a five-year implementation period. Only a third of this employment would have been generated in the conventional equipment/capital intensive methodologies. Technical assessments have indicated comparable quality between the two methodologies. The construction and maintenance of civil infrastructure like roads and water supply systems, irrigation systems, erosion control and building works are areas in which labour based methods have equal financial advantages with equipment intensive ones. In the implementation of the GPRS the former will be the priority methodology wherever it is feasible.

In seeking to achieve the objective of increased employment, proper occupational risk identification and management measures must be undertaken through effective monitoring of work place health and safety.

### *6.1.5 Services Sector*

The services sector is the fastest growing area of the economy. Ghana has taken on the features of a present day industrialised country with a large services sector without having gone through the prior stage of developing the agriculture and industry base of the economy. The tourism sector has emerged as an important earner of foreign exchange ranking third after gold and cocoa and fast expanding. Information provided by the Ghana Tourist Board on the purpose of visit shows that in the majority of instances, tourists come to Ghana to conduct business and or attend conventions (26.1%), for official reasons (10.7%), or to attend to family-related matters (31.7%). Ghana appears to have more success in attracting “conference” tourists rather than the traditional tourist. Less than a third of the tourist arrivals come to Ghana for a vacation. This is an area that can be explored and developed.

The Ministry of Tourism estimates that in 1995 about 17,000 were employed in the tourist sector. The sector also supported 45,300 jobs in the rest of the economy. Expansion of the sector therefore has the potential, through multiplier effects, to create employment opportunities in other sectors, for example the food industry.

The banking sector has gone through some transformation since the start of the financial sector reforms in the late 1980s. The number of banks has increased with the introduction of legislation that allows the establishment of private banks. In addition some of the new banks do not focus only on commercial banking but also provide merchant banking facilities.

### *6.1.6 The Formal Sector*

The formal private sector is a key stakeholder for the implementation of the Ghana Poverty Reduction Strategy. Supporting the rural environment, for instance, as a catalyst for economic transformation will depend largely on the response of the private sector and especially those of the formal sector. The establishment of Accelerated Agri-business Zones for integrated and comprehensive development in the northern savannah, the Afram Plains and the northern part of the Western Region is indicative of formal private sector opportunities being provided within the GPRS.

The formal private sector is generally capable of seeking its own interests. What has been the problem is the extent of appropriate responses from government and sustainability of these responses. It is stressed in this strategy that umbrella organisations such as the Private Enterprise Foundation, the Trade Union Congress, the Association of Ghanaian Industries and the Ghana National Association of Farmers and Fishermen need to ensure that the activities of their members are consistent with the broad objectives of the GPRS.

To facilitate private sector entrepreneurship in both agriculture and industry, key issues have been identified in a number of policy areas. They include:

- Promoting land administration reform to improve security of land tenure by addressing issues of land title and land security.
- Providing incentives including tax breaks to attract entrepreneurs into agriculture and agro-industries.
- Vigorously encouraging and supporting agro-industries targeted at both the domestic export markets.

### *6.1.7 The Informal Sector*

Apart from its potential role in providing alternative employment opportunities to the formal sector, the informal sector provides other potential economic and social benefits in Ghana's development efforts. These include the production of goods and services, the creation of activities that maximize both forward and backward linkages between economically and socially diverse sectors. Its flexible adaptations to labour market fluctuations and its provision of alternative employment opportunities for alleviating the negative consequences of the structural adjustment policies make the informal sector one of the most crucial in Ghana's development efforts.

The urban informal sector has several features that need to be addressed. These include:

- Low levels of education and training of the self-employed and other workers. Women and persons with disability in the informal sector are particularly disadvantaged in this regard
- Limited access to credit
- Lack of institutional framework (e.g. producer organisations) to overcome the disadvantage of extremely small size
- Lack of effective contract enforcement
- Low level of technology use
- Limited vertical integration

In addition to equipping the workforce in the informal sector with financial and management skills and experience to improve their international competitiveness, efforts will be made to:

- Develop systems and mechanisms to facilitate co-ordination and linkages between the formal and informal sectors of the economy
- Promote technological proficiency and advancement of the informal sector labour force
- Reform and strengthen the traditional apprenticeship system
- Support organisations of persons with disabilities as organisations that enhance the capacities of the poor

#### *6.1.8 Inter-Ministerial Co-ordination*

Improving inter-ministerial co-ordination and collaboration for increased production is critical in the strategy. Investments in agriculture, for instance, can only succeed when there is close coordination between the economic and trade ministries (Ministry of Finance, MOF and Ministry of Trade and Industry, MOTI) to ensure convergence of policies that remove marketing and production constraints, and facilitate export marketing. For instance, while industries in the zones can import inputs duty-free from external sources, inputs from agriculture and other sectors from internal sources must pay VAT before they enter the free zone. This has been seen as unfair bias against domestic production and may have to be jointly addressed by MOTI, Customs, Excise and Preventive Services, CEPS, Ghana Export, GEPC and Ministry of Food and Agriculture, MOFA. The functional groups of infrastructure and economic services in particular must coordinate their activities in order to maximize benefits from their activities.

#### *6.1.9 Environmental Protection and Natural Resource Management*

Increased production and gainful employment through enhancement of infrastructure (feeder roads, storage facilities, and irrigation development) and mining activities will be strongly supported by environmental impact assessments and audits. Concerns about deforestation, land degradation through mining and farming activities, loss of coastal ecosystems and fisheries will be seriously addressed together with those from manufacturing industries. The empowerment of civil society including traditional authorities will be promoted to address issues on land degradation resulting from illegal mining, farming activities and chain saw operations. Laws on bush fires, illegal mining and chain saw operation will be reviewed and enforced. Fire plans must be integrated into large-scale agricultural projects.

Environmental standards will be enforced along with measures to sustain increased production. The Ministry of Environment Science and Technology, MEST, through the Environmental Protection Agency (EPA) will enforce all regulations as set out in their mandate. It is recognised in this strategy that there is a strong link in the natural resource and environmental conditions and poverty. Part of the poverty situation in the Upper East Region, for instance, is due to a natural environment that has become fragile due to insufficient protection in the past. Current land conservation and rehabilitation programmes are helping redress the situation in that region. Such programmes will be extended in the strategy to cover communities with similar conditions.

In addressing issues of increased agricultural production, the conservation and sustained use of biodiversity of plants, animals and microbes shall be encouraged. Threatened ecosystems and habitats of species shall be rehabilitated using the Ecosystem Approach. Every effort must be made to bring synergy of the implementation of all environmental conventions and protocols to which Ghana is a party.

The Ministry of Lands Forestry and Mines in collaboration with the Ministry of Energy, the Ministry of Environment, Science and Technology, Ministry of Local Government and Rural Development, Ministry of Food and Agriculture, Ministry of Trade and Industry and the Ministry of Tourism will develop programmes that both enhance environmental quality and provide incomes to reduce poverty in communities. To ensure sustainable levels of production, measures to protect the environment will be mainstreamed by integrating them into current production practices. Access to information on minimum environmental standards required for gaining entry into foreign markets, will be improved.

#### *6.1.10 Gender Equity for Increased Production*

Both gender categories are well represented in services, agriculture and the manufacturing industry. In agriculture, women's contribution is immense and has been variously estimated as between 55% and 60% of total production. However, women continue to have problems with access to land. Male ownership of most lands mean that improvements through infrastructure provision may by-pass women. Women are involved in processing of most of the agricultural products – gari, shea butter, groundnut and palm oils, fish and cotton products. The main constraint here is marketing. The low prices received by these producers, including those products that have external and/or industrial markets, is mainly due to the lack of bargaining power. Another constraint to improvements in women's activities is lack of access to credit facilities. It has been pointed out above in relation to the informal sector that women, who again dominate, are most disadvantaged.

The strategy in the GPRS is to target women activities with support programmes including credit, improved technological services and facilities, and skills upgrading in management and finance. Credit supply for production must be both adequate and long term. Winning entrepreneurs will be supported in each district with special emphasis on women entrepreneurs to serve as an encouraging factor.

#### *6.1.11 Information and Communication Technology (ICT)*

The creation of awareness in information access is recognised as being of prime importance. With respect to ICT usage and application, an information technology policy framework is currently being developed which recognises that the dynamics of global economic growth are changing at a very fast pace. The role of the Internet as a pervasive phenomenon and its implications for the traditional factors of production is taken into account. Economic potential is recognised as being increasingly linked to the ability to control and manipulate information. Within this policy context also, the need for an effective legal and regulatory framework is identified. A National Communication Authority is operational and a National Information Technology Agency is to be established as part of the regulatory and licensing environment. Also to be established is a national communications backbone facility to provide access throughout the country.

In the medium term, the intention is to support the development of electronic commerce to enhance production, productivity and to facilitate business transactions. Government intends to establish Information Technology (IT) parks and incubator areas equipped with the necessary infrastructure for ICT related businesses and to develop human resources that support the deployment and rehabilitation of modern ICT.

Government will re-negotiate the existing telecommunications agreements to introduce more competition and accelerate access to telephones, Internet and information technology in the country.

### *6.1.12 Science and Technology Application*

The role that science and technology should play in Ghana has been stated in the National Science and Technology Policy (2000) document. The Ministry of Environment and Science will promote the development of science and technology at all levels to increase industrial production, employment, and natural resource production, enhance food security, sustainability, self-sufficiency and environmental health. Appropriate technology development will be promoted in particular to support agriculture and rural small and medium scale enterprises.

## 6.2 KEY ISSUES AND POLICY AREAS

Despite the fact that deprived areas have been identified for many years there has been no consistent attempt to allocate resources to assist and stimulate their development potential.

The programme on production and employment will seek not only to improve public sector delivery of programmes but also provide sufficient incentives to stimulate private sector activities in increasing and sustaining production of basic staples, production of selected export crops, expanding employment in sectors and geographical areas that employ the poor most, and enhancing skills of the poor.

Apart from health, education and other provisions made elsewhere in this strategy, a number of objectives have been defined to begin redressing the situation to reduce poverty and ensure growth. The general targets for production are presented in Table 6.1.

**Table 6.1: Production Growth Targets**

|                | 2001 | 2002 | 2003 | 2004 | 2005 |
|----------------|------|------|------|------|------|
| <b>Sectors</b> |      |      |      |      |      |
| Agriculture    | 3.7  | 4.1  | 4.8  | 4.8  | 4.8  |
| Industry       | 4.0  | 4.7  | 4.8  | 5.2  | 5.2  |
| Services       | 4.3  | 4.7  | 5.0  | 5.1  | 5.1  |

### *6.2.1 The Rural Environment As A Catalyst For Economic Transformation*

The rural environment, which is proportionally over 60% of the country, is seen as the point of leverage for national economic transformation. Transformation of the rural environment can be achieved through agro-based industrialization (i.e. agricultural processing), effective

decentralization, private sector development and a changing role of the state. It will also require changing values for instance in relation to gender roles. Land reform is essential not only to rural transformation but for enhancing the production environment in general. The role of government in this strategy will comprise investment in transport infrastructure, concentrating in areas of high agricultural potential such as the Afram Plains and the onchocerciasis-controlled zone to make them attractive to formal private investment.

While commercial agriculture is emphasised, it is stressed that priority is given to smallholder agriculture. Indeed the GPRS, in support of production and gainful employment for poverty reduction favours: (i) labour intensive as opposed to capital intensive technologies, (but with simple tasks employing simple mechanised means to reduce the drudgery of the farmer) (ii) rural over urban locations for processing plants, and (iii) crops which can be produced by smallholders.

Provisions made in the strategy are not meant to run counter to the market mechanism. Support for resource poor farmers and groups and communities in terms of the supply of vital inputs such as fertilizer, improved seeds, improved breeds and credit facilities will be informed by successful market-based best practices from various projects around the country.

Table 6.2: Targets for Production

|  | Target date |
|--|-------------|
| Support establishment of 50 agro-processing plants in the northern and coastal savannah                                      | 2005        |
| Delivery of service by ITTU increased by 50%   | 2005        |
| Proportion of farmers with access to dugout water facilities in Northern Ghana increases to 15%                              | 2005        |
| Institute land administration reform   | 2005        |
| Incentives to attract entrepreneurs into agriculture and agro-processing   | 2005        |
| Extension agent/farmer ratio increases from 1/2500 to 1/1600   | 2005        |
| Proportion of farmers with access to feeder roads increases to 40%   | 2005        |
| Proportion of rural communities with access to electricity for domestic, commercial and industrial uses increases 15% to 20% | 2005        |
| Proportion of total renewable energy used by the poor increased by 10%   | 2005        |
| A. L. A. Under Cultivation from 25% to 30%   | 2005        |
| Total Area Under Irrigation (1994) increased from 0.04% to 0.12%   | 2005        |

#### 6.2.1.1 Increasing Agricultural Yields Through Infrastructure, Market and Extension Service Provision

In order to reduce poverty, the low agricultural yields especially of food crops must increase through infrastructure, market and effective extension service provision.

##### A. Infrastructure

##### a) Irrigation Development

Total area under irrigation in Ghana is very limited - just about 0.04%. This low proportion prevails despite the real need in the northern and coastal savannah due to both erratic and

insufficient rainfall. Existing viable irrigation facilities will be rehabilitated to attract private sector management. The private sector will be encouraged to use the nucleus-out-grower schemes with groups of small-scale farmers and co-operative societies. At least fifteen percent of communities in Upper East Region where rainfall fails more often will be provided with access to dugouts to alleviate such extreme situations.

The approach to the irrigation sub-sector development can be viewed broadly in two categories, namely:

- i. Micro and small irrigation. This will focus on:
  - The development of valley bottoms for irrigation, a relatively low cost harnessing of waterlogged river valley for the management of wet season soil water for cultivation of food and other crops.
  - Provision of small dugouts, bore holes, tube wells and other simple water harvesting structures especially in the three northern regions and the Afram Plains.
  - Rehabilitation of all viable irrigation facilities
- ii. Medium/large scale irrigation: These will involve the construction of major dams, pumping stations, diversion structures, canals and long distance conveyance pressure pipe systems to be provided purposely for commercial operators and investors.

Construction of the small-scale irrigation facilities will utilise a minimum of machinery and more labour to generate employment and income to support agriculture production. Water for irrigation especially in the north, will be used for domestic purposes, watering animals, and for dry season farming. Irrigation development could be the basis for introducing some non-traditional exports (NTE), such as mangoes, pawpaws, cashew, ginger, and to generate both employment and income.

Heavy investments in irrigation in some of the few schemes that exist have failed to live up to expectation. An approach that recognizes that irrigation requires a new production culture is needed. A deliberate effort must be made to re-introduce irrigation to the Ghanaian farmer in a user-friendly manner. In each case, hands-on training in irrigation culture must first be delivered to farmers for a minimum of a year's production cycle of at least two harvests before they are allowed to continue on their own.

Lessons from next-door Burkina Faso also point to the needless waste of water as rivers and streams run through heavy-cost bridges and culverts. The alternative to such waste should be the construction of dam walls for bridges and culverts. By this method an extensive system of small such as those built in India and Burkina Faso will not only boost crop cultivation, but also provide all-year round water supplies for human and livestock needs. It is recommended that MOFA and the Ministry of Roads and Transport collaborate to develop such a network of dam walls in the future. For the purposes of irrigation, water-harvesting schemes that combine drainage, run-off flood protection such as binding and contour farming should be extended to farmers and their adoption facilitated.

One way to speed up the delivery of existing projects such as the Social Investment Fund (SIF) and the Village Infrastructure Programme, (VIP) is to accept labour and land as part of community contributions. This removes the constraint of monetary contributions, which poor

communities cannot afford. It is recommended that communities be supported by NGOs and other micro-finance institutions to access funds such as those from the VIP and SIF.

b) Storage Facilities

Post harvest loss management in Ghana is poor and season losses rise as high as 20-30% of harvested produce. For instance, storage structures are constructed from local materials and limited amounts of insecticides are applied to prevent insect attack. Indeed, storage losses currently range from 8% after one month of storage to 20% after four months. Although the state owned Ghana Food Distribution Corporation has 17,000 metric tonnes of steel silo space and large amounts of warehouse space, it is poorly managed and utilised. The high level of post harvest losses account for the six-month long price hikes that persist from February to June/July. It is part of the strategy that the GFDC be revamped and its management privatised in order that its potential can be utilised.

Strategies for tackling post harvest losses will include:

- The formation of producer groups by a strengthened Department of Co-operatives and NGOs interested in that activity. This will facilitate the cost effectiveness of transfer of appropriate technology for storage. To a large extent, such technological improvements must build upon existing local knowledge.
- Supporting the development/establishment of agro-processing industries.
- Abandoned industries such as the tomato, meat, sugar and others may be revamped with private sector participation.
- Community warehouses to store grains and legumes especially in the northern regions will be constructed through community mobilisation to help attain food security.
- Provision of warehouses as business opportunities for the private sector and NGOs.
- Promotion of inventory credit schemes by NGOs to enhance grain storage.

c) Feeder Roads

An important objective of the GPRS is that of increasing physical or spatial access to markets through feeder roads and other vital road networks. Currently there are about 22,700 kilometres of feeder roads and only 40% of this network is classified as good. Due to inadequate infrastructure and high transport costs, ninety percent of farm produce is head-loaded at the village level mainly by women and children. The general lack of farm-to-village access roads and limited access to intermediate (i.e. bicycles, push-carts etc.) means of transport imposes significant drudgery on rural populations and contributes significantly to post harvest losses. It is a key objective of the GPRS that as well as maintaining the existing network, the total maintainable network will also be increased.

Feeder road improvement is the responsibility of government and strategies to address this issue are outlined below. A major obstacle to road maintenance is that capital costs for construction are not matched by provision for recurrent maintenance costs. In the strategy, budgetary allocations are to be made for road maintenance. This is especially important since labour-based maintenance programmes are a potential source of employment for agricultural labour during the off-season. Women's labour will be particularly used. Additional feeder roads, particularly in productive areas of northern Ghana, Volta Region and the Brong Ahafo Region, will be constructed to link producers to marketing channels. Equally important,



access to the accelerated agri-business zones will be ensured as part of efforts to facilitate investments by the private sector.

In addition:

- Steps will be taken to expand revenue sources for the Road Fund. To augment the inadequate fund, corporate bodies will be urged to adopt feeder roads for maintenance. As an incentive, tax breaks will be provided to the extent that they spend on such areas. In addition, official recognition at the highest level will be given to such corporate bodies.
- A regular and timely release of the Road Fund for the rehabilitation and maintenance of feeder roads and bridges will be ensured as part of the strategy to increase efficiency.

### c) Trunk and Urban Roads

A complimentary network of about 14,000 kilometres of trunk and 3,000 kilometres of urban roads will be rehabilitated and maintained alongside feeder road construction and maintenance. The trunk road network constitutes the main vertical and horizontal axes of the transportation system in Ghana. For effective distribution of resources to farms and production centres some key trunk roads will be targeted under the GPRS. Some important examples include the Afram Plains and Northern Volta Region. Also to be targeted are urban road networks that serve vital marketing and industrial centres as well as the ports for regional and internal trade. In addition, urban roads will be maintained as part of a programme to improve poor income areas.

For the short to medium term, one major road to a productive area in every region that links the rural areas of the region to the urban area will be selected for rehabilitation or development to open up the country for investment, productivity expansion and job creation.

Road maintenance will be given priority not only to lower transportation costs, reduce food prices and increase the international competitiveness of manufactured goods, but also to generate employment.

## **B. Marketing**

### a) Marketing and Distribution of Farm Produce

Marketing and distribution of farm produce remains a major problem confronting the agricultural sector. Farmers sell about 80% of their marketed surplus within four months of harvest. In addition to the problem of feeder roads and storage facilities, the problem of how small farmers market their products is also pressing. These unorganised small farmers come up against well-organised monopolistic marketing channels run by market queens. This trilogy of market constraints - inadequate feeder roads, poor storage facilities and lack of effective organisation will be removed by:

- Providing farmers with adequate funding and other resources as well as access to marketing outlets to break the existing well-organised monopolistic marketing channels
- Reduction of the numerous taxes at roadblocks by the district assemblies, the GPRTU and others. These taxes get disproportionately transferred in the form of lower prices

to producers and higher prices to consumers. The numerous taxes can be reduced by a regulation, which allows only originating districts to levy a district tax.

- Using local radio stations to generate popular discussions on the effects of monopolistically organised marketing channels. In addition, district assemblies in collaboration with local NGOs will disseminate market information locally and through community based organisations.

The failure of government-run marketing systems such as the Ghana Food Distribution Corporation has left a vacuum. Producer organisations will be encouraged to fill that vacuum. The storage facilities of the Ghana Food Distribution Corporation (GFDC) will be utilized more efficiently than is being done now. Arrangements will be made for the private sector to use these facilities for a fee. The Plant Protection and Regulatory Services (PPRS) of MoFA will license warehouse operators to ensure that they abide by safety standards and keep proper custody of the goods they store for individuals or firms. The storage of grains will be linked to inventory credit schemes.

#### b) Standardization and Quality Control

Effective marketing includes raising the quality of products. An important weakness of the marketing system in Ghana is the issue of standardization and quality control. This is particularly critical for processing for export. All kinds of measures are used to sell raw agricultural produce and food in Ghana. There is the need to standardize the weights and grades for selling food and raw materials in Ghana.

- Standardisation in marketing will be encouraged and promoted to improve the quality of production. Grades and standards that can be adjusted especially to meet changing requirements will be a key determinant of Ghana's international competitiveness. Efforts will be made to create a general sense that quality does matter.
- MoFA will liaise with the GSB to establish and enforce the legislation about using scales for selling food in Ghana. To facilitate compliance the appropriate scales should be ordered and sold to people who sell food commodities. A line of credit will be opened for an entrepreneur who would like to import the scales. Product marketing associations will be used in the sale of the scales. The Extension Services Directorate of MoFA and the Ghana Information Services Department will be tasked with assisting the public to understand the fair use of scales and measures.
- The required resources will be mobilized in support of producers to improve quality including improvements in the system of grades and standards, plus vertical coordination needed to ensure high standards. All these activities are geared at creating reliable and profitable markets for the outputs of smallholder producers. Reliable market outlets will increase smallholders' willingness to invest in particular crops. Smallholder response will also depend on the availability of supporting conditions such as competitive prices, research and extension services, public investments in feeder roads, information and so on to reduce marketing costs.

Helping producers undertake the following will enhance product quality:

- Choosing excellent crop varieties to grow
- Applying effective production and management techniques

- Paying attention to the maturity stage at harvest
- Undertaking packaging and presentation
- Achieving desirable physical characteristics such as size, shape and colour, which are influenced by production and grading systems used.

### **C. Extension Services Provision**

#### **a) Performance-Oriented Extension Services**

Effectiveness of extension services has been limited both by inadequate number of officers, lack of adequate mobility, and lack of commitment. Currently there is one extension officer to 2500 farmers. The level of services is inadequate to advise farmers to sufficiently improve their production methods. Performance-based extension service will be promoted to involve the use of extension officers who may be supervised by MOFA and in some cases by accredited bodies such as NGOs. Performance contracts will be signed with both supervisors and the extension staff. The target groups will have a role in the assessment of results of the implementation of planned activities.

The GPRS aims to promote performance-based extension services through:

- Closely supervised and well-targeted delivery to make up for the limitation in numbers as much possible.
- Training of more extension staff to augment the acute shortage of personnel
- Linkage of research findings with extension to be intensified to improve effectiveness.
- Use of NGOs to carry extension messages to farmers in the short term while extension and cooperatives officers are being trained.
- The development of effective district extension services to integrate agriculture, health, education and environmental concerns
- Ensuring equity in extension delivery by improving access to vulnerable groups

The messages in extension will be both technology and knowledge-based. It is intended to use Information and Communication Technology (ICT) as a tool for optimising agricultural extension services. In particular, promoting increased access to rural telephones will expedite agricultural extension services and facilitate the marketing of food crops by improving information flows among producers and between producers and buyers.

Furthermore, the use of ICT in the agricultural sector will facilitate the timely delivery of meteorological information to farmers and fishermen in all 110 districts and thereby promote increased yields.

The vital areas in which extension services could make a difference include crops, livestock and fisheries development, development of appropriate technology and formation of farmer-based organisations.

#### **b) Crops Development**

Under the GPRS, the crops sub-sector will focus on:

- Development and multiplication of new improved varieties of seed and planting materials of selected crops including: maize, rice, sorghum, millet, plantain, cassava, yam, soybean, cowpea, tomato, pepper, exotic vegetables, cocoa, cashew, coconut, cotton, pineapple, pawpaw, mango, citrus etc.
- Special emphasis will be put on encouraging the production of cash crops such as cashew for export
- Crop improvement, adaptation and multiplication of introduced varieties
- Improved soil fertility and plant nutrition management as prescribed in the National Soil Fertility Management Practices
- Updating existing technological packages and promoting environmentally sustainable cropping practices in agro-forestry, land and water management in farming communities
- Using bio-technological applications to boost agriculture – these processes hold the promise of increasing food production, reduce costs, fight crop diseases and reduce environmental damage caused by traditional methods of production and the use of pesticides. Productivity and quality gains can be obtained for the production of food, feed and raw materials.
- Promotion of integrated pest management practices
- Control of Cocoa Swollen shoot virus diseases
- Improvement in farm level operations (cultural practices) and post-harvest handling

#### c) Livestock Development

The challenge to the GPRS is how to establish sufficient incentives and technological support to promote the development of improved breeds of livestock and sustainable control of animal diseases. Improved livestock production through mixed farming approaches in Ghana can meaningfully increase food security and reduce poverty in the country.

Under the GPRS, livestock development strategy will focus on:

- Production of improved breeds
- Production of good quality animal feed
- Development/processing of meat and dairy
- Control of local animal diseases and prevention of introduction of external diseases through effective surveillance and quarantine procedures
- Improvement of husbandry practices
- Discouragement of subsidised and cheap imports

#### d) Fisheries Development

There are two main sources of fisheries resources: marine and inland fisheries. Fish stocks from marine sources are increasingly getting depleted. There is thus the need to promote inland fisheries production, especially aquaculture. Aquaculture will be supported and corrective measures and policies formulated to prevent the use of prohibited gear to offset the practices leading to the depletion of both marine and inland fish habitats. Aquaculture fishing will involve among others:

- The development of hatcheries, and production of finger-lings
- Construction of ponds, pens and cages

- Harvesting, control and distribution of water to the production facilities
- Fish husbandry and Health
- Harvesting and handling of fish
- Storage, processing and marketing

The construction of ponds will require labour for digging and the development of the fisheries sub-sector will generate business and create employment avenues in the rural areas.

e) Development of Appropriate Technology

The age-long back-straining hoe and cutlass land preparation technology is unattractive to the youth and exhausting to the aged. Animal traction has always been recommended but has never really taken off in Ghana on a significant scale. Emphasis is made for this to be taken up more seriously especially in the three northern regions.

Under GPRS, credit will be made available to individual farmers or farmer groups to enable them acquire the appropriate tools and implements from the manufacturers. Where nucleus farmers are available they will be assisted to procure sufficient numbers of the implements to be hired out to out-growers. Where appropriate, initial funding should come from on-going agricultural programmes such as the Village Infrastructure Programme (VIP) for the purchase of farm tools and implements through national and international procurement.

Research institutions have developed many high yielding varieties of cereal and root crops. However, adoption and production by farmers has been limited. The on-going MOFA run Roots and Tubers Improvement Programme (RTIP) is addressing the issue of adoption in respect of roots and tubers. This programme will be made more effective through lessons learned and expanded to cover many smallholder producers. In addition, a similar focus to encourage farmers to patronize improved cereal seed varieties will be initiated.

MOFA will seek to improve appropriate technology generation, transfer and dissemination by both private and public sectors at all levels, while ensuring the sustainable use and management of the nation's natural resources. Work on priorities determined under National Agricultural Research Programme (NARP) will be continued with a focus on profitability and acceptability of technologies and the relationship between agricultural production and maintaining the natural resource base. Some of these include:

- An inventory of existing technologies and effective methodologies introduced for transferring suitable ones
- Emphasis on intensification of land use rather than on extensive use;
- Formulation and implementation of a national land use plan
- Implementation of national soil fertility management action plan
- Collaboration between the Ministry of Food and Agriculture (MoFA) and the Ministry of Lands, Forestry and Mines, (MLFM), to implement the Natural Resource Management Programme, (NRMP), plans to protect, rehabilitate and sustainably manage land use, forest and wildlife resources
- Incorporation of aqua-culture and livestock watering in irrigation infrastructure development
- Afforestation programmes that incorporate aqua-culture projects as well as minimize pollution of coastal areas and water-bodies

- Water resources management strategies adopted to reduce waste pollution through community participation

f) Formation of Farmer Based Organisations (FBOs)

With the large number of smallholder producers widely dispersed in the country, service provision and input distribution is costly. A cost-effective and proven way for increased efficiency of input distribution, production, marketing and hence enhanced farmer incomes is via the operation of sound FBOs. The Department of Co-operatives that must lead the way is itself much in need of reorganization and capacity building. The Ghana Poverty Reduction Strategy emphasizes that efforts must be made to enhance the productivity of this institution to enable it carry out its much-needed services.

g) National Strategic Buffer Stocks (NSBS)

The vulnerability of the entire country in terms of food security is due largely to the current situation where there is no national buffer stock. The proposed National Strategic Buffer Stocks (NSBS) will be implemented as part of efforts aimed at poverty reduction. It is important for the country to hold some levels of cereals and legumes to cater for emergencies like bad harvests, catastrophes or strife. This will comprise one-month supplies of maize, rice and cowpeas. In the medium term when the livestock project has produced appreciable volumes of stock and canned meat more available, this should be included in the NSBS. The stock will be kept in both public and private sector storage facilities. MOFA will be responsible for overseeing the establishment and management of the NSBS. A buffer stock facility will enable assistance to be coordinated quickly in times of disasters and emergency situations.

#### 6.2.1.2 Creating the right institutional environment for entrepreneurial development in agriculture

a) Accelerated Agri-Business Zones

The main objective of promoting the establishment of agri-businesses can be achieved by establishing accelerated agri-business zones. These zones will be for integrated and comprehensive development and are to be located in the northern savannah, the Afram Plains and parts of the Western Region.

Using the provision under Act 480, legislative instruments will be prepared for presidential approval for areas defined as suitable zones. The Joint Development Planning Boards to be established in each of these areas must benefit from appropriate donor programmes such as the SIF, VIP and the Integrated Human Development Programme, IHDP. For a government that emphasises private sector-led development, agri-business promotion through the creation of these zones will be a significant step.

The aim of establishing these zones is to speed up the process of agricultural modernization through the private sector. Reliance on the traditional farming systems and practices are responsible for the endemic low productivity and widespread poverty. Priority locations for

such Accelerated Agri-Business Zones will be the existing irrigation sites, coastal savannah, oncho-controlled zone of the northern savannah and the Afram Plains. In general, the objective of land administration reform, to bring land into the national economy and its value made accessible to the farmers, will be implemented.

### 6.2.2 *Production And Employment In Agro-Processing*

While agro-processing is essential, the strategy will in general favour labour intensive technologies. It will favour rural locations over urban, for processing plants and favour crops which can be produced by the smallholder sector. Agro-processing firms will be encouraged within the strategy to develop contract-farming or out-grower schemes with smallholder suppliers.

Support for agro-processing must be particularly targeted to women who already are in the extraction of shea butter, palm oil, groundnut oil and many others. Suitable groups and cooperatives must be formed to facilitate such support. Support in the form of micro-credit will largely be market based. Training and entrepreneurial skills development may be the elements of support that could be free.

Table 6.3 Targets on Agro-Processing

|   | Target Date |
|---|-------------|
| Establish Small-Business Enterprise Zones with support infrastructure and ITTU advisory services in profitable locations in Tamale, Takoradi and Cape Coast | 2003        |
| Delivery of service by ITTU increased by 50%  | 2004        |

#### 6.2.2.1 Increasing Production and Employment by Promoting Agro- processing

##### a) Employment Creation Opportunities

Many industrial-processing activities can be strengthened based on agricultural products. A huge potential exists in cocoa processing for which only 18% is being processed. Further efforts will aim at supporting the private sector to add value to traditional crops such as cocoa and increase the proportion processed. Other agricultural products with enormous potentials for processing are cassava, maize, fish, sheanuts, oil palm, dawadawa and cotton. While medium and large units are encouraged, particular attention will be paid to micro and small-scale producers. Support will be given in the form of processing equipment, which may be owned and operated by groups.

##### b) Small-Business Enterprise Zones

Urban poverty is real. In order to accommodate the situation, Small Business Enterprise Zones will be established in municipal areas. These zones with support services infrastructure and ITTU advisory services will be established in profitable locations such as Tamale, Takoradi, Cape Coast, and Ho.

Acquisition of land within these zones will enable entrepreneurs obtain legality of tenure and hence the collateral that will enable them seek institutional credit support. Small enterprise zones will also eliminate the frequent harassment of all such enterprises within municipal

areas. Services such as access roads, water and electricity that are denied such activities for their lack of legality can now be provided.

#### 6.2.2.2 Improving Productivity In The Industrial And Service Sectors

##### a) Institutional Support for Industrial Productivity

Actions taken by the NBSSI to reduce poverty are the provision of training in technical and business skills, assisting in the access of low-income people to capital and bank services and assisting the creation of new jobs. The NBSSI has chalked some success in firm and employment creation: 900 new businesses established; 1500 additional employment generated; and 8000 businesses incorporated into the formal sector.

A special fund to finance industry based research and development in universities and major science and technology research institutions must be established. Such a fund is necessary because of the importance of the outputs of these institutions. Apart from the seed money that must be provided by government the fund must be mandated to access resources from other areas including:

- Mineral Development Fund;
- Energy Fund; and the
- Road Fund

Other sources are proceeds from taxes on timber concessions, private sector tax relief, divestiture proceeds and a small portion of donor funds especially in direct support of poverty reduction research activities.

Priorities for research must be defined to include those that deal with:

- Natural resource-intensive products;
- Reduction in drudgery especially in activities designated as women's work
- Unskilled labour intensive products;
- Local group participation and raw material use;
- Technologies for products that are generally affordable; and
- Technologies that have been demanded by the poor majority.

Research grants from the fund must be of such size and duration that can support post-graduate research including Ph. D. to completion. Other important areas in which support is needed include:

- Management training for small businesses
- Encouragement of R&D and innovative practices through grants and awards
- Creation of an information base that assists firms with information on new technologies, materials and production techniques.

The departments of metropolitan and municipal assemblies and the division within the Ministry of Trade and Industry (MOTI) responsible for cluster and enterprise development will be strengthened to enable them to play their roles effectively. The NBSSI, MDPI and



ITTU are expected within the strategy to become more entrepreneurial in outlook and activities.

### 6.2.3 Energy

It is the objective of the GPRS to develop reliable and affordable energy delivery systems that promote the development of basic infrastructure to support economic activities especially in the rural areas to reduce poverty. The goal is to ensure reliable supply of high quality energy services for all (both urban and rural), Ghanaian homes, businesses, industries and the transport sector. The need to secure future energy supplies is recognised as critical to sustained economic growth and development. All necessary steps will be taken to ensure the availability of energy to boost industrial growth and production. This includes ensuring the completion of the West Africa Gas Pipeline project, the Bui Dam, expansion of the thermal plant at Takoradi, and promoting the increased use of solar energy.

The sector faces several challenges including a deterioration of the electricity distribution infrastructure, operational inefficiencies in the energy sector companies, over-reliance on and insufficiency in the supply of wood-fuels and hydro-power resulting in uncertainty in future supply, inefficient pricing of energy services resulting in the poor financial position of energy production and delivery companies and high levels of end-use inefficiency.

Consequently, to achieve reliable national energy delivery, the financial viability of utility corporations will be strengthened by improving technical efficiency in the energy sector and by implementing a policy of cost recovery in energy supply through efficient pricing of all energy services. This will go a long way in reversing the precarious financial positions of the utility companies (Volta River Authority, Electricity Corporation of Ghana, and Tema Oil Refinery). Technical efficiency will be improved through restructuring of the utility companies, the unbundling of the electricity supply system and the deregulation of the petroleum sector.

In addressing these developmental concerns particular attention will be given to the rural sector to foster equitable growth and accelerate agro-industry.

#### 6.2.3.1 Improving energy provision for production in rural areas

Energy resources are very important in the production process. So far, the poor and rural communities rely heavily on biomass for their production energy needs. This is not sufficient in many cases and is environmentally harmful. The provision of electricity is essential for developing communication technology in the rural areas and establishes, where they exist, more reliable electronic communications access including Internet access. This will facilitate the expansion of local and regional markets and help in both job and wealth creation. Further, it will allow for the extension of basic services such as the provision of telephone and support productive enterprises.

In the first place, the financial viability of the Volta River Authority, the Electricity Company of Ghana, and the Northern Electrification Department will be strengthened to enable them expand services to poor, rural communities through the self-help electrification programme, SHEP. Part of this will be achieved by a more serious promotion of energy efficiency and conservation measures for domestic, commercial and industrial users.

Energy for domestic use is predominantly biomass based. These are hard to come by in some areas due to depletion. The following will be undertaken to increase availability of energy:

- Assist communities to develop woodlots.
- Introduce renewable energy technologies such as solar PVs and biogas
- Introduce and promote energy efficiency technologies for domestic users.

The use of energy supplied to rural areas must be maximised given the difficulties involved. The situation where substantial funds are expended in overheads in order to introduce only single-phase power supplies that cannot be used in agro-processing is not cost-effective. As much as possible, three-phase supplies will be extended to rural communities to open up options for processing. Promotion of agro-processing will therefore be facilitated by the availability of such energy supplies.

The promotion of liquefied petroleum gas will be stepped up once the West African Gas Pipeline Project comes to fruition. Widespread fuel-wood extraction that is contributory to soil fertility depletion and reduced productivity can be minimized by the introduction of LPG into rural communities. In addition, a rural kerosene programme will be initiated and implemented to enable communities have easier access to the commodity.

Promoting and increasing these energy sources will contribute greatly to reduction in the amount of time and effort expended by women in the search and transportation of fuelwood. Freed time and energy for women will enable them expand activities such as in agricultural production or industrial processing and marketing.

#### 6.2.3.2 Renewable Energy Technologies

The importance in securing future energy supplies is recognised especially with regard to minimising the environmental impacts of energy supply. The renewable energy sources to be promoted include solar, wind and biogas. The following will be undertaken to improve energy supply for production:

- Introduce and support the development of renewable energy technologies.
- Ensure that electricity supply to rural areas is capable of being used for production purposes.
- Promote the productive uses of electricity by rural areas and the poor.

#### 6.2.4 *Environmental And Natural Resource Management*

The country's forest cover had been reduced from 8.2 million hectares at the beginning of the 20<sup>th</sup> Century to 1.7 million hectares in the 21<sup>st</sup> Century. Continued reliance on forest resources must be based on proper management to achieve low volume and high value production. The government's on-going strategy to address the challenges in natural resource management are largely embodied in the National Environmental Action Plan (1990-2000), the 1994 Forest and Wildlife Policy, the Forestry Development Master Plan (1996-2000), the 1999 National Land Policy, the Science and Technology Policy (2000), and the Action Plan for Science and Technology Management. The Forest and Wildlife Policy of Ghana aims at conservation and sustainable development of the nation's forest and wildlife resources for maintenance of environmentally quality and perpetual flow of optimum benefits to all segments of society.

In collaboration with the Ministry of Energy, the Ministry of Environment, Science and Technology and the Ministry of Local Government and Rural Development, the Ministry of Lands and Forestry is currently implementing a comprehensive ten-year sector investment programme, the Natural Resource Management Programme. This programme is to protect, rehabilitate and sustainably manage the national land, forest and wildlife resources through collaborative management and aimed at increasing the incomes of rural communities who own these resources.

Among others, successful implementation of this programme, being emphasised by the GPRS are:

- Enhanced community involvement in the management of forest and wildlife and savannah woodland resources and improve benefit flows to communities from resource sales;
- Increased community and farmer adoption of improved land and water management techniques;
- Improved management of wildlife while increasing their contribution to local livelihoods and economic development.

These programmes are also very important for stemming further degradation that will exacerbate future poverty situations through decreased fertility, inadequate precipitation and lack of natural raw materials. Specifically, the following objectives and outputs in relation to lands, forestry and mines are aimed at supporting sustainable use of natural resources, protecting the environment, increasing employment and maximising the use of value added from these natural resources.

**Table 6.4 Targets for Environmental Protection**

|   | Target Dates* |
|---|---------------|
| Degradation related to crop and livestock production activities reduced by 20%                      | 2005          |
| Loss of forests through fire, logging, fuel-wood extraction forest encroachment etc. reduced by 10% | 2005          |
| Environmental resource degradation arising out of mining and manufacturing reduced by 20%           | 2005          |

#### 6.2.4.1 Improving Environmental and Natural Resource Management for Health, and Increased and Sustainable Production

##### a) Natural Resource Utilization

The inefficient use of chainsaws for harvesting timber and the irresponsible use of undersized and outlawed fishing drag nets continue to put a severe strain on Ghana's forest and water resources, respectively. To offset the later, the World Bank financed National Resource Management Project (NRMP) should be intensively pursued. Equally the on-going Fisheries Sub-sector Capacity Building Project and a rigorous regime of intensified joint Navy and MOFA surveillance must be continued to protect Ghana's fish resources. The GPRS will support activities in aquaculture, shrimp production and marketing, to provide employment for the youth.

Current mining laws tend to disproportionately favour large-scale mining enterprises. To address this apparent imbalance, measures will be put in place to expand the scope and increase the support to the small and medium scale sub-sector with the view to making it the predominant means of exploiting minerals in the long term. These measures will include undertaking detailed geological field studies in identified areas that have been found to be unsuitable for large-scale mining operations and classifying areas as either suitable for either small, medium or large-scale mining operations on the basis of geological assurance.

b) Laws, Regulations and Programmes

There are a number of laws, regulations and programmes on natural resource utilization and environmental protection. The policy direction is for the review, harmonisation and consolidation of various legislations (on land, forest, wildlife, and mining) to reduce conflicts, overlaps in order to assist effective policy implementation, collaboration and benefit sharing.

Regulations on allowable cut on timber and those for surface mining are currently not rigorously enforced. For instance, chainsaw operations for timber extractions had to be banned for some time because of the lack observance and enforcement of regulations. In order to improve the environment and natural resource management, existing laws and regulations relating the protection of resource utilization must be implemented. The Bush Fire Law will be reviewed, strengthened and enforced. Programmes such as community fire fighting volunteers must be strengthened with allocations from the district assembly common fund by districts.

Furthermore, given the potentially harmful effects on the environment, there will be continuous review of the institutional, legal, fiscal and financial regimes under which mining operates to ensure international competitiveness and relevance to national development goals including equitable sharing of the benefits derived from mining by all parties.

c) Resource-Based Enterprise Development

Supplementary livelihoods can be promoted with information on the demand for natural resource based outputs. Technology introduction for production and market information will enable communities undertake these activities. A revolving fund to enable rural people partner with private investors. An effective legal framework that supports the sustainable use of resources must be instituted and enforced with leadership provided by the Ministry of Environment, Science and Technology, (MEST), and the Environmental Protection Agency (EPA). Community empowerment includes awareness creation on sustainability. Targeted support for these activities including pottery, baskets, handicrafts, beads, cane products and others will be of immense benefit to women since they dominate in such activities.

d) Private Sector in Rural Natural Resource Enterprises

The private sector can be encouraged to set up enterprises in rural areas in many ways. One of these is providing tax breaks for those that locate in rural communities and are natural resource-based. Eco-tourism, and other cottage industries are examples. The role of government as indicated above will be to promote and create adequate awareness on both potentials and protection requirements.

e) Access to Land

A national land use plan will be vital for clearly tackling the broad issue of land availability for various activities. In addition, legislative review of land laws and policies to increase access and security to land by entrepreneurs, women and the youth must be undertaken. There is also the need to streamline the definitions of stool/skin and family lands to facilitate land management and investment. (see section 9.1.8 on Land Administration Reform).

Recognition will be given to indigenous land management institutions. Government will facilitate the ability of these indigenous institutions to play their legitimate role in land administration without legal or political hindrance. Legislative, and even constitutional, amendments will be needed to promote the effective functioning of these indigenous land institutions.

f) Reforestation of Degraded Lands

Abandoned mining areas, degraded forests and woodlands are examples of environmental protection problems that need must be tackled. Individual, local community, district assembly, private sector and NGO resources must be mobilised for re-forestation in collaboration with relevant science and technology institutions such as those under the Council for Scientific and Industrial Research (CSIR).

Re-forestation programmes can be used to increase environmental protection in general. Tree planting around water bodies, catchment areas, degraded areas and hill slopes will be encouraged. Target communities for such programmes must be identified for which seedlings are developed by the relevant institutions and distributed. Funds for such programmes could come from the DACF, NGO activities, and donor agencies. Mining and timber firms and other industries with potential to damage the environment must pay environmental taxes, which should be used to task NGOs working in collaboration with District Assemblies and the environmental protection agencies. To make this more effective, NGOs involved should be mandated to collect such taxes for their activities for which they must use local labour.

g. Desertification

A National Action Programme on Desertification will be prepared, reviewed and adopted. The Action Programme will involve:

- Reforestation of degraded forests and off-reserve areas
- Conservation of northern savannah biological resources, especially medicinal plants for use on sustainable basis.
- Initiate collaborative planning among traditional authorities, civil society and other stakeholders to devise concrete actions to improve the productivity of degraded lands. Actions may include bushfire control, improved fodder production, improved soil fertility, tree planting, water management, erosion control, biodiversity conservation and income generating schemes.

*6.2.5 Non-Traditional Export Development*

Ghana currently has a small export base of US\$1.6 billion relative to its huge potential. In 1993 and 1996, total exports grew 17% and 21% respectively. Thus an annual growth rate of 15% is attainable and export promotion will receive the push needed to achieve the required market access.

NTEs have the potential for increased employment, incomes and growth. Renewed support will range from finance, technology, entrepreneurial development and marketing. Out-growers schemes will be an important element in the promotion of agricultural NTEs. Support for their development will centre on identified agri-business entrepreneurs.

**Table 6.5 Targets for NTE Development**

|                                 | 2001*             | 2005             |
|---------------------------------|-------------------|------------------|
| Total value of NTEs             | US\$404.4 million | US\$600 million. |
| Total value of Agricultural NTE | US\$84.2 million  | US\$150 million. |
| Number of Agricultural NTEs     | 74                | 90               |
| Total number of NTE exporters   | 1714              | 1800             |
| Out-growers schemes established | -                 | 60               |

\* Or most immediate year

#### 6.2.5.1 Increasing the Production and Exports of Non-Traditional Exports

##### a) An Enabling Environment

The creation of an enabling environment for NTE production and exports is one key objective of the GPRS. Production sectors such as agriculture and industry will define and promote commodities for which they have core competence. While distortions from VAT, duties and other taxes that discourage exporters will be reduced; the planned automation of CEPS must be implemented in order to increase its effectiveness. In addition the current cumbersome procedures of customs will be streamlined and fast track clearance provisions made. CEPS processes will be fully automated during the period.

An important aspect of the enabling environment is to increase access to global markets. Physically, this will be through improvements in transport and port facilities. Information will also be provided to increase access to export markets. Particularly important are standards and other requirements for both agricultural and industrial products by the various markets. New avenues such as those provided by the African Growth and Opportunity Act (AGOA) of the USA must be fully explored and entrepreneurs supported to access them.

##### b) Entrepreneurial Development in Tertiary Institutions

Entrepreneurial training at the universities, polytechnics and agricultural colleges will be introduced as an important option for all courses. Support will be given to young graduates who identify viable projects for investments. In addition to credit, technology for processing and market access, the land question will be addressed to assist these young entrepreneurs.

Currently many young graduates leave Ghana upon completion of their studies for other countries for work. This exodus is due to a lack of employment opportunities. A lot of them do not intend to stay abroad for long but do so for fear of having no prospects back in Ghana. Some entrepreneurial training could enable such people identify viable investment opportunities for markets in countries that they visit. With some savings that they may make,

it is very likely that some of such young people will return to Ghana to start their own businesses. A number of such examples exist.

c) Support for Crafts Villages

A number of crafts produced in the Upper East Region are gaining some ground in exports. Training in skills and financial management support to producer groups in Bongo District has been successful in expanding production for both the domestic and export markets. This is particularly important as the region is bedevilled with droughts and other natural hazards. The Village Infrastructure Project and Social Investment Fund and others could support these activities, including similar ones in other districts of the country.

Support should aim at:

- Supporting existing groups;
- Encouraging the formation of new groups;
- Introducing appropriate machinery that facilitate production and improve quality;
- Training on external market requirements;
- Providing inventory credit; and
- Providing information for exporters

d) Trade Support Infrastructure

Feeder roads investments to export producing areas are critical and will be pursued within the strategy. Those that are targeted to food producing areas may as well serve some of the exporters. Support will also be given for the development of cold chains to facilitate the exports of horticultural products.

e) Development of Private NTE Exports

Capacity building for business and farm managers will be initiated for the private sector to build upon. Management consulting firms including the Ghana Institute of Management and Public Administration in collaboration with the Private Enterprise Foundation, the Association of Ghana Industries, the Federation of Associations of Ghanaian Exporters and the Ghana Export Promotion Council will be tasked to tackle the training needs of exporters.

Policies for cordial labour and industrial relations will be formulated and implemented by the Ministry of Manpower Development and Employment. At the micro-level, export producers will be urged through training to develop mutually beneficial methods of contracting in out-growers schemes.

Exporters of non-traditional commodities in the field of wildlife shall be encouraged to practice captive ranching of animals intended for export. The cultivation of plants whose parts are exported shall also be encouraged e.g. rattan and cane.

f) Regional Trade Barriers

The potential in intra-West African trade is currently not realized due to the lack of implementation of the regional trade agreements under ECOWAS. The Ministry of Economic Planning and Regional Co-operation in collaboration with the Ministry of Foreign Affairs

must provide leadership towards the complete ratification of these agreements to open up trade within the region. To overcome barriers, the trans-coastal route and interconnecting roads from Aflao to Elubo and Accra to Paga must be completed. Specifically, in the short to medium term, action on these interconnecting roads will focus on the following major highways, which form parts of these interconnecting roads:

- Accra-Yamoransa
- Accra-Aflao
- Accra-Kumasi

In addition, the number of checkpoints within country must be reduced to minimize delays and reduce cost to exporters. These will pave the way for increased production and trade in many products of the region including salt, kola, hides and skins, fuel and manufactured products.

### 6.2.6 *Increasing Employment Opportunities*

The Ministry of Manpower Development and Employment will promote the development of manpower and sustainable employment opportunities for improved productivity and efficiency to ensure growth and reduce poverty.

**Table 6.6 Targets for Employment Creation**

|  | Target Date |
|--|-------------|
| Register the urban unemployed              | 2002        |
| Produce National Manpower Development Plan | 2004        |

#### 6.2.6.1 Increasing employment opportunities for poverty reduction.

##### a) Manpower Development Plan

A pilot labour survey of households on occupation, income and expenditure, education and training facilities was carried out in 2001 and the results are soon to be published. The report should inform a national survey to be undertaken by the Ministry of Manpower Development and Employment in collaboration with the Ghana Statistical Service.

Key to the promotion of manpower development is the formulation of a manpower development plan and this must include the strengthening of key institutions such as the Labour Department and Management Development and Productivity Institute (MDPI) to undertake relevant programmes.

Some important elements of the manpower development plan will include:

- Definition of labour market statistics
- Strategies for strengthening existing institutions to set standards and ensure quality training for apprentices
- Manpower projections by sector
- National occupational safety and health policy for safe and healthy working environment
- Modernised public employment centres with career guidance and counselling services



- Current and future manpower needs determined in collaboration with stakeholders such as training institutions, industry and trade associations.
- Modalities for absorbing unemployed youth
- Restructuring and upgrading the Labour Department to make it more effective
- Review of labour laws to enhance industrial growth

b) Micro-finance for MSEs and Rural Activities

The small and medium scale enterprises in the informal sector offer significant opportunities for increases in production, productivity and employment. Provision is made for 20% of the District Assembly Common Fund (DACF) to be used in support of productivity increase and income generation fund, popularly referred to as the poverty alleviation fund.

The NBSSI will assist the district assemblies in identifying opportunities for increased production and income generation and in the preparation of programmes and projects. The Social Investment Fund that had been set up for the Ghana Poverty Reduction Programme will supplement the financing of these activities. In order to achieve this additional support, district assemblies will be required to submit costed proposals with the assistance of NBSSI to GPRP/SIF. NBSSI will be responsible for monitoring and evaluation of outputs and outcomes.

Micro finance institutions have a very important role to play in the delivery of financial services to a large number of MSE clients in both rural and urban areas. The national strategic framework, which is being developed to address the problems hampering the delivery of financial services in Ghana, must be finalised as a matter of urgency. Among others, the objective of the micro finance institutions to enhance their target clientele's access to financial services and access to funds targeted to the productive poor is critical. The productive poor which constitute the demand side are defined to include:

- Women in the informal sector
  - Unemployed youth who have completed training
  - Subsistence and smallholder producers in agriculture
  - Vulnerable groups in the three northern regions
  - Disabled persons
- Activities and institutions on the supply side must be streamlined to achieve the relevant objectives and outputs. Providers of micro finance services including both banking and non-banking, categorised into formal, informal and semi-formal, are all important. Activities of informal financial services suppliers including *susu* collectors, rotating savings groups and credit associations could be enhanced to play a better role.

c) Women's Micro Financing Fund

In a bid to reduce the difficulties and constraints faced by women in obtaining funds for financing small and micro enterprises, the Ministry of Women's and Children's Affairs (MOWAC) has established the Women's Special Micro financing Fund. The objectives of the fund are to help in the development of women-owned enterprises especially those in rural and deprived areas, augment their earning from agricultural processing and marketing activities, and acquire resources for future investments.

The Fund, to be made available as micro finance to these women, will be deposited at the Bank of Ghana for lending to the various MFI with extensive branch networks and experience in micro credit. Women smallholder farmers and entrepreneurs will be encouraged to form coalition groups and will apply to source these funds through a National Steering Committee established by MOWAC. The micro finance institutions and banks will be responsible for the recovery of the loans.

To ensure sustainability of the fund, special interest rates will be charged and savings will be encouraged to match credits. Women will be encouraged to buy shares in the community, rural banks or MFIs. The timing of the disbursement of the Fund will be made to coincide with farming and fishing input seasons when the need for such funds is greatest.

## **7.0 HUMAN RESOURCE DEVELOPMENT AND BASIC SERVICES**

### **7.1 OVERVIEW**

This component of the GPRS on Human Resource Development and Basic Services focuses on the following interrelated sectors:

- i. Education
- ii. Skills and Entrepreneurship Development
- iii. HIV/AIDS
- iv. Population Management
- v. Health: Health Care; and Safe Water and Environmental Health

Significant gaps exist in access to and utilisation of basic services by the poor, particularly with regards to education, health, HIV/AIDS control, population management, water and sanitation.

The major issues with regard to education are quality, equity and efficiency. Quality education is constrained by poorly equipped and supervised public schools, wide geographical disparities in access and outcomes to basic education, limited relevance and spread of vocational and technical education and severe management gaps – including unaccounted for resources, gaps in redeployment of teachers and frequently late arrival of school material. Constraints in secondary and tertiary education also require redress, given low enrolments and their impact on economic development.

Gaps in health are reflected in high levels and wide geographical disparities in outcomes, particularly under five and maternal mortality and child malnutrition. The three northern and the Central regions are particularly disadvantaged. Diseases that affect the poor most, including malaria, guineaworm and tuberculosis continue to exist in considerable dimensions. Poor quality of care discourages many poor people from seeking state-provided health services.

Underlying constraints in the provision of quality health care are efficiency and financing gaps. These include limited decentralisation, inadequate motivation of professional staff, ineffective supervision and monitoring, and weak links between facilities and communities. Financing constraints are reflected in weaknesses in the implementation of the user-fee exemption policy, yet-to-be established links between the exemption policy and the proposed national health insurance scheme, concentration of considerable resources at the regional level and limited success with partnership with other government agencies and the private sector.

The rapid spread of HIV/AIDS is currently receiving considerable attention from government and its partners. The immediate challenges include ensuring implementation of the Ghana HIV/AIDS Strategic Framework: 2001-2005 and providing care for persons living with AIDS and their families.

Very limited choices on fertility regulation among poor families (who generally have large families) remain a critical constraint to sustainable poverty reduction.

Provision of water to majority of the rural population and the urban poor also poses a considerable challenge. In addition, action is urgently required to ameliorate the extremely

unfavourable environmental health conditions. Adequate management of solid and liquid waste is particularly essential in bringing down morbidity and mortality among the poor.

Support for the development of human resources and basic services will remove key obstacles to access and utilisation by the poor and will focus on five areas: education, skills and entrepreneurial development for the youth, HIV/AIDS, population management, basic health, and safe drinking water and sanitation. In addition, targeted programmes will be outlined to address issues that are not mainstreamed in sector strategies.

## 7.2 EDUCATION

Government has reviewed the *Free Compulsory Basic Education* programme (fCUBE) based on which the Ministry of Education is currently preparing an Education Sector Plan (ESP) based on the targets of the Millennium Development Goals (MDGs). The ESP includes a framework to access international support under the Education for All/ Fast Track Initiative (EFA/FTI). The EFA/FTI will enable Ghana achieve its medium term education targets.

The strategy on education addresses the lack of progress in the 1990s in increasing enrolment and raising quality. The strategy focuses on fundamental issues, including wide inequalities in access; shortfalls in spending; extremely limited and restrictive non-salary expenditures; and the acute management gaps, particularly in teacher deployment and supervision, distribution of learning material, retention of qualified personnel and coordination of donor support.

To develop capabilities in all regions of the country, the GPRS will focus on better prioritisation and targeting as well as developing stronger partnerships with the non-state sector. Efficiency measures are also critical to achieving outcomes in education, particularly in the elimination of the severe management gaps at the Ministry of Education (MoE) and Ghana Education Service (GES) and improving donor coordination. Efficiency measures will therefore underlie government investment in the sector.

In addition to government funding (through sector allocations and the earmarked 2.5% VAT), resources from traditional authority sources (such as the *Otumfuo Education Fund* and the *Northern Education Trust Fund*) and non-governmental organisations will support the implementation of priorities.

The strategy places a renewed emphasis on developing basic education. Access to basic education will be supported by early childhood development and alternative education for children out of school, with emphasis on the hard-to-reach areas of northern Ghana, remote rural areas and urban slums. The intention is to ensure uninterrupted education for all Ghanaians from pre-school to age 17 to reduce poverty and create the opportunity for human development.

Education of the youth will be linked with the labour market through expansion of technical and vocational education and training (TVET), special skill acquisition programmes and tertiary education, particularly through a greater role of private providers.

Table 7.1: Targets for Education

|   | 2000*   | 2005    |
|---|---------|---------|
| % of total government spending on education   | 16.4%** | 19.5%   |
| % of total education spending on:   |         |         |
| - Primary   | 31.9%   | 36.0%   |
| - Pre-school  | 6.6%    | 6.6%    |
| - Junior secondary education  | 18.8%   | 19.8%   |
| - Secondary education   | 15.1%   | 13.8%   |
| - Technical and vocational education and training                                       | 1.1%    | 2.4%    |
| - Teacher training  | 5.0%    | 4.0%    |
| - Tertiary education  | 13.3%   | 10.3%   |
| - Non formal education  | 1.3%    | 2.0%    |
| - Special education   | 0.6%    | 0.6%    |
| - Management  | 6.3%    | 5.0%    |
| - O/w basic (pre-school, primary, JSS, non formal)                                      | 58.6%   | 64.4%   |
| Gross primary school enrolment rate   |         |         |
| - Total   | 77.6%   | 82%     |
| - Girls   | 71%     | 80%     |
| Gross primary school enrolment for:   |         |         |
| - Northern region   | 45.8%   | 55.8%   |
| - Upper East region   | 48.5%   | 58.5%   |
| - Upper West region   | 50.7%   | 60.7%   |
| % of Primary Schools with Pre-school  | 50%     | 100%    |
| % of Districts with Model SSS   |         | 100%    |
| Share of primary classrooms in each of three Northern regions increases to 30%          | 20%     | 30%     |
| Gross junior secondary school enrolment rate  | 61%     | 65%     |
| Gross secondary school enrolment rate   | 17%     | 25%     |
| Primary school drop out rate at primary:  |         |         |
| - Girls   | 30%     | 20%     |
| - Boys  | 20%     | 10%     |
| P6 pass rates for Criterion Referenced Tests (CRT) at mastery level for public schools: |         |         |
| - English   | 8.7%    | 11.0%   |
| - Math  | 4.0%    | 6.4%    |
| Transition rate from P6 to JSS1   | 96%     | 98%     |
| Transition rate from JSS to SSS   | 35%     | 40%     |
| Children reached by alternative education in:<br>Accra, Kumasi, Three northern regions  |         | 100,000 |

\* 2000 or most recent year

\*\* Revised budget November 2001

The priority interventions under the GPRS are as follows:

- School improvement
- Teacher development, deployment and supervision
- Reformed management
- Special partnership programmes with non-state actors

### 7.2.1 School Improvements

#### 7.2.1.1 Basic Education

At the **basic level** a school improvement programme will be developed by mid 2003. The programme will harmonise good practices of ongoing projects, particularly the *Whole School*

*Development, Quality Improvement in Primary Schools, Child-School-Community and Science, Technology and Mathematics in Basic Education projects.*

The school improvement programme will focus on accelerated provision of basic infrastructure (blackboards, furniture, basic roofing and materials for local construction, water and toilet facilities) in public schools in the most deprived districts<sup>28</sup>, starting from northern Ghana. Emphasis will be on the distribution of basic textbooks to all public schools as well as basic equipment for JSS workshops. There will be the provision of a support package to improve education in science, technology and mathematics in basic schools.

Community participation is key to sustainable school improvements. In this respect, local participation and oversight functions will be fostered through the establishment and strengthening of School Management Committees (SMCs) and Parent Teacher Associations (PTAs). In addition, support will be provided for timely and regular Criterion Referenced Tests (CRT) and Performance Monitoring Tests (PMT) for P6 pupils and School Performance Appraisal Meetings (SPAM) at the community level.

Illegal school fees have worked to the detriment of enrolments and retention rates. In both public and private schools, the strategy will focus on enforcement of regulations on illegal school fees, to ensure that the approved fees are charged.

The adaptation of school building designs will be undertaken to ensure easy access by persons with disabilities. This will encourage enrolment and ensure the retention of physically challenged pupils.

#### 7.2.1.2 Secondary Education

At the **secondary level**, the school improvement programme will focus on establishing one “good” or “model” senior secondary school in each district. The provision of basic teaching facilities in community secondary schools will be another key priority as these schools have over the years not received the necessary support. Existing public technical schools will be rehabilitated and expanded. For increased access and improved delivery of Craft and Technician Education and training, the GPRS also proposes the establishment of additional Technical/Vocational Institutes, at least one in each district.

#### 7.2.1.3 Tertiary education

At the **tertiary level**, the programme will emphasise improvement of existing infrastructure and management capacity in state polytechnics and universities. In particular, the GPRS will support the establishment of a matching grant for polytechnics that raise funds to improve their facilities. The GPRS will support private sector and civil society involvement in tertiary education through fundraising, curriculum development and access to loan schemes. Fuller use of distance education will be considered.

To increase access and opportunities for training of Technical and Vocational Teachers for the effective delivery of education and training, the proposal is for the rehabilitation and

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<sup>28</sup> On the basis of criteria and data generated by the GES Director General’s Support Unit on deprived area schemes

strengthening of the University College of Education, Winneba and the Mampong Technical Teachers' College.

#### 7.2.1.4 Adult literacy

At the level of adult literacy, the emphasis of the GPRS will be on strengthening monitoring and evaluation of existing programmes, to inform long-term policy in this area. In the medium to long term also, it is proposed to facilitate the development of tele-education to enable the country reverse the high illiteracy in rural areas through distance learning.

#### *7.2.2 Teacher development, deployment and supervision at the basic level*

The special emphasis on teachers by the GPRS is to step up improvements in educational outcomes. The programme will harmonise all ongoing in-service teacher development initiatives to focus on quality, reduce duplication and optimise use of teachers' time. The system for school inspection will be strengthened and sanctions imposed for non-performing teachers. Teacher supervision will be reorganised at all levels and teachers who are currently occupying administrative posts will be redeployed to the classroom. There will also be the introduction of teacher rotation/redeployment system to supply remote rural areas with qualified teachers serving for a minimum of two years in these areas.

Special funds will be made available to deprived districts in the three northern regions and remote rural areas to provide teacher accommodation and financial incentives in order to attract and retain teachers posted to these areas. In the short term, the number (quota) of pupil teachers being recruited and provided modular training in deprived rural districts will be increased. The GPRS will support the expansion of admission to teacher training colleges through the introduction of access courses particularly aimed at women.

To meet national needs, adaptation of curriculum and revision of syllabi to ensure cost effective teaching per subject and grade will be priority during the programme period.

#### *7.2.3 Reformed management of the education sector*

Management reform in the education sector is critical to achieving sustained efficiency. The emphasis will include a clear delineation of the roles of the MoE, GES, District Assemblies and religious units. During the period, the process of decentralisation of service delivery from the GES to the districts will be accelerated. Review and implementation of human resource assessments for removing "ghost" names and streamlining staffing in GES, including wastage at district education offices will also be carried out. A nation-wide school mapping exercise will be undertaken to inform effective service delivery.

For the achievement of higher results within the sector, donor coordination including the introduction of a sector wide approach will be advanced as part of the implementation of the GPRS. In addition, all approved and earmarked financial resources to education would be required to be transferred to the MOE/GES on a timely and regular basis from the Ministry of Finance. Financial and management audit of all sections of the Ministry of Education will be undertaken to significantly reduce wastage including investigation into the duplication of management responsibilities between GES and religious units.

The responsibilities and roles of the Ministry of Education and the Ministry of Manpower Development and Employment (MMDE) with regard to education and training will be rationalised.

Monitoring and evaluation will be strengthened at all levels, especially regarding data analysis and release of timely reports. Management and effectiveness of District Education Oversight Committees and District Education Planning Teams will also be improved. A legal framework will be established to encourage the private sector to publish and distribute teaching and learning material.

To ensure efficiency and sustainability, the SSNIT loan scheme will be reorganised.

#### *7.2.4 Special partnership programmes with non-state actors*

Special partnership programmes with civil society and private sector organisations will be developed by mid 2003. These will focus on areas where non-governmental and private sector organisations have historically been lead players, viz., early childhood development, alternative education and vocational and technical training.

##### 7.2.4.1 Early childhood development

Early childhood development will be supported to increase Primary 1 admissions and reduce the dropout rate, serve as a channel for provision of child health and nutrition programmes, while creating space for increased productivity for parents.

Government will stimulate direct service provision by the traditional providers, namely, nongovernmental and private organisations, through strengthening its own role in policy development, training of caregivers, regulation and co-funding through existing social investment projects. The Ministry of Education (MoE) will in this regard focus on the finalisation and adoption by cabinet the policy on early childhood development. Emphasis will be placed on the establishment or in cases where they already exist, strengthening community organisations to manage early childhood development centres. The training of caregivers will be decentralised to more effectively cover the total country. The GPRS also proposes the establishment of a system to regulate content of training and fees and to ensure timely supervision and monitoring. Existing social investment projects<sup>29</sup> will be adapted to support community management of early childhood development.

##### 7.2.4.2 Alternative education

Alternative learning will be promoted to provide basic education to out-of-school children as well as provide literacy and numeracy skills to adults. Like early childhood development, the role of government will be restricted to policy development, regulation and monitoring, while the traditional providers, nongovernmental and private organisations will directly provide services.

The MoE will in this regard focus on developing a framework for collaboration with nongovernmental organisations to support access programmes for out of school and drop out children, including shepherd schools and special instruction for street children. Guidelines

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<sup>29</sup> Including projects supported by Social Investment Fund, UNICEF, Catholic Relief Services, Action Aid etc.



will be developed with nongovernmental organisations to better integrate children from complementary/alternative education into formal sector, including the harmonisation of curricular for provision of alternative education. Existing social investment projects<sup>30</sup> will be adapted to include alternative education for out-of-school children and adult literacy programmes for especially women and junior youth.

### 7.3 SKILLS AND ENTREPRENEURIAL DEVELOPMENT FOR THE YOUTH

Skill and entrepreneurial gaps are evident in the labour market in Ghana, given the constraints with school enrolment, quality and relevance. This has mainly been due to the lack of a national policy framework for a co-ordinated Technical and Vocational Education and Training (TVET) system for Ghana.

Three groups of young people require support most in this regard. These are young people who are barely literate due to early drop out or inability to attend school, and those who have completed (a stage of) formal education but are unemployed due to reasons of quality/relevance of education. The third group comprises young people who though have acquired some skills yet need retraining especially in good management practices to succeed in the labour market.

The Ministry of Manpower Development and Employment, with the support of the Ministry of Youth and Sports, will lead the development of a *Skills and Entrepreneurial Development Programme*<sup>31</sup>. Programme will build on past good practices and will be expected to adapt and coordinate all existing initiatives to achieve the objectives of the GPRS as well as mobilise new resources from government, nongovernmental and private sector organisations to support the youth in acquiring employable and entrepreneurial skills. The Programme will combine both formal and traditional forms of skill acquisition with a strong focus on entrepreneurial development. Institutions for skills training will be encouraged to operate production units to provide trainees with practical experience and also provide those institutions with additional sources of revenue.

The *Skills and Entrepreneurial Development Programme* will be guided by the following priorities of the GPRS:

- Increasing the relevance and coverage of vocational and technical training
- Developing and expanding the traditional apprenticeship system
- Promoting entrepreneurship among the youth

#### 7.3.1 *Relevance & Coverage Of Vocational And Technical Training*

Keeping up with technology and improving relevance are key to expanding vocational and technical training. Government will provide support for the development of policy to stimulate and regulate vocational and technical training and for the revision of the curriculum of vocational and technical schools to increase their relevance to the labour market, particularly in relation to farm management, construction techniques and entrepreneurship.

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<sup>30</sup> Including projects supported by the Social Investment Fund, UNICEF, Catholic Relief Services, Action Aid etc.

<sup>31</sup> The section on *Education* outlines interventions to address constraints in access and quality at all levels of education.

Measures will be put in place to improve the certification system to support training of on-the-job workers and traditional apprentices

Private and nongovernmental organisations will also be supported to strengthen their leadership in direct service provision. In this regard, public-private partnerships will be established in the management of existing state vocational and technical schools. Formal vocational and technical training will be improved to support in particular, young people who have completed basic and secondary education but are unemployed due to reasons of quality or relevance of instruction.

Existing social investment projects will be adapted to provide matching grants for vocational and technical education programmes that are supported by nongovernmental organisations and community groups.

### *7.3.2 Establishing Community-Based Vocational Apprenticeship Schemes*

Community-based apprenticeship scheme will target young people who are barely literate. Government will provide grants through ongoing programmes<sup>32</sup> to enable such young people acquire skills within their districts. Farm management and food processing apprenticeship schemes on successful commercial farms and agro processing units will be priorities in rural districts. Support will be provided to master craftsmen in technology upgrading training as well as advice on micro finance opportunities.

### *7.3.3 Entrepreneurial Development*

The component on entrepreneurial development will target young people who have completed secondary and tertiary education but are unemployed as well as those who wish to be self-employed. The focus will be on training and retraining, with emphasis on business management. Beneficiaries will be linked to existing micro finance institutions after training. The component will also promote partnerships between the MMDE and District Assemblies and firms for on-the-job training of graduates of vocational and technical schools as well as apprentices, including competitive based training.

## **7.4 HIV/AIDS**

As noted earlier, AIDS and poverty are intricately linked, through ill health and associated costs for victim, family and society, exclusion and loss of income earners. The HIV/AIDS epidemic has been worsening over the years. Females constitute majority of reported cases. The infection rate among sex workers is extremely high. In spite of the high levels of awareness, the desired attitudinal change has not been achieved. The average adult prevalence of HIV based on sentinel surveillance increased from 2.4% in 1994 to 4% in 1998, remaining 3% in year 2000. There are however regional variations in prevalence of HIV with Eastern Region recording the highest rate of 5.3% and Upper East Region the lowest at 1.3%. The prevalence among patients with sexually transmitted infections (STIs) and blood donors in the southern sector of the country is 24% and 3% respectively. In the year 2000, it was estimated that AIDS accounted for about 12% of all deaths in Ghana and the number of children orphaned as a result of AIDS was estimated at 140,000.

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<sup>32</sup> Such as the Youth in Agriculture Programme and the JICA supported Integrated Human Development Programme

With the level of infection and very limited gains in behaviour change, a renewed focus on HIV/AIDS prevention is key to achieving sustainable poverty reduction, given the low costs relative to treatment. Resources will nevertheless be provided for care and support for those living with the disease and their families, to reduce exclusion and further enhance prevention. The draft National HIV/AIDS & STI Policy, the National HIV/AIDS Strategic Framework (2001-2005) and the GPRS consultations provide direction for the 2003-2005 period.

Table 7.2: Targets for the control of HIV/AIDS

|   | 2000* | 2005 |
|---|-------|------|
| Reduction of new HIV infections among the 15-49 age group (2000 as base year) |       | 24%  |
| Condom use to avoid HIV/AIDS  |       |      |
| Women   | 5.8%  | 15%  |
| Men   | 15.4% | 25%  |
| Health facilities with adequate arrangements to care for PLWHA                |       | 30%  |

\* Data for 2000 or most recent year

Increased spending and management capacity, both by the state and non-state players, are necessary to contain the HIV/AIDS crisis. A key strategy will therefore focus on expanding the response to the HIV/AIDS crisis at both national and local levels and involving government, the private sector, non governmental organisations, trade unions, traditional leaders, religious bodies, the media and community based organisations.

In addition, emphasis will be placed on supporting high-risk groups to prevent the spread of HIV/AIDS. Government will partner with nongovernmental organisations to ensure adequate service delivery.

Priority interventions will focus on three areas as follows:

- Preventing new infections of HIV, promotion of safer sex, prevention of Mother to Child Transmission, ensuring safe blood and blood products and improved STI management
- Providing a continuum of care for people living with HIV/AIDS (PLWHA) and their families, continuous supportive counselling and palliative care in the household & community and the management of opportunistic infections
- Laying an effective institutional foundation

Other factors that contribute to reduction of HIV/AIDS, particularly the promotion of girl education and creation of job opportunities in rural areas, are addressed in relevant sections of the GPRS.

#### 7.4.1 Preventing new transmission of HIV

Prevention of new cases of HIV will be undertaken through three programmes:

##### 7.4.1.1 Improved direct service delivery

Improved direct service delivery, which will include strengthening the management of STDs, expanding facilities to prevent Mother-to-Child transmission, increasing the number and

coverage of voluntary testing and counselling centres, ensuring safe blood transfusion, radically expanding access to female and male condoms, and ensuring provision of drugs to HIV positive mothers and children.

#### 7.4.1.2 Intensifying Behaviour Change Communication

Intensifying programmes on behaviour change communication on HIV/AIDS in educational institutions both formal and informal, at work places and for out of school youth. Resources will also be provided to support peer counselling programmes, School Health Education programmes will integrate HIV/AIDS and STI prevention and education on human sexuality. HIV/AIDS/STI prevention will be integrated in the curriculum of Teacher Training Colleges. Work place programmes involving employers and trade unions will also be promoted.

#### 7.4.1.3 Special programmes for high-risk groups

Special programmes to support high-risk groups will be undertaken, including re-integration schemes for street children, porters and commercial sex workers.

### 7.4.2 *Provision of continuum of care for PLWHA and their families*

Continuous supportive counselling and palliative care in households within the community and the management of opportunistic is the focus of this programme area. Interventions made will include the following:

#### 7.4.2.1 Counselling and treatment of opportunistic infections

Psychosocial support in the form of counselling will be provided as part of the measures of addressing the HIV/AIDS crisis. Encouragement will be given for people to verify their sero-status and enable appropriate measures to be taken where necessary. Provision will be made for the treatment of opportunistic infections at a cost that is affordable for PLWHA.

#### 7.4.2.2 Access to STI care

Access to STI care will be expanded to all levels of the health delivery system and the provision of care shall be widened to enable medical assistants and others provide care at the district health centre level. The comprehensive STI control programme shall involve, early diagnoses and effective treatment of STIs and their complications, screening high-risk groups for STIs, intensifying public health education on STIs and intensifying the promotion of condom use.

#### 7.4.2.3 Capacity building for organisations

Capacity building for organisations working for PLWHA will be initiated at the district level within the context of the District Response Initiative. Furthermore organisations of PLWHA will be strengthened.

#### 7.4.2.4 Reducing Stigmatisation and Discrimination

Reducing stigmatisation and discrimination of PLWHA and their families will be undertaken through the capacity of the judicial system and human rights organisations such as

Commission for Human Rights and Administrative Justice (CHRAJ), International Federation of Women Lawyers (FIDA), Legal Aid Board and civil society organisations.

### 7.4.3 *Laying an effective institutional foundation*

The emphasis will be on establishing institutions proposed in the draft National HIV/AIDS and STI policy and the National HIV/AIDS Strategic Framework. Coalitions will be built involving public, private and civil society organisations to intensify national response, scaling up the District Response Initiative, building the capacity of weak frontline agencies, especially the Department of Community Development of Social Welfare and the Ministry of Information, strengthening surveillance and operational research.

## 7.5 POPULATION MANAGEMENT

Rapid natural increase especially among the poor is a constraint on household incomes and access to basic services. Successful management of fertility in Ghana will require a more results-oriented approach to increasing literacy and incomes of women, improving service delivery and effectively providing access to information on choices.

Strategies on increasing incomes and literacy of women are covered under the sections on *Productivity and Gainful Employment* and *Human Resource Development and Basic Services* of the GPRS. This section will focus on improving service delivery and awareness creation on choices and benefits.

Table 7.3: Fertility Targets

|   | 2000* | 2005 |
|---|-------|------|
| Total fertility rate                                  | 4.6   | 4.2  |
| Use of modern contraceptive methods:                  |       |      |
| Women   | 13%   | 20%  |
| Men   | 20%   | 35%  |
| Electronic media exposure to family planning messages |       |      |
| Women   | 32%   | 70%  |
| Men   | 39%   | 80%  |

\* Data for 2000 or most recent year

A two-pronged approach will be employed as follows:

- Decentralisation of service delivery
- Institution of a major national campaign on fertility regulation

### 7.5.1 *Decentralisation of Counselling Services*

The aim is further decentralisation of counselling services and sale of contraceptives through greater use of community agents, including maternity homes and field workers.

### 7.5.2 *Instituting a major national campaign on fertility regulation*

Operational research on barriers to family planning will be undertaken as part of a major national campaign on regulating the fertility of the population. In addition, a comprehensive

and systematic culturally-sensitive information, education and communication (IEC) on family planning will also be undertaken nation-wide, on the scale of current IEC on HIV/AIDS.

## 7.6 HEALTH

Improving the health status of the poor is crucial for poverty reduction, given that ill health is both a consequence and cause of poverty – through lack of funds and knowledge to prevent illness, productivity and income losses. Catastrophic health events further plunge people into poverty as result of the associated high costs.

An important challenge in improving the health status of the poor is how to ensure a balance between direct health care and the preventive aspects, especially in the provision of safe water and sanitation, given the close relationship between diseases that affect the poor and poor environmental health. The importance of coordination with other sectors to support health improvement is also recognised.

The GPRS outlines interventions that will ensure a balance, particularly in the deprived northern section of the country. These are projected to accelerate the reduction of under-five and maternal mortality and child malnutrition.

Jointly, interventions on *health care* and *safe water and environmental sanitation*<sup>33</sup>, discussed in subsequent sections, are expected to result in the achievement of the following targets:

Table 7.4: Infant Mortality Targets

|  | 2000*      | 2005       |
|--|------------|------------|
| Infant mortality rate                            | 57/1000    | 50/1000    |
| Under-five mortality rate for:                   |            |            |
| Total country                                    | 110/1000   | 95/1000    |
| Northern   | 171/1000   | 130/1000   |
| Upper East                                       | 155/1000   | 116/1000   |
| Upper West                                       | 156/1000   | 117/1000   |
| Central  | 142/1000   | 107/1000   |
| % Children under five malnourished (underweight) | 25%        | 20%        |
| Maternal mortality rate                          | 200/100000 | 160/100000 |
| Reported cases of guinea worm                    | 3678       | 0          |

\* Data for 2000 or most recent year

### 7.6.1 Health Care

A review of the implementation of the first five-year Programme of Work (1997-2001) of the Ministry of Health as well as participatory assessments provides a number of recommendations for poverty reduction. These include a strong emphasis on promoting equity of health outcomes with a special focus on reducing geographical disparities and addressing diseases that affect the poor most, enhancing efficiency in service delivery, ensuring sustainable financial arrangements that protect the poor and strengthening links with

<sup>33</sup> Responsibility for *Health Care* lies with the Ministry of Health, while that for *Safe Water and Environmental Sanitation* lies with a multiplicity of agencies, including Community Water & Sanitation Agency, Ghana Water Company Ltd., Ministry of Local Government & Rural development and District Assemblies

health-related sectors of society. An emphasis on district-sub district-community based quality care is essential for reaching majority of the poor.

Table 7.5: Health care Targets

|   | 2000* | 2005    |
|---|-------|---------|
| % Total government expenditure on health                            | 5.7%  | 7%      |
| % Recurrent spending on districts and below                         | 42%   | 44%     |
| % Recurrent spending on sub districts                               | 21%   | 30%     |
| % Capital spending on sub districts                                 | 7%    | 15%     |
| % of Districts with model health centres                            |       | 100%    |
| % Of recurrent spending on three northern and Central regions       | 32%   | 39%     |
| Proportion of people consulting qualified health personnel when ill | 30%   | 50%     |
| At least 10% increase in amount budgeted for exemptions from fees   | ¢12bn | ¢13.2bn |
| Per capita OPD attendance at public facilities                      | 0.49  | 0.55    |
| Uptake of antenatal care  | 96%   | 98%     |
| Post-natal care coverage  | 52%   | 58%     |
| DPT 3 coverage  | 75%   | 90%     |
| Proportion of supervised deliveries                                 | 49%   | 55%     |
| Ratio of population per nurse in Northern: Greater Accra            | 4:1   | 3:1     |
| Ratio of population per doctor in Northern: Greater Accra           | 5:1   | 4:1     |

\* Data for 2000 or most recent year

Due to significant progress made on the sector wide approach to health care, the GPRS will highlight three priority interventions that need to be planned for in the (next) 2002-2006 Programme of Work of the Ministry of Health (titled “*Partnerships for Health – Bridging the Inequalities Gap*”). These are as follows:

- Bridging equity gaps in access to quality health services
- Ensuring sustainable financing arrangements that protect the poor
- Enhancing efficiency in service delivery

#### 7.6.1.1 Bridging equity gaps in access to quality health and nutrition services

In order to bridge the equity gaps in health care, the following direct interventions will be made. Resource allocation criteria and a facility distribution plan will be developed to improve targeting of poor groups and geographical areas. In addition, there will be redistribution of health workers in favour of deprived areas. Provision of outreach services and clinics in deprived rural and peri-urban areas, especially in northern Ghana, will be priority for the period. The intention is to achieve by the end of the planned period, a “good quality” or “model” health centre for each district.

The emphasis of the GPRS will be on cost-effective interventions, particularly on immunisations and supervised delivery. A high impact and rapid delivery programme to reduce under-five and maternal mortality and malnutrition in the three northern and the Central regions will be developed and implemented. The GPRS will promote food-based approaches to address malnutrition.

The GPRS recognises the importance of ensuring quality of care for the poor, including building skills and systems that respond more effectively to the needs of the poor, including engaging poor communities in addressing barriers to access. Due to the debilitating nature of

the effects of malaria, the GPRS emphasises its prevention. For the effective treatment of malaria, the strategy will include ensuring availability and use of insecticide-treated bed nets.

Eradication of Guinea worm is a key target of the strategy for the period. All efforts will be made to ensure that by 2004, guinea worm will be effectively eradicated in all parts of Ghana and measures put in to ensure that the disease does not re-surface after the plan period.

#### 7.6.1.2 Ensuring sustainable financing arrangements that protect the poor

As the basis of reaching the poor in the short term, measures will be put in place for improvement of the exemption policy to ensure coverage of obstetric emergencies and life-threatening pregnancy related conditions, mortality due to childhood diseases and effective ways of reaching poor elderly citizens. In the medium term, exemption policy will be harmonised with the proposed health insurance scheme to protect the poor. Government will phase out the “Cash and Carry” system and replace it with a more humane and effective system of financing healthcare.

Government’s share of the budget for providers of basic services for the poor, especially at the district level and below will be increased and the institutional, legal and financial framework established for effective partnership with *not-for profit* and private providers. To further protect the poor in deprived areas, a low acceptable rate of payment will be fixed for out-patients and in-patients at the sub-district and district level in the Central and the three northern regions.

#### 7.6.1.3 Enhancing efficiency in service delivery

The GPRS focuses on standardising the quality of basic healthcare to ensure that wherever one is in the country, one has access to good quality health care. Strategies that ensure availability of health workers will be developed, especially in deprived regions, including provision of financial incentives, accommodation, opportunities for career development and expanding enrolment in training institutions in deprived regions. A key issue to be addressed within the planned period is the migration of health workers. In addition, strategies will be employed to ensure availability of drugs in facilities.

To further enhance efficiency in service delivery, human resource management will be decentralised to the regional level. Staff and resources will be provided to expand community-based health service delivery and collaboration with informal providers will be strengthened, particularly in the three northern and the Central regions. Monitoring and evaluation of services provision strengthened, including participation of communities and civil society organisations

The respective roles of the Ministry of Health, the Ghana Health Service and District Assemblies in health service delivery will be clearly identified and collaboration strengthened between these bodies. Mechanisms for joint planning and coordinated financing will be instituted at the level of the district, incorporating inputs from development partners not captured under the Programme of Work of the Ministry of Health. Systems for transparency and accountability in health service delivery will be strengthened.

A framework to promote occupational health, reduce accidents and minimise negative health impact of charcoal burning, small-scale mining and small-scale textile manufacturing will be established.



## 7.7 SAFE WATER AND ENVIRONMENTAL SANITATION

Increasing access to potable water and sanitation is key to achieving health outcomes and sustained poverty reduction. Strategies for providing safe water will focus on improving access in rural, peri-urban and unreached poor urban areas. The emphasis will be on the following:

- Acceleration of rural water provision, with emphasis on guinea worm endemic communities and regions that have least benefited from new investments in the past decade
- Effective management of urban systems
- Safe liquid and solid waste management
- Capacity building for environmental health

Table 7.6: Safe water and sanitation Targets

|   | 2000* | 2005 |
|---|-------|------|
| Rural population with access to safe water                      | 40%   | 54%  |
| Rural population with household latrines                        | 15%   | 25%  |
| Urban population with access to safe water                      | 70%   | 78%  |
| Urban population with household latrines                        | 34%   | 45%  |
| Population with unsafe method of solid waste disposal (dumping) | 91%   | 75%  |

### 7.7.1 Safe Water In Rural Districts

To accelerate the eradication of guineaworm, water provision in guinea worm endemic communities will be fully subsidised. New investments in rural water will be provided for the Western and Central regions with the management of ongoing investments in deprived regions strengthened, including public-private-NGO partnerships. In addition, the timely disbursement of recurrent budget to Community Water and Sanitation Agency (CWSA) and the District Assembly Common Fund to enhance operation and maintenance of water facilities will be ensured.

### 7.7.2 Effective Management Of Urban Water Systems

The effective management of water for the urban users will be addressed through a number of measures. Regional offices of the Public Utilities and Regulatory Commission (PURC) will be established to respond more effectively to community requests. In addition, financial resources will be mobilised for investment in refurbishment and extension of coverage of urban water systems. The policy on private participation in operation and maintenance of service delivery will be finalised during the period and implemented effectively. The Ghana Water Company will be strengthened to effectively manage service contracts and extensions. To improve on service delivery within the sector, monitorable implementation plans for effective programming of linked activities will be designed for the Ghana Water Company, private operators and the Public Utilities Regulation Commission.

For poor urban households, the lifeline tariff will be reassessed to protect poor households living in compound houses. A unit will be set up within the Ministry of Works & Housing set up to monitor provision of water to the poor.

The management for water boards of 115 towns with small systems will be made effective and funding arrangements effective.

### *7.7.3 Safe Liquid And Solid Waste Management*

For effective and safe liquid and solid waste management, District Assemblies will be directed to undertake certain critical measures including rationalizing and updating bye-laws. District Assemblies will also be required to embark on aggressive marketing of the construction and use of domestic latrines, and enforcing laws on provision of sanitation facilities by landlords. The construction of public latrines will be restricted to public places. Information dissemination on safe sanitation practices will be intensified, especially in urban slums, rural savannah and rural coastal areas

Simplified sewerage systems will be introduced for poor areas with high population density, while technological options to the KVIP will be introduced in poor areas with unfavourable terrain. The introduction of guidelines to promote competition in solid waste management will enhance management and the payment of cost of waste disposal will be rejuvenated to finance efficient service delivery. Communal container services will also be expanded in poor areas with high population density.

To provide a pleasant and healthy environment for living, physical planning will be vigorously promoted in both urban and rural contexts. As part of the physical planning measures, lands will be acquired and protected against encroachment for treatment and disposal of waste in major towns and cities. In small towns, water boards established will be monitored. Wherever dams are built, the requirement is that measures are put in place to significantly reduce health risks.

### *7.7.4 Capacity Building For Environmental Sanitation*

Capacity of District Assemblies in the management of public-private partnerships in solid waste management, including preparation and management of service contracts and regulation will be strengthened. Capacity to manage environmental sanitation will be developed with emphasis on staff, skills, guidelines, motivation and resources provided for Environmental Health Departments of District Assemblies and the Ministry of Local Government & Rural Development. Maps and layouts for orderly physical development will be updated. Sanitation tribunals will also be established/strengthened in every district.

## 8.0 SPECIAL PROGRAMMES FOR THE VULNERABLE AND EXCLUDED

### 8.1 AN OVERVIEW

The fourth round of the Ghana Living Standard Survey (GLSS 4) and several participatory poverty assessments provide an insight into vulnerability in Ghana. The description of the *extreme poor* by GLSS 4 in particular offers a starting point for understanding vulnerability in Ghana. GLSS 4 defines the *extreme poor* as those whose standard of living is insufficient to meet their basic nutritional requirements even if they devoted their entire consumption budget to food. The situation of extreme poverty is disturbing, given that the victims are faced with long periods of hunger every year.

Cross-sectional surveys and social assessments further indicate the continued existence of a long “hungry” season in northern Ghana, when most families can barely afford a decent meal in a day. A subsequent policy issue is how deep extreme poverty is in Ghana. The income gap ratio<sup>34</sup> gives an indication of the depth of (extreme) poverty. The depth of extreme poverty increased marginally in the total country in the 1990s, with significant increases in the rural savannah, urban coastal, urban forest and rural forest areas.

Measures of social deprivation also point to a grim state of vulnerability and exclusion in Ghana. The proportion of children with no or inadequate education is alarming. Currently, between 20%-25% of children of school going age are not in school. About half of all adults are unable to write a simple letter. The proportion of children under-five who are malnourished also points to extreme poverty. About a quarter of all children under five are stunted and underweight; a tenth are wasted. Of great concern also is the proportion of children who die before their first and fifth birthdays due to preventable diseases. About 57 and 108 out of every 1000 live births die before their first and fifth birthdays respectively.

The poorest in urban and rural areas face harsh conditions of unreliable water supply, poor sanitation, pollution, and limited access to power supplies and to poor nutrition. Emerging forms of exclusion also depict worsening vulnerability. These include the phenomenon of street children, increasing child labour; the phenomenon of *Kayayei*, families plunged into poverty by HIV/AIDS and victims of traditional harmful practices and domestic violence.

#### 8.1.1 *Who are the Vulnerable and Excluded*

GLSS 4 and Participatory Poverty Assessments survey identify the extreme poor or vulnerable and the excluded to include the following:

- i. **Rural agricultural producers**, particularly migrant farm hands, settlers and traditional fishermen and food crop farmers in the country are extremely poor. In addition, food crop farmers contribute nearly two-thirds of total extreme poverty; almost double its share of the total population.
- ii. **Children in difficult circumstances**, including the quarter of children under five who are malnourished, victims of child labour, street children, about a quarter of children of school going age who are not in school, about a fifth of boys and a third of girls

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<sup>34</sup> Or the proportion by which the average consumption level of (extreme) poor households fall below the poverty line.

- who have dropped out of primary school, children living in institutions and children orphaned by HIV/AIDS.
- iii. **People living with HIV/AIDS**, including infected persons and families of people living with HIV/AIDS.
  - iv. **Displaced communities**, particularly those subjected to periodic flooding/drought, negative effects of mining and tourism and ethnic conflicts.
  - v. **Disadvantaged women**, particularly single mothers, malnourished rural pregnant and nursing mothers, teenage mothers, *Kayayi* and commercial sex workers.
  - vi. **Residents of urban slums**, including groups negatively affected by reform programmes of the 1980s and 1990s, particularly redeployed workers and unemployed youth, and areas affected by relocation/decline of economic activities, including indigenous low-income neighbourhoods.
  - vii. The **elderly** who have no access to family care and pension.
  - viii. **Physically-challenged persons**, particularly those with no employable skills.
  - ix. **People suffering from chronic diseases**, including victims of debilitating diseases such as tuberculosis, buruli ulcer, guineaworm, trachoma, bilharzia and breast cancer.
  - x. **Drug Addicts**
  - xi. **Victims of abuse**, particularly children and women suffering from sexual abuse and battery.
  - xii. **Victims of harmful traditional practices**, especially victims of harmful widowhood rites, early marriage, servitude, fosterage and perceived witchcraft.
  - xiii. **Unemployed**, especially unskilled retrenched workers and the unemployed youth.

### *8.1.3 Development Constraints and Key Issues for Policy*

The analysis of problems faced by vulnerable and excluded groups in improving their living standards, causes of the problems and characteristics of each group reveals a number of key development issues. These can be categorised into those that require:

- i. Reform of macro and sector policies to reflect the needs of the extreme poor/vulnerable and excluded, that is, mainstreaming the needs of the vulnerable and excluded into general public policy, and having the elimination/reduction of vulnerability and exclusion as key national policy objectives
- ii. Specific interventions for identified vulnerable and excluded in particular locations

A summary of key issues to be addressed by macro and sector policies include the extremely low and fluctuating profits made by the average farmer/ fisherman, particularly in the northern savannah and coastal belt; lack of viable alternative economic activities in rural areas, particularly the northern savannah; the limited impact of economic policies on gainful employment generation for the poor; and the limited opportunities for improved apprenticeship, vocational & technical training.

Specific interventions must address the high levels of malnutrition, particularly among children and rural pregnant and nursing mothers; inadequate supplementary feeding programmes; inadequate education on nutrition and maternal care in the rural areas; prevalence of debilitating diseases, particularly buruli ulcer, guinea worm and tuberculosis, trachoma, bilharzias and breast cancer; decreasing medical consultation by sick people; and increasing levels of drug abuse.

Special programmes for the vulnerable and excluded will include the establishment of systems that provide resources to ameliorate conditions of extreme poverty and social deprivation. The focus will be on interventions that have not been mainstreamed in the other sections of the GPRS.

Table 8.1: Targets for programmes for the vulnerable and excluded.

|   | 2000*   | 2005    |
|---|---------|---------|
| Increase in number of workers covered by social security schemes                | 800,000 | 900,000 |
| New street children reintegrated into mainstream society                        | -       | 10,000  |
| New number of <i>trokosi</i> victims reintegrated into mainstream society       | -       | 2,000   |
| Residents of urban slums covered by redevelopment programmes                    | -       | 500,000 |
| Regions with an adequately equipped rapid response unit for disaster management | 0       | 10      |

\* Or latest year

## 8.2 PROGRAMMES FOR THE VULNERABLE AND EXCLUDED

Programmes for the vulnerable and excluded will seek to:

- Expand the coverage of and the effectiveness of essential services for poorest groups and geographical areas
- Develop systems that enforces rights on protection, especially for children and women
- Prevent disasters and mitigating their impact on the poor

Nongovernmental organisations have a strong comparative advantage in responding effectively to the needs of the vulnerable and excluded. Direct government support will therefore focus on areas where there is a marked gap in service delivery, including regulation of social security schemes, provision of investment for slum upgrading, prevention and management of disasters and coordination of service delivery. Nevertheless, policy development support will be provided and special funds from ongoing projects opened up for implementation of the remaining priorities, directly by nongovernmental organisations or in partnerships with government agencies. Interventions are therefore structured according to the following two broad areas:

- Direct state interventions for the vulnerable and excluded
- Partnership programmes with nongovernmental organisations

### 8.2.1 *Direct State Interventions For The Vulnerable And Excluded*

#### 8.2.1.1 Expansion of social security schemes

The GPRS proposes the expansion of social security schemes by 100,000 workers through increasing the effectiveness of the Social Security and National Insurance Trust (SSNIT). SSNIT will be mandated to introduce a mutual health insurance scheme to cover at least 500,000 workers. In addition, the provision of a regulatory framework for the operation of private social security schemes and the public marketing of social security schemes will be intensified especially to the informal sector.

### 8.2.1.2 Slum Upgrading

Uncontrolled human settlement development has led to chaotic urban sprawl and the development of slums. Slum upgrading, including classification of slum areas according to extent of deprivation, will be undertaken. Participatory development methods will be used in the implementation of upgrading schemes. The programme for slum upgrading will start in old neighbourhoods with high population densities. Ongoing interventions to upgrade old Accra will be intensified in this regard.

The GPRS focuses on strengthening physical planning and the development and enforcement of planning schemes. District Assemblies are required to acquire lands to be earmarked for public use such as sites for schools, markets, and parks.

### 8.2.1.3 Disaster Management

Natural and man-made disasters have been more frequent in recent years, working strongly against sustaining poverty reduction, especially in northern Ghana. Preventing disasters and mitigating their impact on the poor is a priority under the GPRS. The programme on disaster prevention and management will therefore aim at significant reduction of disruptions in all its forms that are caused by natural and man-made. This will be achieved through the establishment of rapid response units for disaster management at the regional level including the military, and the development of predictive early warning systems.

The GPRS will also focus on the development of the capacity of agencies involved in the management of disasters, especially in methods for establishing the nature, form and scale of a disaster and subsequent remedies. Effective means of communication between disaster prone areas and Accra will also be established.

### 8.2.1.4 Coordinating service delivery

Capacity support for coordinated service delivery will be built through policy development and adoption to protect vulnerable groups, particularly the disabled, street children and excluded women and children; and to promote the development of the NGOs sector. Other measures include protecting the budget for running costs of the Department of Social Welfare and of Community Development, strengthening of CHRAJ, Women, Juvenile Units (WAJU), regional offices of Ghana National Commission on Children (GNCC) and the National Council on Women and Development (NCWD), the Departments of Community Development and of Social Welfare.

The legal system will be streamlined to more effectively address gender-based violence, violation of freedoms and to protect property rights of spouses and protection of children, the elderly and the disabled. In addition, the repeal laws that are discriminatory against women will be undertaken.

## 8.2.2 *Partnership Programmes With Nongovernmental Organisations*

Partnership programmes with NGOs will include special programmes for community based rehabilitation and education for physically and mentally challenged persons, the provision of facilities and basic material support for schools for the blind and deaf and orphanages and community-based programmes for the elderly.

Other programmes include the intensification of advocacy against child betrothals and abuse of children, intensification of awareness on the Convention on the Rights of the Child and the Children's Act, especially provisions against child labour and the enforcement of legislation on *trokosi*, female genital mutilation (FGM), and other laws on protection. The design and implementation of elements of International Programme on Elimination of Child labour (IPEC) in major towns will be undertaken. Law enforcement agencies will be sensitised on gender issues.

For programmes on alternative education for out-of-school children, see section on Education. Special support programmes for people living with HIV/AIDS are included in the section HIV/AIDS.

## **9.0 GOVERNANCE**

### **9.1 AN OVERVIEW**

#### *9.1.1 The Concept of Governance*

Governance, that is the act of governing, denotes the responsive relations between the state, the private business sector and civil society such that social well being, social justice and equity are attained and maintained in an environment of sustained economic growth, freedom, rule of law and respect for human rights

Government, as an institution, comprises the political leadership and the public service. There must be a symbiotic relationship between these two levels for effective governance. Civil society comprises community and pressure groups, non government organisations, civil society organizations, professional associations, labour movements, the media and other associations representing social and occupational groups, including the poor, vulnerable and excluded.

Good governance is dependent upon the efficient and decentralized management of public policy in which people are empowered to participate in and influence the process of poverty reduction and the sustainable growth of the economy. Most essential is the need for legal, regulatory and institutional frameworks, which promote and sustain the accountability of government business and government machinery by the public at large and civil society organisations.

#### *9.1.2 Public and Private Sectors*

Arrangements in the allocation of power within and without government and the values inherent in such allocations must be built around the concept that the public and private sectors have complementary roles in which each does what it does best. They must act together as the *change agent* for the transformation of the economy and society. Such an approach necessitates a change in attitudes and roles at a political and official level. New mechanisms will be required to ensure collaboration between public and private sectors. At a political level, government needs to embrace civil society in terms of its ability to provide an input into economic, financial, industrial and commercial policy issues. MDAs generally restrict their policies and plans to those related to government expenditure. However effective governance demands that government development plans at all levels provide for an approach in which an enabling environment is provided for the private sector and that public and private sector development is integrated into mutually supportive programmes.

#### *9.1.3 Capacity Of The Public Service*

The capacity of the public service remains low through a combination of factors. The three most important are probably the lack of effective institutional structures, roles and procedures, the lack of enforcement, and the unacceptably poor conditions of service. Significant improvements to the latter represent a component without which the government reform programmes and the Ghana Poverty Reduction Strategy are unlikely to succeed. Lack of clarity in and enforcement of public sector structures, roles and procedures leads to unpredictable decisions and activities. Institutional restructuring, particularly of the Central Management Agencies (CMA), has been disappointingly slow and ineffective and needs to



be revisited. At least in one case the proposals suggest a lack of knowledge of the technical and administrative processes involved. It would appear that additional expertise on institutional reorganisation and job evaluation would be an advantage<sup>35</sup>. Slow progress has been exacerbated by a reluctance of institutions to embrace reform but this must be a requirement of the public service and enforced. In this context ownership of the reform process by the target institution is essential for success. Effective restructuring of the public service is essential for increased capacity

#### *9.1.4 Public Sector Reforms*

The recent process of overall reform of the machinery of government, decentralization and decomposition of power was begun in the early 1980<sup>s</sup>. The Economic Recovery Programme (ERP) and the Structure Adjustment Programme (SAP) brought about fiscal discipline but they could not and were not intended to achieve the necessary structural changes to the economy. They widened the gap between rich and poor. The Programme of Action to Mitigate the Social Cost of Adjustment (PAMSCAD) served an immediate purpose as an ameliorative measure but was belated and not sustained. Wide-ranging proposals by the Public Administration Restructuring and Decentralization Implementation Committee (PARDIC) were only partially implemented.

The National Institutional Renewal Programme (NIRP) was begun in 1994 and comprises three main elements, viz.

- Public Sector Management Reform Programme (PSMRP)
- Public Finance Management Reform Programme (PUFMARP)
- Civil Service Performance Improvement Programme (CSPIP)

These elements represent a comprehensive and impressive package for which the NIRP management team and the OHCS have worked hard and carefully to achieve momentum. Despite a number of significant improvements empirical observation suggests that the public service overall has no more capacity and is no more effective than five years ago. Four policy objectives were set out in 1999. These were the achievement of good governance, accelerated growth and equitable social development, a core compact public service and enhanced public private partnership. Contributory factors to the failure to achieve these objectives appear to include:

- A lack of sustained political commitment to the reforms and to the institutions responsible for carrying out the reforms
- Lack of strong leadership in the public service
- Failure to enforce rules, regulations and instructions
- Lack of delegation of responsibility to Director level and below
- Dysfunctional relationship between political and public service decision makers
- Failures to enforce the effective implementation of agreed policies and programmes
- Lack of clear, unequivocal institutional structures, roles and procedures in the public sector.
- Lack of observance of existing rules and regulations
- Apparent lack of institutional ownership of reforms
- Inadequate resources and provision of funds in a timely fashion

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<sup>35</sup> It may be advantageous to obtain assistance from, e.g., the USA Office of Personnel or the UK Treasury

- Absence of MDA procedural and operational manuals
- Lack of performance related terms of reference
- Unacceptably poor conditions of service

It would appear that the totality of the public sector reform programme might be beyond the capacity of available human and financial resources to plan and implement

Provision of a National Oversight Committee (NOC) is sound and essential. Large committees tend to turn themselves into *talking shops* and frequently lack teeth. A smaller committee with appropriate civil society representation would provide a better *pressure group* responsible to political authority. Despite the above comments a considerable amount of work has been undertaken by NIRP and OHCS. However the reform process cannot proceed effectively without sustained and palpable political commitment, the enforcement of agreed proposals for reform from a political and official level and provision of adequate resources.

#### *9.1.5 The Role of the Private Sector In Poverty Reduction*

The GPRS identifies programmes and projects for implementation by the public and private sectors. It is an accepted fact that the development of any nation depends on the active participation of the private sector. To this end the GPRS proposes policy changes needed to create an enabling environment for the effective private sector-led growth. These policy measures are in the area of macro-economic stability, creation of new institutions and the restructuring of existing ones to make them more responsive to the needs of the private sector and promulgating or enforcing laws and regulations relating to production and employment.

In terms of macro-economic stability, appropriate policy measures to reduce inflation, reduce interest rates and stabilise the foreign exchange rate to facilitate investment and reduce the financial cost of doing business are outlined in an earlier chapter. Institutions such as the Customs, Excise and Preventive Service (CEPS) will be reorganized to enhance efficiency and reduce *red-tapeism* and time lost in import and export transactions. Anti-business laws and regulations that impede the efficiency of the private sector will be reviewed.

The newly established Private sector Development Ministry will be developed to ensure coordination of sectoral efforts aimed at eliminating bureaucratic restrictions and impediments and promote positive attitudes towards entrepreneurs. It will also explore linkages and synergies between sectors for a greater impact on the growth enhancing and poverty reduction measures proposed. Furthermore, proposals in the GPRS forge the development of a partnership between public and private sectors such as the outsourcing some of the management of public facilities to private sector operations.

On the research front, the GPRS will encourage partnership between research institutions such as the Council for Scientific and Industrial Research and the private sector to ensure that these institutions develop appropriate technologies for adoption by the private sector. Tax incentives will be provided for private sector research and development as well as tax incentives for investment in social programmes with low returns.

### 9.1.6 *Devolution Of Power*

Proposals for decentralization and the devolution of power to the District level were originally made in the 1980<sup>s</sup>. Progress has been extremely slow due to reluctance within the public service and a lack of sustained political commitment. Lack of resources has imposed limitations on the ability of District Assemblies to undertake the tasks demanded of them by decentralization. The relationship between District and Region remains unclear. Opinions differ as to whether Regional departments are part of central or local government. Clarity is demanded here. Regions can play a very important role as the second tier of government and as a link between local and central government. The role of RPCU needs clear definition. They have an important responsibility in assisting and advising Districts in the preparation of development plans, policies, programmes and projects. A Regional development framework integrating national and local policies and priorities is an essential tool and should be prepared by RPCU.

Decentralization is pivotal to the provision of democratic governance, transparency, the greater involvement of communities in poverty reduction, growth and the surveillance of central and local government machinery. A major programme to strengthen the capacity of District Assemblies is essential. This must be phased in with the completion of *de facto* decentralisation, including fiscal decentralization, establishment of District Assemblies as District Education Authorities and with greater responsibilities over health matters. Establishment of a Local Government Service is a necessary component to decentralisation. These steps must be associated with a willingness at the local level to take responsibility and to use it with sound judgement and discretion. Funding must be provided to enable District level staff to do so. The Local Government Service Bill needs review to ensure that, ultimately, provision is made for full control over District business by Assemblies, including staff matters.

### 9.1.7 *Accountability And Rights Protection*

It is a characteristic of bureaucracies, at both political and official level, to hoard and manipulate information. Information on money matters remains very difficult of access. Access to government information is inhibited by entrenched attitudes and exacerbated by official secrets legislation dating back to the colonial era. The need for a *Freedom of Information* law is paramount. Providing meaningful public access to information on government business requires fundamental changes in political and bureaucratic culture. The public service requires training in the requirement of openness in line with the civil service code of conduct and the proposed *Freedom of Information* legislation. Provision of legislation is not enough. Strong and close oversight mechanisms are essential at national and local level. These should comprise government and civil society membership with proactive powers on access to and delivery of information and enforcement. Agreement is required between government and civil society on information to be made available to the public. This information should be made available on a website and through the media in a timely fashion. Transparency and accountability is of particular importance in all financial matters. Public accounts and other financial instruments must be opened up to the public at large. Civil society must be enabled to debate budget proposals at national and local level. The identification of civil society with government policies and with nation building is, *inter alia*, a product of the openness of government. Openness is ensured by rules and practices on the access of citizens to information. A statement of principles backed up by legislation and a legal framework to provide for efficiency and probity in public office is essential.

### *9.1.8 The Legal Sector*

The entrenchment of the rule of law is government's overriding consideration in the exercise of public policy. Particular problems occur over a wide spectrum of human rights issues and protection of access to assets and contracts. Weak legal provision, lack of information and failure to enforce existing regulations and legal provisions conspire to exacerbate the position of the vulnerable and excluded, including women. Laws regarding the enforcement of contracts are inadequate.

Poverty reduction, protection of the vulnerable and excluded and sustainable growth require the formulation and implementation of new justice sector strategies. What is required is a systematic improvement in performance by providing an important link in forging a conducive investment climate. It must also ensure that safeguards are provided in support of fundamental human rights, particularly in respect of the poor, the vulnerable and excluded.

### *9.1.9 Land Administration Reform*

Reform of land administration systems is urgently required. Insecurity of tenure is endemic and has bearing upon both poverty reduction and economic growth. Failure to provide for the protection of land rights and prevention of abuse of traditional and institutional procedures place the poor, the illiterate and women most at risk. Compulsory acquisition procedures tend to exacerbate the situation. Failure to provide legal security of tenure ensures that promotion of the agricultural sector from near subsistence farming and a way of life into a dynamic entrepreneurial activity is inhibited if not prevented altogether. On the one hand action is required to protect the rights of the poor, vulnerable and excluded. On the other hand action is needed to ensure land becomes a tradable asset. Security of land tenure is pivotal to the development of the rural environment, which is the catalyst for the transformation of the national economy. Solutions to these two issues can give rise to conflicts. Land tenure reform must be accompanied by close monitoring to detect adverse effects upon the poor for which safety nets may be required.

The GPRS proposes the provision of protection of land rights and prevention of abuse of traditional and institutional procedures, which place the poor, the illiterate and women at the most risk. It is proposed that land tenure reforms be accompanied by close monitoring to detect adverse effects upon the poor for which safety nets will be provided. The strategy recognises that streamlining the legal definitions of stool and family lands will facilitate rational land management for investment.

The provision of legal security of tenure will promote the transformation of the agricultural sector from near subsistence farming and a way of life into a dynamic and profitable entrepreneurial activity. The issue of land as a tradable asset will be promoted to ensure that traditional authorities and landowners obtain the maximum benefits from land.

Government will facilitate the streamlining of land administration in the country as part of its long-term commitment to reduce poverty and enhance socio-economic growth of rural communities.

## 9.2 KEY ISSUES AND POLICY AREAS

The fundamental principles upon which responsive governance rests include:

- Timely access to justice
- Transparency of government decision making
- Accountability in both public and private sectors
- Public participation in decision making, decentralization of responsibilities and devolution of power
- Observance of both rights and responsibilities
- Discipline and observance of laws, rules and regulations in both public and private sectors

The application of these principles to reduce human deprivation, promote human rights and achieve sustainable growth requires close, determined and sustained political commitment and a dedicated public service of high capacity.

In the process of empirical study and consultations the following key issues in relation to poverty reduction and growth have emerged.

### Capacity and role of the state

- Political commitment
- Proactive parliamentary participation
- Definition of role of the state
- Rationalization of policy making and implementation roles
- Institutional capacity for reform
- Distribution of power between national and sub national levels
- Role of civil society
- Role of Traditional Authority related to the poor, vulnerable and excluded
- Alignment of resource allocations with poverty reduction and growth

### Resource generation, allocation and management

- Mechanisms and procedures for accountability and control of public spending
- Public participation in budgeting
- Oversight role of civil society
- Weak poverty focused skills in budget development
- Excessive allocations on general administration
- Weak resource generation and allocation skills at local level.

### Equity and redistribution

- Gender discrimination
- Geographical imbalances in distribution
- Weak capacity for poverty targeted planning and implementation
- Failure of poverty targeted programmes to reach the vulnerable and excluded
- Inadequate public participation, particularly representing the poor, in policy making and implementation
- Redistribution measures not incorporated in planning and budget processes.

### Oversight and rights protection

- Definition of responsibilities in monitoring governance and poverty issues

- Oversight role of civil society
- Capacity of civil society to advocate reforms
- Implementation and observance of laws and regulations protecting the poor, vulnerable and excluded
- Representation of the poor on oversight bodies
- Capacity to undertake research on poverty, on poverty monitoring and human rights
- Reform of land administration

These issues will be approached under the following main headings:

- Public Policy Management
- Decentralization
- Public Expenditure, Procurement and Asset Management
- Transparency and Accountability

### 9.2.1 PUBLIC POLICY MANAGEMENT

**Targets for 2003 to 2005 are as follows.**

Activities which should be commenced as soon as practicable but which will probably be completed after the plan period are included in the annexe to this section

Table 9.1: Targets for Effective Public Policy management

|   | Target date |
|---|-------------|
| Parliamentary Committee on poverty reduction established  | Completed   |
| Cabinet committee on poverty reduction established  | 2003        |
| Parliamentary Committee and sub committees on Public Finance and Budget strengthened  | 2003        |
| Monthly reporting to Parliament on the implementation of the GPRS established   | 2003        |
| Government and civil society agreed on priority mechanisms and activities for anti-corruption measures  | 2003        |
| Responsibilities and relationships between CMA defined, published and enforced  | 2003        |
| Technical body, with TORs, provided by CMA for coordination of strategies of financial management, human resource management and development policy | 2003        |
| Roles of NDPC, MEPRC and MOF rationalised, defined and enforced   | 2003        |
| Responsibilities for long and medium term plans for long and medium term plans and expenditure forecasts determined and enforced                    | 2003        |
| Interim system for monitoring poverty reduction and growth established  | 2003        |
| PPMEDs located as secretariat to Chief Director   | 2003        |
| Alternative Employment Programme operational  | 2003        |
| SA Reform bill passed into law  | 2003        |
| Coordination between Judiciary, Ministry of Justice, Police and Prisons service achieved  | 2003        |
| Procedural hand books for all MDA published   | 2003        |
| Performance related TORs for all public service staff introduced and enforced   | 2003        |
| Mechanism for permanent dialogue between Government and Civil society established and implemented   | 2003        |
| Roles and procedures for Sectoral, Regional and District Planning units defined and enforced  | 2003        |

|   |      |
|---|------|
| Forty year loan for five year programme for upgraded public service salaries and right sizing negotiated                          | 2003 |
| Legal review completed  | 2003 |
| Community Tribunal system abolished   | 2003 |
| District Courts established country-wide  | 2003 |
| Backlog of pending cases before the courts reduced and remand sections in the prisons decongested                                 | 2003 |
| Training in basic prosecution skills for police prosecutors provided  | 2003 |
| Legal Aid Board strengthened  | 2003 |
| Alternative Dispute Resolution (ADR) promoted   | 2003 |
| More efficient mechanisms to ensure accountability of magistrates promoted  | 2003 |
| Mechanisms, including NADMO and military & police service, to ensure effective action against life threatening events established | 2004 |
| National and local departments of Social Welfare and Community Development strengthened   | 2004 |
| Negotiations on land reform completed   | 2004 |
| Legislation on land reform passed into law  | 2004 |
| Separation of policy and implementation roles of MOH/GHS and MOE/GHS and other MDA achieved                                       | 2004 |
| Small Claims Courts established in all District Magistrates Courts  | 2004 |
| Juvenile and Family Courts at the District level reconstituted  | 2004 |
| Libraries for lower courts and logistical support for Registrars and Bailiffs extended and provided                               | 2004 |

#### 9.2.1.1 Deepening effective Political involvement in support of Poverty Reduction and Growth

Effective political involvement and commitment is essential to the progressive implementation of measures for poverty reduction and sustainable economic growth. The role of Parliament is critical. Political involvement must also encompass relationships with civil society and Traditional Authority and on issues of good governance and the fight against corruption. There is the need to bring parliament closer to the people.

##### a) Political Oversight

In the last analysis effective governance for poverty reduction and sustainable economic growth is dependent upon the will of Parliament and the Executive. In the past Parliamentarians have often failed to address themselves to critical matters of governance. Parliament has rarely challenged the executive regarding, for example, failure to achieve or even implement policies within the Medium Term Development Plan (MTDP). In the first instance the need is to provide machinery by which Cabinet and Parliament have the opportunity to scrutinize the implementation of policies within the GPRS. This can best be achieved by committees of Cabinet and Parliament dedicated to over-viewing progress in achieving policies supporting poverty reduction and growth. A periodic progress report to Parliament on progress in implementing the GPRS is essential to facilitate an overview. The power of the Parliamentary Committee and Sub Committees on public finance and the review and approval of national budgets and expenditures also needs to be strengthened. Provision of a research capacity for Parliament, particularly in respect of economic and financial matters, is essential.

b) Traditional Authority

Although sometimes regarded as an anachronism, nevertheless Traditional Authority continues to wield influence, particularly in the rural environment. Mechanisms are required to facilitate a permanent and institutionalised dialogue between government and the Chieftaincy to ensure the alignment of policies. Traditional Authority has a part to play in facilitating government policies. Of particular importance is the future role of the latter in support of land administration reform a key factor in economic growth and in the protection of the vulnerable and excluded.

c) Corruption

Endemic corruption has a debilitating effect upon governance and leads to distortions in policy formulation and implementation. Government has demanded zero tolerance on corruption in both public and private sectors. Action is required on a broad front by both government and civil society effort. In the first instance the campaign should be targeted at the most palpable incidents perhaps in relation to construction contracts and land. Codes of conduct are required for the public service, corporate and non-profit making bodies and Traditional Authority. Monitoring mechanisms specifically related to corrupt practices jointly managed by the public sector and civil society should be established as soon as possible. Relations between government and civil society have been marred in the past by endemic corruption and by society's perception of corruption as indicated in the *Ghana Governance and Corruption Survey* conducted by the Centre for Democracy and Development. The *Action Plan* prepared by the Ghana Anti Corruption Coalition must be implemented expeditiously and without fear. Law and order enforcement institutions require strengthening to enable them to tackle corruption effectively. Public disorder and anti social behaviour has greater adverse effect upon the poor than the affluent

9.2.1.2 Increasing the Capacity of the Public Service

Poverty reduction, sustained economic growth and government's public sector reform programmes are dependent upon a public service of high morale, commitment and capacity underwritten by the political leadership. The public service does not lack talent but appears to lack discipline, vision and direction. Thirty years of attrition have left their mark. Returning the service to the high standards, of the 1950s and 60s requires a total commitment to public sector reform, the enforcement of standards effective delegation of power to Directors and below, and appropriate conditions of service.

a) Service Size and Compensation

Action is required progressively to improve conditions of service for the public sector up to standards of the 1960s. This must be accompanied by job evaluations<sup>36</sup> in all MDA to facilitate right sizing and the matching of skills with tasks and a basis for future recruitment. An appropriately sized and adequately compensated public service represents an essential and priority component without which the reform programmes, poverty reduction and sustainable economic growth cannot effectively be implemented. Reform of the public sector pay policy is urgently required. Improved conditions of service cannot, at present or in the near future,

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<sup>36</sup> It may be advantageous to obtain assistance from, e.g., the U.S.A Office of Personnel or the U.K. Treasury



be funded out of revenue. It is proposed that a forty-year loan be negotiated for a five to ten year programme of right sizing and improved service conditions. At the end of the loan period the economy must be able to support these conditions out of revenue, as in the past. Loan funds would also need to cover enhanced and attractive end of service benefits, particularly for those proceeding on early voluntary retirement or as a result of the right sizing exercise. Right sizing requires very careful and skilful analysis of workloads and capacities; a percentage reduction of staff across the board would not be meaningful. Staff needs will vary by MDA. In some cases it is possible that divisions, departments and agencies may require staff supplements. The phasing of right sizing and improved conditions of service requires to be worked out with great care and exactitude. Assumptions on the development of an economy to support the financial implications of improved conditions and rightsizing must be established and monitored for continuing relevance and achievement. The Alternative Employment Programme (AEP) should be reviewed as to its suitability as a component in the exercise on service size and compensation.

Future recruitment into the public service must observe the principle of relative gender equity, a principle which should also be observed in promotion exercises. Both of these activities should strictly observe provision of certificates, experience and references appropriate to task and post. This demands the provision of performance related terms of reference. Standards may be difficult to achieve in the future. The current scholastic standards for university entry would appear to create problems for quality tertiary education at the under graduate level. Alternative strategies to overcome this apparent problem must be devised at an early date.

#### b) Public Sector Management Reform

The impressive and comprehensive public sector reforms planned in the 1990s under the National Institutional Renewal Programme (NIRP) and the Civil Service Performance Improvement Programme (CSPIP) have been noted. Reasons for the limited progress and success, despite all efforts, have also been noted earlier. It would appear that at present these programmes are beyond the capacity of the public service and available consultancies for effective planning implementation in terms of human and financial resources. These reform programmes need a further careful and in depth review. First to chart actual progress made in respect of the indicators of performance set, and second, to provide a more realistic estimate of what can be achieved within the life of the current administration. A revised programme should include precise objectively verifiable indicators for each aspect of the reform programmes and for each stage. Ownership by the target institution for reform is essential for successful implementation. Reform and restructuring of MDA, including CMA, needs a problem identification and problem solving approach. In some cases restructuring proposals appear to have been based upon preconceived ideas and not on the realities of the situation. Restructuring must be designed within the complex requirements of public administration systems and not necessarily based upon more simple private sector business management requirements. The provision of public goods requires a specific and unique approach. A detailed monthly report on indicator achievement in relation to each objective of the reforms should be made to the NOC who should be required to report to Cabinet and Parliament at regular intervals. The NOC should be reconstituted as a much smaller and higher level body and should include appropriate private business sector representation.

Reform that is adjusting to changing circumstances and upgrading performance is a continuous process and not a one – off exercise. Each MDA should be required to monitor its

structure, roles and procedures in relation to need continuously. This could be achieved by the provision of a small Management Services Unit (MSU) within the office or secretariat of the Chief Director. A similar arrangement could be made in relation to Policy, Planning, Monitoring & Evaluation Divisions. Policy is the responsibility of the Chief Director and could be strengthened by having the directorate responsible for advising on policy and coordinating the activities of subject divisions, an important planning activity, as part of the Chief Directors secretariat. This should not detract from the principle of delegation. There is a tendency for Chief executives to hoard power and control, creating administrative congestion and delays in decision making. Another aspect of decentralisation relates to the budget. Once proposals for the right sizing and enhanced conditions of service start to be implemented MDA should be made responsible for levels of personnel subject to performance criteria. MDA could, for example, evolve a staffing strategy in which improved efficiencies permit a reduction in PE to the advantage of investment.

An essential ingredient to ensure public sector capacity and performance is the provision of performance related terms of reference for all public service personnel. Of equal importance are procedural and operational manuals for all MDA setting out processes and requirements in relation to every aspect of the institutions responsibility. All appropriate activities should be time-bound. They should include details of the monitoring and evaluation roles of the MDA in general and PPMEDs in particular which must be within the context of a comprehensive Management Information System (MIS). The monitoring and evaluation roles of NDPC, MEPRC, MOF, RPCU and DPCU must also be identified, rationalised, committed to manuals and enforced.

### 9.2.1.3 Increasing the Capacity of the Legal Sector in support of Poverty Reduction and Growth

The capacity of the state to ensure legal protection against human rights abuses, unforeseen disasters, the vulnerability of the poor, security of contract and assets must be enhanced. A review of current legislation is required in order to ensure consistency and compatibility of laws with policies inherent to this strategy. The issues of concern include

- Decentralization
- Human rights
- Gender equity
- Public safety
- Security of contracts
- Disaster management

#### a) Strengthening the Courts

In the process of the systematically improving the performance of the legal system it is necessary to strengthen the courts, especially the lower courts, in order to provide adequate protection of the rights of individuals. The system must also ensure access to justice for the rural majority as well as the urban poor and the socially disadvantaged. The poor and other vulnerable groups in society face barriers of cost and locational accessibility in seeking to protect their rights to land and inheritance or to settle disputes fairly. The poor are the most affected by the inequalities and delays in functioning of the criminal justice system.

Improved performance of the lower courts is of particular relevance to chieftaincy and land disputes. Other important grounds for disputes and litigation are maintenance, custody, inheritance and other family related issues. Provision of District Magistrate Courts in all district capitals will provide geographically equitable access. This will facilitate the abolition of the Community Tribunal system which does not function well. Each District magistrate's court will include provision of a Small Claims Court, Juvenile and Family Courts will be reconstituted at the District level. The provision of two fast track High Courts is a welcome innovation and six more are to be introduced during the year. The use of such information technology should be made universal.

These improvements will lead to a significant reduction in the backlog of criminal cases pending before the courts. The strengthening of the Legal Aid Board, instituting legal literacy programmes, promoting the use of Alternative Dispute Resolution mechanism and the greater accountability of magistrates will give greater credibility to and enhance public confidence in the impartiality of the court system. Access to justice is an essential pre requisite to good governance. Of particular importance is the reform of land administration systems. There are two requirements of this reform. The first is to give security of tenure to protect the poor and vulnerable and to ensure access to land as an asset. The second is to provide security of tenure to ensure land is tradable. The transformation of the rural environment which is a prerequisite to stability and growth of the national economy is dependent upon it. Reform of the land administration system necessitates a significant decentralization of the administration process to ensure adequate access, particularly for the poor, and in the interest of efficiency. Access of women to land requires particular attention.

#### b) Public Safety

The ability of the police service to provide public protection needs to be strengthened. Provision of protection against unforeseen disasters, which more adversely affect the poor, necessitates better coordination and involvement of the military and police with the National Disaster Management Organisation (NADMO).

#### 9.2.1.4 Rationalising and Defining Structures, Roles and Procedures

Public service organisations represent highly complex administration systems, which cannot operate without effective institutional structures and clarity in roles and procedures. Over several decades the slim and efficient structures of the Ghana public service have deteriorated and have been compromised by unsustainable and *ad hoc* administrative arrangements. The absence of performance related terms of reference and procedural and operational manuals have contributed to a lack of clarity in roles of both institutions and personnel and a lack of sustained, recognizable and efficient procedures.

Proposals for upgrading conditions of service must be accompanied by a review, definition and enforcement of appropriate structures, roles and procedures for the efficient discharge of government business

#### a) Ministries, Departments & Agencies

The restructuring of CMA appears to have been less than successful and needs to be revisited. CMAs have specific and overarching roles to perform independently and jointly for which it is essential to provide a coordinating mechanism. In particular the latter should have provided

a forum in which the implementation of the governance objectives in the GPRS should have been planned and validated. The interdependent roles of CMA need clarification and enforcement. What is urgently required is a technical committee, responsible to Cabinet, comprising representatives of CMA to coordinate financial management, human resource management and development policy.

Each MDA has a *Mission Statement* suitable for their purpose. These need to be substantially amplified and reflected in each MDA procedural and operational manual. These must set out time bound procedures and activities, required of the constituent parts of the MDA in the discharge of the *Mission Statement*. Without these provisions operations cannot proceed efficiently. It is important that institutional structures are designed specifically for each MDA. Though there will be common features such as PPMEDs and budget office other needs may vary. It is also very important that MDA participate in the restructuring exercises and in identifying roles and procedures. Institutional changes must be owned by the institution or experience shows they are not implemented.

#### c) Development Roles

The development roles of agencies need clarification and the institutions strengthened in some cases. NDPC, MEPRC and MOF have particularly important and complementary roles in relation to long and medium term planning and the annual budget. There are overlaps and inconsistencies. The processes for preparation of the MTDP and MTEF need to be reviewed and rationalised. These processes must be seen and planned as part of a continuous and integrated operation. For this purpose an operational manual is required setting out the process for preparation of the MTDP. Consequential changes will be required to the draft MTEF Handbook. Stage 2 in the development of the MTEF process is anticipated. It is essential that any further development of MTEF by MOF should be planned in close association with NDPC and MEPRC. The complementary roles of each institution within procedures for the joint preparation of MTDP and MTEF must be clearly defined.

#### d) Sectoral, Regional and District Development Planning

Other institutions central to the development planning process and, therefore, to strategies for poverty reduction and growth are sectoral PPMED, RPCU and DPCU. Observation shows that these agencies do not necessarily carry out the roles for which they were created. Policy formulation and planning is frequently carried out elsewhere than the PPMED. RPCU, generally, are not required to carry out a meaningful planning function. DPCU in northern Ghana have had success in participatory planning with the active cooperation of communities where appropriate assistance has been provided. Strengthening the capacity of DPCU to plan in association with communities and to coordinate the activities of District departments as a collaborative exercise is particularly important. It incorporates communities and representative groups of civil society into the development policy making process and also provides the national level with an understanding of peoples priorities. This is an area where further funds should be directed to balance the excessive amounts spent at national level on goods and services. Operational and procedural manuals for development planning are required to strengthen NDPC, PPMED, RPCU and DPCU. A universal system of development planning based upon problem solving models, objective trees and log-frame from national to local level is required. NDPC/MEPRC must play the central role in developing and providing a methodology for integrated, interdisciplinary, cross sectoral and participatory planning.

Particular attention is required in rationalising and defining the role of RPCU. They occupy a pivotal position between national and local level development policy formulation and have a potential role in providing a synthesis of national policies and local aspirations. They must also play a coordinating role in the sub sectoral and locational allocation of DACF and funds from MDA for expenditure at Regional and District levels. For the year 2003 RPCU, in association with Regional departments, should be required to arrange workshops for District Assemblies and their departments to enable a consensus to be reached on the distribution of funds by activity and location. Actual expenditure would, for the time being, remain under the control of MDA and Regions as at present. The choice of location and specific topics for expenditure by Districts would represent a modest measure of decentralisation.

By 2004 it is intended that procedural and operational manuals on the development planning process from national to local level, will be made available by NDPC. RPCU personnel will need instruction in their role of providing a framework of Regional data within which District Assemblies will plan and in their coordinating role to facilitate provision of Regionally coordinated District plans and the distribution of expenditure. RPCU and Regional departments should also be used for training at District level for which *Training of Trainers* courses would be required, arranged by NDPC in the case of RPCU staff and MDA for others.

#### e) Social Welfare and Community Development

The activities of the Social Welfare and Community Development Departments are relevant to development and important to poverty reduction and growth. The full potential of these departments has not been used over the past two decades. They exist at both national level and as departments of the District Assembly. In the latter case Social Welfare and Community Development services are within one institution. At national level the services are within separate Ministries. These departments should be strengthened at both levels and their role in relation to poverty reduction and growth identified, strengthened and actively pursued.

### 9.2.1.5 Rationalising the Role of the State

The concept of involving all human resources in the development process and nation building necessitates an understanding of the separate but complementary roles of government and the private business sector

#### a) Public and Private Sectors

The role of public and private sectors must be understood by all. The responsibilities of government include:

- Accomplishing creative and close management of the economy
- Adopting a dynamic governance style
- Ensuring sound management of government in line with available human, physical and financial resources
- Safeguarding the assets of the state and ensuring their efficient utilization
- Ensuring the equitable distribution of economic and social infrastructure and services
- Protecting the rights of all citizens including the poor, vulnerable and excluded
- Eradicating corrupt practices and fraud in the public and private sectors

- Promoting and ensuring fair competition
- Providing security of all contracts
- Ensuring timely justice

The complementary role of the private sector incorporates

- Originating creative and innovative business concepts
- Developing profitable industrial, financial and commercial activities in support of the economy and growth
- Creating viable enterprises using all available human and physical resources
- Maximising profit in a socially responsible manner
- Developing and sustaining a capacity for enterprise and credible risk taking.
- Contributing to measures ensuring relative equity in society and to poverty alleviation in the interests of efficiency, by generation of employment and remuneration.

Both public and private sector have assigned roles, which must be discharged proactively and in a creative manner. The implication of these roles for government is that it must divest itself of activities, which are not relevant or appropriate to the performance of the state in exercising good governance. This also implies that the state must exercise roles, which are essential to good governance in an effective manner.

#### b) Sub-vented Agencies

An in-depth exercise has been carried out by NIRP to establish sub-vented agencies (SA) which have income potential and can be self financing, those which can be privatised and those which should be closed down. In some cases appropriate action requires a mix of the above. Action on sub-vented agencies has lagged and must now be pursued more vigorously. A fully costed implementation plan for the reform of the entire SA sector should be completed expeditiously and put before Cabinet. A redrafted SA Reform Bill needs to be passed into law and Constitutional impediments to the SA reform process overcome. Implementation of the reform requires the Alternative Employment Programme (AEP) to be fully funded and operational.

#### c) Divestiture

Government has very recently reviewed the divestiture programme with the purpose of more vigorously carrying out a programme of eliminating those functions in government better provided by the private sector. The government is currently proceeding with plans for the divestiture of four large, sixteen medium and two small sized state owned enterprises. The revised divestiture programme needs to be vigorously and expeditiously implemented.

Divestiture should include state owned or state controlled banks. Government's strategy for deficit reduction and commitment to private sector led growth would be given extra credibility by returning the financial sector to private sector ownership.

#### d) The Role of Civil Society

Determination of the role of civil society is an important factor in rationalizing the states role. The role of the private business sector as the main engine of growth is stated above. However, civil society also has a wider role as a participator in policy formulation, implementation and monitoring the outputs and evaluating the outcomes of the development

process. Participation is manifested at four levels, viz. information sharing, consultation, collaboration and empowerment. Subject matters for these levels of participation need to be jointly defined. This would be an appropriate task for the National Economic Dialogue. Permanent institutional structures and mechanism must be devised and put in place to operationalise participation. A handbook on the role of civil society would underline government's commitment to a participatory approach in governance.

Other aspects of the participation of civil society are dealt with under the sections on Decentralization and Transparency and Accountability.

#### e) Multilateral and Bilateral Aid

The management of donor aid is an important role of government particularly in view of the size of the aid package, which currently stands at over 70% of government expenditure. Aid should respond to national development policies and priorities and, subject to availability, be brought on stream in accordance with the phased government programme. Current arrangements for the coordination of donor aid with national policies and priorities falls short of requirements. No comprehensive list of donor funding exists. In some cases donors negotiate funding direct with MDA. In this case funding may not appear in the annual budget. In other cases donors deal direct with contractors. What is required is a mechanism to:

- Identify donor aid requirements across the board
- Scrutinize proposed donor aid for relevance to government development policies, poverty reduction and growth
- Monitor the delivery and continued appropriateness of donor aid packages
- Conduct quarterly meetings with the donor community on planning and delivery of donor funded programmes and projects
- Promote annual meetings of District Assemblies, DPCU and District departments to be conducted by each RPCU to identify specific local level donor aid requirements.
- Conduct annual meetings with RPCU, representing Districts and NDPC/MEPRC/MOF for the coordination of specific local level donor funded assistance. This should be a joint initiative between NDPC/MEPRC/MOF.

### 9.2.2 *DECENTRALIZATION*

#### **Targets for 2003 to 2005 are as follows.**

Activities which should be commenced as soon as practicable but which will probably be completed after the plan period are included in the annexe to this section.

Table 9.2: Targets for Decentralization

|   | Target date |
|---|-------------|
| Roles of Regional and District departments rationalized, defined and enforced           | 2003        |
| DACF increased to 7½ %  | 2003        |
| Courses on <i>open and participatory governance</i> commenced for Regions and Districts | 2003        |
| Criteria for hard living District allowances established                                | 2003        |

|  |      |
|--|------|
| Local Government Service Bill reviewed, revised and strengthened   | 2003 |
| Consultations between DA and CSO on mechanisms for instituting participation completed   | 2003 |
| Comprehensive training schedule for capacity building for Regional and District departments prepared   | 2003 |
| Legal review on legislation related to decentralization completed  | 2003 |
| Capacity building courses for RPCU and DPCU commenced  | 2003 |
| Courses on composite budgeting commenced for District Assemblies   | 2003 |
| Hard living allowance progressively introduced   | 2003 |
| Instructional courses on LGS law and role of District Assemblies for Assembly men and staff commenced  | 2003 |
| Courses for RPCU and other Regional departments on planning, budgeting and monitoring commenced  | 2003 |
| Community participation, including PPA, instituted and commenced in pilot Districts  | 2003 |
| District Poverty Profiles prepared   | 2003 |
| Initiate process of changing the Constitution to get District Chief Executives elected   | 2004 |
| Initiate process to get all Assembly members elected   | 2004 |
| Capacity of District Assemblies to formulate basic development plans, programmes and projects achieved   | 2005 |
| Responsibility for establishing intra-sectoral composition of expenditure for all District programmes and projects vested in District Assemblies | 2005 |
| Composite budget introduced in pilot Districts   | 2005 |
| Instructional courses to MDA on the LGS and role of District Assemblies completed  | 2005 |
| Mechanism for working partnerships with NGOs and private business sector established   | 2005 |
| Community participation, including annual participatory poverty analysis at Unit Level, established in all Districts                             | 2005 |

#### 9.2.2.1 Strengthening Leadership and Capacity of District Assemblies

Decentralization and the strengthening of District Assemblies goes beyond decongestion of public sector activities and the decomposition of power. The focus on decentralization represents an opportunity to involve more people and more institutions in the formulation and delivery of development policy for poverty reduction and growth. Decentralization maximises the use of human resources, optimises equity and provides a basis for accountability and transparency.

##### a) District Assembly Elections

The current constitutional provisions require District Chief Executives and up to thirty percent of the Assemblymen to be appointed by the President. District Assemblies have been in place now for thirteen years. Consideration needs to be given to the desirability of having all Assemblymen, including the District Chief Executive elected in the interests of the democratic electoral process. The process of changing the Constitution to get District functionaries elected will be initiated by 2004.



b) Traditional Authority

Traditional Authorities command the respect of large numbers of people and communities particularly in the rural areas. Authorities dedicated to the development of their traditional areas and the education and enlightenment of their people offer a positive contribution to economic and social transformation. As such they should be seen as part of the decentralization process. The formation of District House of Chiefs to work with District Assemblies in partnership would provide a mechanism for consultation and cooperation and could strengthen the role of Assemblies.

c) Local Government Service

A key factor in achieving *de facto* decentralisation is the establishment of the Local Government Service. There is an extant Bill, which requires review to ensure that the law makes full provision for decomposition of power to District Assemblies. A practical solution is for power to be decomposed to the District level in stages aligned with the growing capacity of the Assemblies. It is of paramount importance, however, that this is not used as an excuse to unduly delay decentralization. Administration arrangements for recruitment, promotion and discipline of staff must be prepared for universal adoption. Over time these administrative instructions may be considered for purposes of guidance rather than as an imperative.

Guidelines are required regarding relative gender equity in recruitment and promotion of staff at the District level.

d) District Assemblies Financial Management Role

Fiscal decentralization poses a considerable problem in view of the limited capacity in most Districts and in some cases, lack of capacity utilisation. The situation is exacerbated by inadequate supervision and weak oversight functions. Skills on financial management and budgeting, with particular reference to the composite budget and the use of the budget as a planning tool, are particularly weak. Training is required. The role of District Assemblies in the planning of expenditure should be increased. Government expenditure within MTEF will be identified geographically by Region and by sector. RCCs are required to hold workshops for Districts for the purpose of identifying and agreeing on the distribution of MDA expenditure within each District in relation to need and opportunity. It is intended that for the future an operational manual will be provided to Regions and Districts by NDPC on planning methods and procedures including methods for determining the composition and location of expenditure by Districts. Decisions on the utilisation and location of sectoral expenditure on all services and infrastructure must lie with the Assembly. The local revenue base remains weak. Districts will be encouraged to develop innovative revenue and funding sources for which training will be provided.

e) Training and Refresher Programmes

A variety of training programmes and workshops have been provided in support of District Assemblies. Further and intensive training is required. Use should be made of staff at the Regional level as trainers for District Assembly staff. The need is for initial training programmes and regular refresher, upgrading and updating courses at appropriate intervals. Training also needs to encompass roles, responsibilities and outputs of District Assembly

departments. A main component of the strategy at national and local level is the involvement of civil society and the private business sector. Participatory planning and management necessitates a change in attitudes of Assemblies and staff. District Assemblies must be sensitised to community participation techniques. Workshops are required on policy and project management including the management of basic infrastructure, community services and small-scale enterprises. Participants should include Zonal Councils, Unit Committees, other community leaders and District Assembly staff.

#### 9.2.2.2 Deepening District Assemblies Association with Civil Society

District Assembly departments must establish a working partnership with NGOs and a working relationship with the private business sector, Community participation must be institutionalised as an integral part of the development planning process.

Regular planning and programming meetings between District Assembly departments and NGOs should be initiated and joint projects developed for poverty reduction and growth. Coordinated NGO investment should find expression in the composite budget. Financial accountability and transparency is essential for credibility. The public should have ready access to the budget, the pattern of expenditure and progress made in the implementation of all projects in the District whether funded by the Assembly, government or NGOs. This information should be provided in a form understandable to the less educated. Regular meetings are also required with the private business sector to identify areas of common interest and to provide an appropriate enabling environment.

The institutionalisation of community participation as an integral part of the planning process necessitate regular workshops at Unit Committee level to enable communities, including the poor, to review progress and future development priorities. Experience shows that gaming and simulation techniques are very useful tools for decision making in community participation workshops. These workshops should also be used for Participatory Poverty Analysis and impact assessments. The role of District Assemblies must ultimately be taken beyond that of the administration of services and development. Districts must assume responsibility for the promotion of democracy, the mobilisation of human, physical and fiscal resources, protector of the vulnerable, provider of information and *change agent* for the transformation of society and the local economy. The assumption of these responsibilities will require extensive training and practical experience.

#### 9.2.3 PUBLIC EXPENDITURE MANAGEMENT

Targets for 2003-2005 are given below. Targets for activities which should be started as soon as practicable but which will be completed outside the plan period will emerge from the review, coordination and progressive implementation of PUFMARP.

Table 9.3: Targets for Effective Public Expenditure Management

|   | Target date |
|---|-------------|
| PUFMARP reviewed, revised, coordinated and strengthened | 2003        |
| BPEMS implemented                                       | 2003        |
| Internal financial controls by MDA strengthened         | 2003        |
| MDA & CAGD systems and procedures rationalised          | 2003        |
| Procurement regulatory and oversight body established   | 2003        |

|   |      |
|---|------|
| Internal audit regulatory body established and legislation enacted  | 2003 |
| Selection of auditors made transparent  | 2003 |
| Procedures for preparation of MTDP and MTEF revised, coordinated and enforced   | 2003 |
| Operational handbook for MDA development programmes and projects introduced   | 2003 |
| MDA trained to translate MTEF <i>objectives</i> and <i>outputs</i> into fully documented <i>programmes</i> and <i>projects</i>                        | 2003 |
| Fixed asset and cash management modules added to BPEMS  | 2003 |
| PAC meetings open to public   | 2003 |
| Universal Chart of Accounts introduced and harmonised with BPEMS  | 2003 |
| Operational handbook for preparation of <i>National Development Policy Framework</i> and <i>Medium Term Development Plans</i> introduced and enforced | 2003 |
| Fully costed MTDP prepared with full programme and project documentation  | 2004 |
| Mechanisms for regular review of legislation and standards for increased resources to PAC, including research capability, achieved                    | 2004 |
| Responsibility for ICA-GH transferred to MOF  | 2004 |
| Office of Registrar General reorganized and strengthened  | 2004 |

### 9.2.3.1 Increasing the Cost Effectiveness of Development Expenditure

Expenditure on general administration is high in relation to development costs. Development expenditure tends to be dominated by costs dedicated to goods and services. What is needed is a better balance between administration and development costs, a greater proportion of development expenditure spent directly in support of the poor, sustainable livelihoods and growth and a more equitable distribution geographically. Provision for a better distribution of expenditure is made in Appendix A of the GPRS. Such a strategy must also find expression in the national perspective plan<sup>37</sup> and the MTDP.

#### a) Management of Programmes and Projects

Documentation for the management of programmes and projects by MDA and Districts is inadequate or non-existent. Operational manuals are required for the advice of MDA and District Assemblies on the management of programmes and projects and on the preparation of appropriate documentation. This is necessary to ensure accountability in terms of expenditures, outputs, inputs and outcomes. The information required should comprise:

- Programme/project title and purpose
- Main outcomes anticipated
- Geographical coverage
- Programme/project objectives,
- Major activity components
- Beneficiaries
- Principal partners, areas of collaboration and roles
- Time schedule from commencement to completion

<sup>37</sup> The National Development Policy Framework, 1995-2020 (a.k.a. Vision 2020). The framework was due for the quinquennial review in 1999.

- Management arrangements
- Monitoring and evaluation scheme; objectively verifiable indicators, frequency of observation, source of information for each objective.
- Costs source of funding

The NDPC is responsible for the preparation of programme and project management manuals. The above activities represent the costed programmes and projects within a MTDP which comprises the current medium term phase of the perspective plan. Operational and procedural manuals are also required for the preparation of the above, sectoral MTDP and District Development Plans. Responsibility for these also rests with NDPC.

#### b) Monitoring and Evaluation

Effective management necessitates *ex ante* and *post facto* monitoring and evaluation of all programmes and projects and the ready availability of this information at national and local level. Training programmes in programme and project management and monitoring and evaluation are required for NDPC, PPMED, RPCU and DPCU. Appendix C provides further information on monitoring and evaluation.

#### 9.2.3.2 Facilitating Best Practices for all Financial and Asset Control Processes

Reforms under this programme are vital to effective economic management on which economic recovery, stabilization, and sustainable growth depend. As with PSMRP the totality of the programme appears over ambitious for available capacity and resources. The programme should be reorganised, properly coordinated and tailored to fit a realistic estimate of resources capable of planning and implementation within the period of the current administration. Financial rules and regulations need overall upgrading and updating. However, existing regulations are subject to non-compliance. Regulations are not enforced and disciplinary action is not taken against those failing to comply.

#### a) Medium Term Expenditure Framework

BPEMS is the comprehensive financial management system of government. The Medium Term Expenditure Framework, a key component of BPEMS, is operational but not wholly effective as a means of improving resource allocations in practice. It suffers from excessive detail, which makes it cumbersome. Prioritisation of expenditure across sectors, within MDA and locationally is inadequate. The MTEF system and procedures need revisiting and reassessing in relation to the Medium Term Development Plan (MTDP). The totality of the government development planning process comprises the long-term perspective plan,<sup>38</sup> MTDP, MTEF and the annual budget. These elements must be seen as parts of one single process shared by two institutions, NDPC and MoF. The MTDP is concerned with private sector development activities as well as government financed development and these should be prepared inclusive of costed programmes and projects. The fully costed MTDP is the *feed in* to the MTEF procedures for both must be integrated and jointly administered by NDPC and MoF. Much of the details associated with MTEF could then be transferred to the MTDP inclusive of programme objectives, project outputs, activities, inputs, outcomes and beneficiaries where they are more manageable<sup>39</sup>. This would remove unnecessary detail from

<sup>38</sup> National Development Policy framework

<sup>39</sup> It would appear that the original MTEF system was introduced in other countries where no national development planning process existed.

the MTEF. The MTDP and the revised MTEF process could best be handled by a joint secretariat comprising representatives from NDPC, MEPRC and MOF.

#### b) Public Expenditure Management

The whole Budget and Public Expenditure Management system requires revising coordinating and revitalizing as a matter of urgency. The annual budget as a public expenditure management and planning tool must be considerably strengthened at all levels. Comprehensive reporting formats and upgraded operational manuals on financial control processes should be introduced and strictly enforced. Appropriate legislation should be updated. Actual expenditure requires much closer monitoring by MDA and must be more rigorously overseen by CAGD. The classification, recording and analysis of government transactions suffer from excessive and unacceptable delays resulting in weak and inadequate financial management. These processes must be discharged promptly and appropriate action taken in cases of non-compliance.

Both external and internal audit services are inadequate and lack resources. The External Audit Board needs strengthening. An independent internal audit regulatory body is essential. It would assist in establishing the continuous monitoring and evaluation of CMA and MDA. The internal audit service requires strengthening to enable it to perform the functions required of it by law. In this regard it is of particular importance for it to be extended from simply financial audit to performance audit for which additional expertise is required. Current legislation does not provide adequate guidance on internal auditing functions. Legislation must be provided to ensure effective accountability over public funds and to improve the efficiency of operations. A common General Ledger System and a more comprehensive Chart of Accounts should be introduced as early as possible.

#### c) Procurement and Fixed Asset Management

Procedures and methods of recording procurement and asset management are inadequate and ineffective. A fixed asset management module is required for BPEMS providing a permanent system for tracking and recording assets. Regulations, requiring asset depreciation to be calculated and recorded and an assets register, maintained promptly, must immediately be enforced. Implementation of the comprehensive procurement reform should be speeded up and the draft Procurement Bill passed into law as soon as possible. An oversight body must be established to lay down standards for public procurement practices and to monitor compliance.

### *9.2.4 TRANSPARENCY AND ACCOUNTABILITY*

**Targets for 2003-2005 are given below.** Activities, which will occur outside the plan period will be derived from the review of the three-year programme.

Table 9.4: Targets for Measures to Ensure Transparency and Accountability

|   | Target date |
|---|-------------|
| Civil society membership of small National Oversight Committee established  | 2003        |
| Government and civil society jointly agree on information to be made freely available to the public at national and local level | 2003        |

|   |      |
|---|------|
| Mechanisms for the dissemination of information agreed between government and civil society through the NED   | 2003 |
| Economic dialogue established as permanent feature for civil society consultation with government; rules and procedures drawn   | 2003 |
| Machinery for empowerment, other consultation and collaboration established jointly by government and civil society through the NED                                   | 2003 |
| Public Accounts Committee open to the public  | 2003 |
| Progress on Ghana Anti Corruption Coalition action Plan reviewed; corrupt practices for immediate attention identified  | 2003 |
| Freedom of information legislation passed into law after consultation with civil society  | 2003 |
| Arrangements instituted for special surveillance of corrupt practices for immediate attention. e.g. construction contracts, land leases                               | 2003 |
| Public right of access to information fully published   | 2003 |
| Joint government and civil society oversight body established with power to enforce access to information and information delivery                                    | 2003 |
| Mechanisms for joint monitoring of poverty, growth and development agreed by government and civil society through the NED and established at national and local level | 2003 |
| Standing cross sectoral planning groups with civil society representation established as permanent feature for long and medium term development planning              | 2003 |
| Code of conduct for the public sector strengthened and enforced   | 2003 |
| Accessible government information, agreed with civil society, entered on a web site   | 2004 |
| Development and publication of service delivery standards by MDA  | 2004 |
| Legislation and consolidated regulations legitimising civil society collaboration and consultation established  | 2004 |
| Progress of Ghana Anti-Corruption Coalition Action Plan reviewed. Effectiveness of all measures related to transparency and accountability established                | 2004 |
| Code of conduct for corporate and non-profit making bodies established and enforced   | 2004 |
| Code of conduct for Traditional Authorities established and enforced.   | 2004 |

#### 9.2.4.1 Institutionalising Public Access to Government Business

The willingness of government at political and official level to provide ready access to information is an indication of openness and dedication to involving civil society in a partnership. Community and public participation have several levels; from active dissemination of information to empowerment. All levels are important to the implementation of transparency and accountability. Transparency facilitates accountability. What is then required are mechanisms to institutionalise accountability to the public at large. Discussions between government and civil society on the availability and dissemination of information could appropriately be handled through the vehicle of the National Economic Dialogue.

##### a) Access to Information

First and foremost public access to information on national and local government business must be enforced by *Freedom of Information* legislation. A draft Bill has been prepared by the Institute of Economic Affairs. This should be brought before government as a matter of

urgency, reviewed in consultation with representative groups of civil society, including those representing the poor, the vulnerable and excluded and passed into law. Government and civil society should identify government information, which should be shared by the public in the interests of accountability and transparency, jointly. Public right of access to government information and the information, which the public have the right to know, should be fully published in all modes of the media including web-based forms by Ministries, Departments and Agencies, from time to time.

b) Mechanisms for the Perpetual Dissemination of Government Information

Access to information and the dissemination of such information must be institutionalised. Mechanisms at national and local level should be agreed between representatives of civil society and the government. Access to information should include, for example, access to the Public Accounts Committee and similar meetings. At national level information can be broadcast through the medium and on a website. At local level information should be posted at Unit Committee, Zonal Council and District Assembly Offices. Local radio stations can be used where they exist. Promotion of local radio networks is an important function for provision of news and information generally. It represents a task which civil society and NGOs should be encouraged to undertake. An independent joint civil society and government watchdog is required to be set up. Oversight functions should include powers to enforce access to information and information delivery. This could be a subject for consideration by the National Economic Dialogue.

c) Transparency and Accountability through the Development Planning Process

The main access for civil society to government policy is the National Economic Dialogue the output from which will inform, *inter alia*, the development planning process. Provision is also made for civil society to contribute to the planning process through membership of the NDPC Cross Sectoral Planning Groups. These standing groups with a membership representing MDA, NGOs and civil society appear to have fallen into disuse. They should be re-established for purposes of the five-yearly review of the National Development Policy Framework (the 25 years perspective plan) and the second MTDP. Consultation workshops at national level for a wider participation by interest groups, MDA and civil society as organized for the GPRS are also required to punctuate the planning process. These should include workshops parallel to the combined MTDP/MTEF and budget processes. Reference has already been made to consultations between communities and District departments under decentralization. Consultation workshops for District departments communities, civil society and NGOs are required as a permanent feature of District policy, District Development Plan formulation and the budgeting process. Administrative arrangements for these workshops should be agreed between Districts and civil society with the guidance of the Ministry of Local Government and Rural Development. Civil society must have right of access to the development monitoring and evaluation system and its output.

## **10.0 GOVERNMENT'S MEDIUM TERM PRIORITIES (2003 – 2005)**

### **10.1 AN OVERVIEW**

Given the magnitude of funding required to implement the GPRS, it became necessary to prioritise the programmes and projects identified in the previous chapters to ensure that financing can be secured and good progress made toward meeting the major poverty reducing targets set out in the GPRS.

Even if the necessary funding could be obtained, government's spending patterns over the past three years indicate a low capacity of the economy to absorb such a high level of funding. This not only reinforces the need for prioritisation, but calls for re-engineering government machinery to enhance its ability to absorb higher levels of spending and implement the required activities while ensuring efficiency, value and quality. The capacity constraint also suggests the need to make the GPRS a scalable and living strategy to provide the ability to step up implementation as needs change and capacity grows.

Programmes have been carefully prioritised to provide a balance between growth and direct pro-poor objectives. The process of selecting programmes and projects for the priority list was guided by four main factors:

- The results of the analytical and consultative work undertaken during the preparation of the GPRS,
- The need to continue current on-going programmes and projects which are fully funded,
- The relative importance of programmes to overall poverty reduction, and
- The vision of the government.

The priority programmes and projects, which span the five thematic areas, are infrastructure development and modernised agriculture based on rural development to ensure increased production and employment; investments in education, health, and sanitation to enhance delivery of basic social services; upholding the rule of law, respect for human rights and the attainment of social justice and equity to enhance good governance; and private sector development through macro-economic stability and streamlining of public bureaucracy.

#### *10.1.1 Infrastructure*

There is a large potential in intra-West African trade, which is currently not realized due, in a large measure, to the absence of effective transportation systems linking member countries. To overcome this barrier, the trans-coastal route and interconnecting roads from Aflao to Elubo and Accra to Paga must be completed. The objective is to open up the country, introduce competition and create an enabling environment for the Private Sector. These priorities are consistent with the location analysis and are reflected in the sectoral elements of the GPRS. Specifically, in the short to medium term, action on these interconnecting roads will focus on the following major highways, which form parts of these interconnecting roads:

- vi. Initiate the construction of three major highways: Accra-Yamoransa; Accra-Aflao; and Accra-Kumasi to open up the country and link it up with the trans-ECOWAS highway project. It will ensure that Ghana is able to take advantage of the



opportunities from West African economic integration and will lead to the creation of jobs.

A complimentary network of trunk and urban roads will be rehabilitated and maintained alongside feeder road construction and maintenance. Trunk road network constitutes the main vertical and horizontal axes of the transportation system in Ghana. For effective distribution of resources to farms and production centres some key trunk roads will be targeted under the GPRS. For the short to medium term, one major road to a productive area in every region that links the rural areas of the region to the urban area will be selected for rehabilitation or development to open up the country for investment, productivity expansion and job creation.

In addition to road infrastructure, the government will focus on the following:

1. Accelerate the further development of our ports (Tema and Takoradi and inland ports) through private sector participation to make them competitive for global trade.
2. Re-negotiate existing telecommunications agreements to introduce more competition and accelerate access to telephones, Internet and information technology in general throughout the country.
3. Take all steps necessary to increase the availability of energy to boost industrial growth and production. This includes the West Africa Gas Pipeline, the Bui Dam, the expansion of the thermal plant at Takoradi and increased use of solar energy.

### *10.1.2 Modernized Agriculture Based On Rural Development*

Government's objective is to develop the country to become an agro-industrial economy by the year 2010. To achieve this objective agriculture needs to be modernized. Land areas under cultivation should be augmented and land area under irrigation increased significantly to enable all year round growing, leading onto more harvesting occasions and thereby ensuring regular and constant supply of raw materials to agro-processing centres. The actions to be taken will include the following:

- v. Reform land acquisition to ensure easier access and more efficient land ownership and title processes.
- vi. Serve as a catalyst to assist the private sector to increase the production of grains such as rice, maize and tubers so that we can achieve food security. This will include extension and research services, irrigation facilities, and affordable credit to support the farmer.
- vii. Encourage the production of cash crops such as cashew.
- viii. Support the private sector to add value to traditional crops such as cocoa.

### *10.1.3 Enhanced Social Services*

The objective is to enhance the delivery of social services to ensure locational equity and quality, particularly with regard to education and health services. The strategy places a renewed emphasis on developing basic education. Access to basic education will be supported by early childhood development and alternative education for children out of school, with emphasis on the hard-to-reach areas of northern Ghana, remote rural areas and urban slums.

This will be done through actions including the following:

- i. Change the educational system to ensure that there is uninterrupted education for all Ghanaians from pre-school to age 17 to reduce poverty and create the opportunity for human development
- ii. Ensure that we develop model senior secondary schools in every district in the country

In order to bridge the equity gaps in health care provision, outreach services and clinics in deprived rural and peri-urban areas will be priority for the period. The intention is to achieve the following by the planned period:

- i. Ensure that model health centres are developed for every district in the country
- ii. Phase out the cash and carry system and replace it with a more humane and effective system of financing health care

#### *10.1.4 Good Governance*

The objective is to uphold the rule of law, respect for human rights and the attainment of social justice and equity. This is to lead to the strengthening of the three arms of government, the executive, judiciary and the legislature. The actions to be taken include the following:

- i. Support the work of Parliament to enable the institution to play its role for better governance
- ii. Restructure the civil service to ensure efficiency, effectiveness and related performance-based compensation
- iii. Strengthen the capacity of the Office of the Attorney General and the judiciary in terms of numbers, technology, training and equipment in order to ensure the appropriate rule of law
- iv. Enhance social order by improving the police service. Equip them with vehicles, communications, equipment and technology, enhance training and increase their numbers
- v. Ensure transparency and accountability in resource generation, allocation and management

#### *10.1.5 Private Sector Development*

The objective is to strengthen the private sector in an active way to ensure that it is capable of acting effectively as the engine of growth and poverty reduction. This is to lead to the creation of wealth at a faster rate in order to reduce poverty in a sustained manner. The actions to be taken will include the following:

- i. Work with the private sector, both foreign and domestic as an effective development partner
- ii. Provide active assistance through the divestiture programme, financial support and streamlining government bureaucracy

## 11.0 MONITORING AND EVALUATION

### 11.1 AN OVERVIEW

A number of outcomes/targets have been identified for tracking in order to monitor progress towards achieving the various goals included in this strategy document. Other information needs have also been recognized in very broad terms together with potential sources of data and agencies responsible for data collection. Poverty monitoring is seen as a collaborative effort building upon the current efforts of MDAs supplemented by new initiatives to deepen the system to provide more disaggregated information, particularly at the district level.

The Ministry of Economic Planning and Regional Cooperation and the National Development Planning Commission have developed a GPRS Monitoring Plan to show how mechanisms and systems will be integrated to ensure the availability of reliable and comparable information at the national, regional and district levels for policy makers and planners. This includes existing systems such as MTEF, sectoral administrative data, household survey programmes and evolving systems such as public sector reform initiatives.

The Plan also considers appropriate institutional arrangements for coordinating the system, including analysis and mode of reporting on the GPRS progress to different stakeholders. The stakeholders include the government of Ghana and civil society in its various forms. Development partners including the IMF and the World Bank would be furnished with annual reports on progress made to implement the GPRS, HIPC tracking information, and performance data. The role of wider stakeholder participation (government, parliament, NGOs, CSOs, private sector) in monitoring progress of the GPRS has been clarified in the Monitoring and Evaluation Plan. Plans for dissemination and communication strategy have been set out based on sound understanding of the key stakeholders and the information they would require from the monitoring and evaluation system, how best to communicate with them, and what range and style of outputs should be produced.

### 11.2 MONITORING KEY GPRS INDICATORS

Monitoring is seen as a learning and accountability process that involves a two-way information flow between beneficiaries, service providers and policy makers enabling adjustments and corrective actions to be taken with regard to policy design and implementation. Monitoring information also builds up and feeds into impact assessment and policy evaluation. For these, a set of indicators at different levels of measurement is required. Table 11.1 describes types of indicators identified for poverty monitoring at various levels.

Table 11.1: Levels of Poverty Monitoring Indicators

|         |  |
|---------|--|
| Impact  | Describe the progress towards the overall objective of poverty reduction strategy.                           |
| Outcome | Describes progress towards the overall objective of improving the well being of the poor                     |
| Output  | Track progress in action programmes under poverty reduction policies e.g. school buildings, trained teachers |

|         |  |
|---------|--|
|         |  |
| Process | Activities to be undertaken to achieve outputs (funds, tender, bidding)  |
| Input   | Assess the delivery of funding and other resources for the implementation of the GPRS, monitoring of resource allocation and expenditure |

The current M & E Plan focuses especially on a range of indicators for each thematic area from impact and outcome through to process and input, which are likely to change during the period of the GPRS and which could plausibly be linked to the achievement of the GPRS goals.

### *11.2.1 Indicator Selection*

The indicator selection process considered the following:

- The GPRS goals and five thematic area objectives, which were broken down into more than 300 detailed targets.
  - The Medium Term Priorities (MTP), a distillation from the GPRS
  - Sector objectives, captured in sectoral strategies and other non-GPRS objectives allowed in the MTEF budgeting process.

In 2002 a process was initiated to harmonize sector priorities with MTP objectives for the 2003 budget. Therefore in selecting indicators to monitor the GPRS, the MTP was taken as the major starting point.

## **11.3 CONSULTATION PROCESS FOR DERIVING GPRS INDICATORS**

Given the difficulty in deriving a list of indicators from objectives, a more inductive and participatory approach was adopted for the development of the indicators.

The selection of indicators was done through consultations with major stakeholders, including Ministries Departments and Agencies, NDPC, civil society representatives, representatives from local government institutions, an expert group (made up of academics/consultants) and development partners. The consultation process involved:

- An initial workshop to identify indicators with MDAs;
- Follow-up bi-lateral meetings with MDAs to reach agreement with each MDA on a small set of the most poverty focused and practicable indicators;
- A draft plan including the selected indicators; and
- Consultation meetings with the various stakeholders to (a) obtain feedback on tentative list of indicators in the draft plan and (b) to discuss proposals for impact assessment in thematic areas.

The final set of indicators presented in the Monitoring Plan is thus the result of extensive consultations with key stakeholders who are expected to produce and/or use the indicators for tracking important inputs, outcomes and impacts associated with the GPRS.

## 11.4 CRITERIA FOR INDICATOR SELECTION

In total the selection of the final set of indicators was based on the following criteria:

- Indicators should be a small number of measures
- Evidence linking the indicator to poverty reduction-triangulation of different sources of information
- Demand and usability from stakeholders
- Demand and usability-future potential
- Relative availability and quality of data for poverty focused monitoring
- The additional cost of data collection for indicator.

The indicators, which will be used for poverty monitoring and GPRS progress, are presented in matrix form in Appendix B. The indicators are categorized according to GPRS themes and provide, among others, information on type of indicator, level of disaggregation, data sources and availability of baseline data.

### 11.4.1 *GPRS Core Targets*

Of the 18 core and supplementary indicators listed in the GPRS, 11 are included in the monitoring indicators, but several of these do not change annually. The other seven can all be accessed easily. A report on all these targets will be submitted annually, as part of an annual progress report.

### 11.4.2 *The HIPC Triggers*

The HIPC triggers have been incorporated in the core indicators. A separate report on the HIPC triggers will be produced in March each year.

### 11.4.3 *The Millennium Development Goals*

Thirteen out of the thirty-nine indicators are covered in the GPRS core list. Additionally 14 MDG indicators can be obtained from existing information systems. Thus the Monitoring Plan will be able to report on 27 out of the 39 indicators. This will require a special annual report, which will be produced in June each year, for the previous year.

### 11.4.4 *Monitoring Medium Term Priorities (MTP) Implementation*

The implementation of the government medium term priorities is expected to generate growth and reduce poverty. The priorities for the period 2003-2005 are:

- Infrastructure
- Modernized agriculture based on rural development
- Enhanced social services,
- Good governance
- Private sector development.

Due to the nature of the indicator selection process employed in the development of the National Monitoring Plan, key indicators for the various program activities under the MTP might not have been necessarily captured in the core set of GPRS indicators. It is expected

that specific Ministries and Agencies will monitor these indicators and report to the NDPC Monitoring and Evaluation Division.

### **11.5 IMPACT/OUTCOME ASSESSMENT**

Impact Assessments play an important role in ‘proving ‘ the effectiveness of policies and interventions (for upward, downward or horizontal accountability) and ‘improving’ the effectiveness and efficiency of implementation and refining future policy and budgetary priorities. Impact assessments can generate understanding of the effectiveness of existing interventions in generating the desired outputs, outcomes and impacts.

It will be difficult to assess the impact of the new GPRS/MTP interventions in the short term. However, there are a number of activities funded under the GPRS, which were started previously and have continued or expanded under the first phase of the GPRS. Where the link between these funded activities and economic growth or poverty reduction in Ghana is unknown, impact assessment studies will be commissioned. These studies will be designed to fill gaps in our understanding of how certain outcomes lead to impacts or how key outputs generate outcomes and impacts.

Two key impact assessment studies will be commissioned for completion by March 2003. This timetable will allow the results to feed into the next year’s budget process. Two to three larger impact assessment and thematic studies will be commissioned for completion by December 2003 to feed into the evaluation of the GPRS. The thematic studies will:

- Review evidence supporting the theoretical underpinnings of the poverty reduction and economic growth policies in the GPRS.
- Explore the causal links between a given intervention and economic growth, the distribution of that growth and/or poverty reduction

### **11.6 EVALUATION**

There will be an evaluation of the GPRS between January and June 2004. This exercise will evaluate the success of the policies that make up the GPRS. Such an evaluation will allow stakeholders to reflect on the successes and failures of the GPRS and identify changes or refinements that need to be made. The evaluation will principally focus on identifying linkages between the outcomes of the GPRS and its impacts.

### **11.7 PARTICIPATORY MONITORING AND EVALUATION**

Participatory Monitoring and Evaluation (PM&E) has evolved out of the recognition of the importance of ensuring the participation of a wide range of stakeholders, including local people, the poor, development agencies and policy makers, in deciding how progress should be measured, and what progress has been made. PM&E can contribute to the national M&E by providing direct and graphic testimony of the effects of policy to policy makers. At the local level, PM&E goes beyond stakeholder participation, in terms of simple information provision, to seeking their involvement in defining indicators, monitoring processes and

analysis. It must thus involve local actors in impact assessment and improves public accountability to the grassroots level.

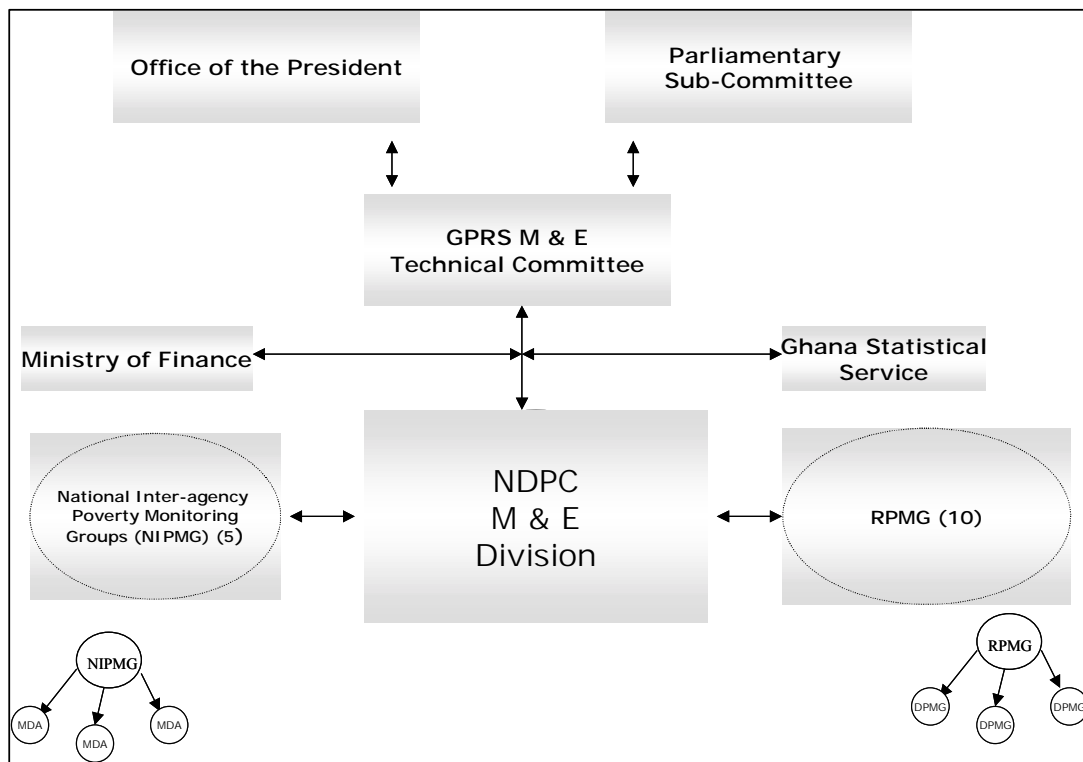
Under the GPRS M&E two main participatory activities will be carried out:

- Participatory Impact Assessments using Citizen Report Cards-the process will be used to assess the impact of specific poverty related programmes
- Expenditure Tracking of Social Service Expenditure, particularly on water and sanitation-will attempt to ascertain whether funds allocated in centralised and decentralised budgetary processes actually reach their intended users.

### 11.8 INSTITUTIONAL FRAMEWORK, ROLES AND RELATIONSHIPS

The institutional arrangements supporting the M & E plan involve several agencies inside and outside government working closely together. The figure 7 below illustrates proposed arrangement and roles.

Figure 7: M&E Institutional Roles



The structure fits in with established division of labor within the government. It also offers the possibility for broad participation by stakeholders in both governance (the GPRS M & E Technical Committee, answerable to the NDPC and the Minister) and implementation and feedback (through the National Inter-Agency Poverty Monitoring Groups or NIPMGs).

To ensure operational feasibility, the arrangements will be established in a phased manner, with the Technical Committee and Division first, followed by the NIPMGs; and then the expanded Regional Planning Co-ordination Units second, and the District Poverty Monitoring Groups also in a phased manner. Institutions/committees with specific responsibilities are indicated in Table 11.2

**Table 11.2 Specific Responsibilities in Poverty Monitoring**

| <b>Institution/Committee</b>                            | <b>Responsibility</b>   |
|---|---|
| NDPC M & E Division                                     | GPRS M & E will be implemented by the M & E Division of NDPC as part of its routine activities, and will be managed as a normal line division of the Commission.  |
| MEPRC   | MEPRC will supervise and monitor the implementation of the M & E plan.  |
| Office of the President                                 | Key recipient and user of M&E information. Plays a key role in ensuring that M&E is adequately resourced and taken seriously by online departments and agencies.  |
| Parliament  | Important role in monitoring government poverty reduction programmes/projects. Members of Parliament are key players in disseminating government policy and its results to their constituencies   |
| Ministry of Finance (MoF)                               | Monitor all government expenditure, including HIPC funds  |
| Office of Head of Civil Service (OHCS)                  | Oversees performance contracts with MDAs  |
| Research Organizations                                  | Provide services in the analysis of data and undertake poverty research and evaluations commissioned by NDPC.   |
| Civil Society (CSOs)                                    | Providing independent view on poverty. Competent CSO personnel may be seconded into NDPC, MDAs, District Assemblies to add strength to the staff available for M&E.   |
| National Inter-Agency Poverty Monitoring Groups (NIPMG) | The main job of these groups is to review performance in a thematic area, with particular attention to the indicators selected. They would also make suggestions on impact assessment, evaluations and participatory work as well as provide relevant input into the policy formulation process. The NIPMGs would report to the Technical Committee via the Division. |
| The Ghana Statistical Service (GSS)                     | GSS produces the data on which most of the impact and outcome indicators, and the ultimate  |



|   |  |
|---|--|
|   | evaluation of the Government of Ghana's development efforts will depend. It is a critical component of the M & E plan, and it must be a central actor in all the governance, planning and implementation activities of the M & E system. |
| Regional Planning Co-ordination Units (RPCUs) | Coordinate and report on M&E activities in then regions  |
| District Poverty Monitoring Groups (DPMGs)    | Coordinate and report on M&E activities in the districts   |

## 11.9 INFORMATION SYSTEM

An M&E software, *PlanInfo*, is being developed to support the monitoring and evaluation of the national long-term strategy and was to be used by NDPC, PPMEDs, MDAs, RPCUs, and DPCUs. It is expected that the system can be effectively utilized for the GPRS with some modification. In particular, the structure of the *PlanInfo* system is based on the same approach as is required by the GPRS M&E system.

A National Expenditure Tracking System (NETS) has been developed by the Ministry of Finance and Ghana Accountant General's Department and to capture all sources of Public Sector Funds and expenditure. This system is currently being tested and is to be rolled out to some MDAs in 2003. The NETS will serve as a useful linkage for the monitoring (at least on expenditure or inputs) for the implementation of the GPRS when harmonization of GPRS format with the MTEF budget format is completed.

Initially information will flow to NDPC from MDAs including the MoF and GSS. NDPC in turn will disseminate its analyses to the above stakeholders and others, principally Government of Ghana, district assemblies, development partners and the public via the media. As the capacity of the district assemblies develops, more information will flow from the DAs and RPCUs to NDPC.

## 11.10 BUDGETING FOR M & E

M & E has to date received little priority in government budgets. There are exceptions to this rule – largely in Health and Education where significant investments have been made. Otherwise, even NDPC, which is charged with overall M & E of government plan and policies, is grossly under-resourced for M & E. Several ministries and the Regional Planning and Co-ordination Units have staff devoted to M & E, but they have tiny budgets, and smaller actual disbursements. There are several ways in which M & E should feature in public sector budgets.

1. The MTEF process needs to incorporate the requirements of M & E for each MDA. The MTEF team needs to build this into its MDA training process.
2. MDAs need to submit realistic M & E budgets, which will at the least deliver on the commitments to monitor their sector strategies and the GPRS.
3. The MoF needs to review its disbursements to NDPC, MDAs, and RPCUs for M & E.

4. The Office of the President (Policy Co-ordination and M & E Unit) should keep an eye on whether the necessary disbursements are being made during the year and get corrective action where necessary.
5. The Ministry of Local Government and Rural Development (MLGRD) should monitor disbursements to district assemblies and RPCUs.

### **11.11 DISSEMINATION OF GPRS M & E RESULTS**

Dissemination of poverty information is an important component of the monitoring plan and it is seen as key to the success of the GPRS. The challenge is to ensure that the right information is available in the right form and at the right time to meet the needs of stakeholders, including development partners. Dissemination of the GPRS results will take many forms in recognition of the fact that different people have different information needs and want that information presented in a different form.

Regular Quarterly Bulletins will be produced to present routine management information produced by PPMEDs and District Assemblies. The information will be analysed by NDPC M&E Division to find trends and issues of particular interest for wider stakeholder groups, and allow comparison between MDAs and Districts and against targets. Such analysis will help to identify constraints and process problems common to more than one reporting unit, and will identify priorities for capacity building and procedural change.

The bulletins will also keep stakeholders apprised of general developments in M&E, such as institutional developments, related events (such as meetings of NACPUS or SSWG, studies being commissioned or tenders awarded, and personnel change.

The Quarterly Bulletins will be distributed to:

- The Office of the President
- District Assemblies
- MDAs via their PPMEDs
- Other civil servants and government staff
- Development partners, NGOs, and CSOs
- Parliament

Annual Progress Reports will be produced each year in March. The report will summarise the movements of significant indicators during the year, and will be a more analytical report than the Quarterly Bulletins. It will also carry features of commissioned studies. Shorter Annual Progress Reports will be produced on the Millennium Development Goals and the HIPC triggers.

Using the Mass Media through press releases to pass to:

1. National newspapers
2. Special newspapers (e.g 'The National Advocate'-produced by RUMNET-Rural Media Network.
3. CORANET-Commercial Radio Network.
4. The FM radio stations.
5. Television stations.

6. NGO networks (e.g. GAPVOD, Northern Ghana Network for Development (NetWork))
7. Advertisement/public announcements on television, radio and newspapers

#### *11.11.1 Capacity for Dissemination Activities*

There is limited capacity in NDPC at the moment to carry out dissemination. NDPC plans to recruit personnel during the first quarter of 2003 to the M&E Division which will enable it to:

- Produce Quarterly Bulletins and Annual Progress Reports with initial support from contracted consultants and local technical assistance.
- Contract a media consortium to advise on dissemination activities.
- Contract organizations to undertake a range of dissemination activities.

The District Assemblies and their related unit committees and urban/local council structures will be used as key dissemination points.

#### *11.11.2 Documentation Centre*

A central repository of relevant documentation on the GPRS will be established at the NPDC and managed by the M&E Division. The centre will assemble a collection of all relevant documents as part of its activities. Relevant organizations will be requested to share their published and unpublished documents with the NPDC from time to time.

**APPENDIX A: POLICY MATRICES**

| <b>POLICY MATRIX: MACRO ECONOMY</b> |   |  |                        |                                  |  |
|-------------------------------------|---|--|------------------------|----------------------------------|--|
| <b>Policy Area</b>                  | <b>Key Issues/Objectives</b>                | <b>Actions/Measures</b>  | <b>Completion Date</b> | <b>Lead/Collaborating Agency</b> | <b>Targets/indicators</b>  |
| 1. Fiscal policy management         | 1.1 Promote effective debt management       | Monitor the size of domestic debt  | 2003                   | MOF                              | Audit of debt stock – comprehensive list<br><br>Medium to long term debt instruments – Government of Ghana Index-Linked Bonds<br><br>20% of HIPC applied to domestic debt amortisation<br><br>BPEMS Cash management module implemented<br>EPCC established<br>MDAs cash management committees established<br><br>HIPC accounting manual to guide integration of HIPC & poverty funds<br><br>Modified accrual system to capture expenditure commitment<br><br>Procurement bill passed |
|                                     |   | Restructure domestic debt stock  | 2003                   | BOG                              |  |
|                                     |   | Reduce the stock of domestic debt  | On-going               | MOF                              |  |
|                                     |   | Establish institutional structures and mechanisms for managing the deficit | 2003                   | MOF                              |  |
|                                     | 1.2 Improve expenditure management          | Track expenditures for poverty related projects                            | On-going               | MOF/CAGD                         |  |
|                                     |   | Commitment control & procurement   | 2003                   | Parliament                       |  |
| 2. Monetary policy management       | 2.1 Achieve price & exchange rate stability | Reduce inflation & minimise exchange rate manipulation                     | On-going               | BOG                              | Inflation rate   |
|                                     |   | Ensure competitive interest rates and reduce interest rate spread          | On-going               | BOG                              | Real interest rate<br>Spread between prime & inflation rate  |
|                                     |   | Increase transparency of Bank of Ghana operations                          | On-going               | BOG                              | Semi-annual publication of BOG operations  |
|                                     |   | Develop data base for credit information system                            | 2004                   | BOG/MEPRC                        | Data base developed  |
|                                     |   | Minimise impact of foreign exchange flows on domestic monetary aggregates  | On-going               | BOG                              |  |

| <b>POLICY MATRIX: MACRO ECONOMY</b> |   |   |  |  |  |
|-------------------------------------|---|---|--|--|--|
| <b>Policy Area</b>                  | <b>Key Issues/Objectives</b>  | <b>Actions/Measures</b>   | <b>Completion Date</b>                   | <b>Lead/Collaborating Agency</b>               | <b>Targets/indicators</b>  |
|                                     | 2.2 Improve institutional, legal & regulatory framework for monetary management | Revise laws and procedures governing the banking sector<br>Supervise banks  | 2003<br>On-going                         | Parliament<br>BOG                              | New Banking Law<br>Non-performing assets reduced   |
|                                     | 2.3 Deepen capital markets  | Implement schemes to increase long term savings<br>Introduce bond market  | 2003<br>2004                             | BOG<br>MOF/BOG/MEPRC                           | Parliamentary Approval to introduce Long Term Savings Plans<br>Complete Study and obtain Cabinet Approval<br>Cabinet approval; Bond market operational |
| 3. International trade              | 3.1 Improve export competitiveness  | Maintain competitive real interest rates<br>Improve import/export regime<br>Minimise incidence of dumping<br>Promote new areas of competitive advantage | On-going<br>On-going<br>2004<br>On-going | BOG<br>MOTI/BOG<br>MOTI/Parliament<br>MOTI/BOG | Single digit real rate<br>Export GDP ratio<br>Anti dumping law established<br>Range of NTEs  |
|                                     | 3.2 Diversify export base   | Take full advantage of preferential access to markets (AGOA, EU-ACP)  | 2003                                     | MOTI   | NTE exports to USA   |

| <b>POLICY MATRIX: PRODUCTION AND GAINFUL EMPLOYMENT</b> |   |   |                        |                                  |  |
|---|---|---|------------------------|----------------------------------|--|
| <b>Policy Area</b>                                      | <b>Key Issues/ Objectives</b>                             | <b>Actions/Measures</b>   | <b>Completion Date</b> | <b>Lead/Collaborating Agency</b> | <b>Targets/Indicators</b>  |
| 1. Economic transformation                              | 1.1 Modernize agriculture, increasing agricultural yields | <ul style="list-style-type: none"> <li>▪ Provide irrigation facilities</li> </ul>   | 2005                   | MOFA                             | Total area under irrigation increased from 0.04% (1994) to 0.12%         |
|   |   | <ul style="list-style-type: none"> <li>▪ Promote the use of performance-based extension service</li> </ul>                            | 2005                   | MOFA                             | Extension agent/farmer ratio increased from 1/2500 to 1/1600             |
|   |   | <ul style="list-style-type: none"> <li>▪ Provide support for aquaculture</li> </ul>   | 2003                   | MOFA                             | Integration of aquaculture into irrigation schemes; support for policies |
|   |   | <ul style="list-style-type: none"> <li>▪ Improve appropriate technology generation, transfer and dissemination</li> </ul>             | 2005                   | MOTI                             | Farmers targeted in dissemination  |
|   | 1.2. Enterprise development                               | <ul style="list-style-type: none"> <li>▪ Facilitate establishment of 40 small scale agro-processing industries for exports</li> </ul> | 2003                   | MEPRC/MOTI/MOP SD                | Small scale agro-processing industries established                       |
|   |   | <ul style="list-style-type: none"> <li>▪ Maintain and expand feeder roads</li> </ul>  |                        |                                  | Kilometres of existing road maintained or new ones constructed           |
|   | 1.3. Infrastructure - Roads and Rail                      | <ul style="list-style-type: none"> <li>▪ Provide one major road linking rural and urban areas in every region</li> </ul>              | 2005                   | MRT                              | Ditto  |
|   |   | <ul style="list-style-type: none"> <li>▪ Construct 3 major Highways to connect trans-ECOWAS highway</li> </ul>                        | 2008                   | MRT                              | Ditto  |
|   |   | <ul style="list-style-type: none"> <li>▪ Rehabilitate urban rail system for workers/goods in Accra-Tema Area</li> </ul>               | 2004                   | MRT                              | Kilometres of railroad rehabilitated                                     |
|   |   | <ul style="list-style-type: none"> <li>▪ Initiate mass transportation system</li> </ul>   | 2005                   | MRT                              | Number of buses procured   |
|   |   | <ul style="list-style-type: none"> <li>▪ Establish and manage national strategic buffer stock</li> </ul>                              | 2004                   | MRT                              | Operational national strategic buffer stocks                             |
|   |   |   | 2005                   | MOFA                             |  |
|   |   |   |                        |                                  |  |

| <b>POLICY MATRIX: PRODUCTION AND GAINFUL EMPLOYMENT</b> |  |   |                        |                                  |   |
|---|--|---|------------------------|----------------------------------|---|
| <b>Policy Area</b>                                      | <b>Key Issues/ Objectives</b>  | <b>Actions/Measures</b>   | <b>Completion Date</b> | <b>Lead/Collaborating Agency</b> | <b>Targets/Indicators</b>   |
|   | 1.2 Create the right institutional environment for Entrepreneurial Development | <ul style="list-style-type: none"> <li>▪ Establish agri-business zones</li> <li>▪ Undertake land administration reforms</li> </ul>  | 2005<br>2005           | DAs<br>MLF                       | Agri-business zones established in Northern Savannah, Afram Plains and parts of Western region<br>Review of legislation; draft legislation submitted  |
| 2. Agro-Processing                                      | 2.1 Increase production and employment by promoting agro-processing            | <ul style="list-style-type: none"> <li>▪ Provide processing equipment to micro and small-scale producers</li> <li>▪ Establish small enterprise zones in profitable locations</li> <li>▪ Provide rural communities with three-phase electric power supplies</li> </ul> | 2005<br>2005<br>2005   | MOTI<br>MOTI, DAs<br>MOEn        | Small business enterprise zones with support infrastructure and ITTU advisory services in Tamale, Takoradi and Cape Coast Delivery of services by ITTUs increased by 50%<br>Fifty (50) agro-processing plants established in the northern and coastal savannah<br>Proportion of rural communities with access to electricity for domestic, commercial and industrial uses increases from 15% to 20% |
|   | 2.2 Improve productivity in the industrial and service sectors                 | <ul style="list-style-type: none"> <li>▪ Strengthen agencies and departments responsible for cluster and enterprise development</li> <li>▪ Establish fund to finance industry-based research and development</li> </ul>   | 2005<br>2005           | MOTI<br>MOTI                     | Resources provided to NBSSI etc.<br><br>Fund established, proportion of budget allocated to R&D   |

| <b>POLICY MATRIX: PRODUCTION AND GAINFUL EMPLOYMENT</b> |  |   |                        |                                  |   |
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| <b>Policy Area</b>                                      | <b>Key Issues/ Objectives</b>                              | <b>Actions/Measures</b>   | <b>Completion Date</b> | <b>Lead/Collaborating Agency</b> | <b>Targets/Indicators</b>   |
| 3. Energy   | 3.1 Ensure reliable supply of high quality energy services | <ul style="list-style-type: none"> <li>▪ Implement a policy of cost recovery in energy supply</li> </ul>  | 2003                   | MOEn                             | Mechanism for cost recovery pricing established   |
|   |  | <ul style="list-style-type: none"> <li>▪ Unbundling of the electricity supply system</li> </ul>   | 2003                   | MOEn, MOF                        | Increased private sector participation in petroleum sector  |
|   |  | <ul style="list-style-type: none"> <li>▪ Deregulate the petroleum sector</li> </ul>   | 2004                   | MOEn                             |   |
|   |  | <ul style="list-style-type: none"> <li>▪ Assist communities to develop woodlots</li> </ul>  | 2005                   | DAs, NGOs                        | Woodlots/tree planting  |
|   |  | <ul style="list-style-type: none"> <li>▪ Support the development of renewable energy technologies such as solar PVs and biogas</li> </ul>   | 2005                   | MOEn                             | Proportion of budget for the development of renewable energy  |
|   |  | <ul style="list-style-type: none"> <li>▪ Promote energy efficiency technologies for domestic users</li> </ul>   | 2003                   | MOEn                             | Private sector participation in the development of renewable energy                                 |
|   |  | <ul style="list-style-type: none"> <li>▪ Promote the use of liquefied petroleum gas (LPG)</li> </ul>  | 2003                   | MOEn, DAs                        | Households using LPG for cooking  |
| 4. Environmental and natural Resource management        | 4.1 Improve environmental and natural resource management  | <ul style="list-style-type: none"> <li>▪ Implement existing projects on natural resource management, capacity building for the fisheries sub-sector and surveillance</li> </ul>   | 2003                   | MES                              | Degradation related to crop and livestock production activities reduced by 20%                      |
|   |  | <ul style="list-style-type: none"> <li>▪ Enforce laws and regulations on natural resource utilization and environmental protection</li> </ul>                                     | 2005                   | EPA                              | Loss of forests through fire, logging, fuel-wood extraction, forest encroachment etc reduced by 10% |
|   |  | <ul style="list-style-type: none"> <li>▪ Review institutional, legal, fiscal and financial regimes under which mining operates to ensure international competitiveness</li> </ul> | 2005                   | EPA                              | Environmental resource degradation arising out of mining and manufacturing reduced by 20%           |
|   |  | <ul style="list-style-type: none"> <li>▪ Undertake legislative review of land laws and policies to increase access and security to land by entrepreneurs</li> </ul>               | 2004                   | MLF, MOJ                         | Land tenure system reviewed   |
|   |  | <ul style="list-style-type: none"> <li>▪ Enhance community involvement in the management of forest and wildlife and savannah woodland resources</li> </ul>                        | 2005                   | DAs, MLF                         | Community participation in meetings and decision making fora  |



| <b>POLICY MATRIX: PRODUCTION AND GAINFUL EMPLOYMENT</b> |  |   |                        |                                  |   |
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| <b>Policy Area</b>                                      | <b>Key Issues/ Objectives</b>  | <b>Actions/Measures</b>   | <b>Completion Date</b> | <b>Lead/Collaborating Agency</b> | <b>Targets/Indicators</b>   |
| 5. Non-Traditional Export (NTE) Development             | 5.1 Increase the production and export of non-traditional exports                      | <ul style="list-style-type: none"> <li>▪ Automate fully CEPS processes</li> </ul>   | 2005                   | CEPs                             | Total value of NTEs increased from US\$404.4 million in 2001 to US\$600 million in 2004   |
|   |  | <ul style="list-style-type: none"> <li>▪ Improve port and transport facilities</li> </ul>   | 2005                   | MRT                              |   |
|   |  | <ul style="list-style-type: none"> <li>▪ Support existing craft villages in Bongo and other districts</li> </ul>  | 2005                   | MITI/GEPC                        | Total value of agricultural NTE increased from US\$84.2 million in 2001 to US\$150 million. Total number of NTE exporters increased from 1714 in 2001 to 1800 in 2004 |
|   |  | <ul style="list-style-type: none"> <li>▪ Provide support for the development of cold chains to facilitate export of horticultural products</li> </ul>                   | 2004                   | MITI/GEPC                        |   |
|   |  | <ul style="list-style-type: none"> <li>▪ Strengthen out-grower scheme</li> </ul>  | 2004                   | MOFA                             |   |
|   |  | <ul style="list-style-type: none"> <li>▪ Acquire land and distribute to individuals for NTE production</li> </ul>   | 2005                   | MLF/MITI/FZB                     | Sixty out-grower schemes established<br>Land banks established; programme for distribution available  |
|   |  | <ul style="list-style-type: none"> <li>▪ Initiate capacity building programme for business and farm managers</li> </ul>   | 2004                   | MITI/GEPC/MPSD                   | Training programme operational; periodic training provided  |
| 6. Employment   | 6.1 Promote the development of manpower, increase and sustain employment opportunities | <ul style="list-style-type: none"> <li>▪ Register the unemployed</li> </ul>   | 2002                   | MMDE                             | Database of unemployed<br>National manpower development plan produced by 2003   |
|   |  | <ul style="list-style-type: none"> <li>▪ Develop manpower development plan</li> </ul>   | 2003                   | MMDE                             |   |
|   |  | <ul style="list-style-type: none"> <li>▪ Provide skills training to unemployed</li> </ul>   | 2003                   | MMDE                             | Training completed  |
|   |  | <ul style="list-style-type: none"> <li>▪ Strengthen key institutions such as the Labour Department, Management Development and Productivity Institute (MDPI)</li> </ul> | 2005                   | MMDE                             | Increase in resources allocated   |
|   |  | <ul style="list-style-type: none"> <li>▪ Utilise DACF to support employment generation activities</li> </ul>  | 2003                   | DAs                              | Increase proportion of DACF to micro-enterprise development   |
|   |  | <ul style="list-style-type: none"> <li>▪ Provide support to income generating activities through the SIF</li> </ul>   | 2002                   | MEPRC                            | Increase proportion of SIF funds to income generation activities  |
|   |  | <ul style="list-style-type: none"> <li>▪ Strengthen micro-finance institutions</li> </ul>   | 2003                   | MOF, BOG                         | Framework for operations reviewed   |
|   |  | <ul style="list-style-type: none"> <li>▪ Disburse funds from the Women's Special Micro Financing Fund to MFIs</li> </ul>  | 2002                   | MOWAC                            | Increased proportion of funds from MOWAC Funds to MFIs  |

| <b>POLICY MATRIX: HUMAN RESOURCE DEVELOPMENT &amp; BASIC SERVICES</b> |  |  |  |   |   |
|---|--|--|--|---|---|
| <b>Policy Area</b>  | <b>Key Issues/Objectives</b>                                     | <b>Actions/Measures</b>  | <b>Completion Date</b>                 | <b>Lead/Collaborating Agency</b>  | <b>Targets/indicators</b>   |
| 1. Education  | 1.1 Increase access to education and training                    | <ul style="list-style-type: none"> <li>▪ Undertake school improvements</li> <li>▪ Develop one model SSS in each district</li> <li>▪ Reform education management</li> <li>▪ Ensure teacher development/deployment and supervision</li> <li>▪ Establish special partnership programmes with non-state actors</li> </ul>  | 2003<br>2005<br>2004<br>2005<br>2003   | MOE<br>MOE<br>MOE/GES<br>MOE/GES<br>MOE/MMDE                            | Sector strategy & EFA plans developed<br>SSS upgraded to model status<br>Financial & HR audits, SMCs & PTAs established, Decentralised service delivery to DAs<br>Framework for collaboration developed   |
| 2. Skills and Entrepreneurial Development for the youth               | 2.1 Provide skills and entrepreneurial development for the youth | <ul style="list-style-type: none"> <li>▪ Develop policy to stimulate and regulate vocational &amp; technical training</li> <li>▪ Revise curriculum to increase relevance and coverage of vocational and technical training</li> <li>▪ Establish community-based vocational apprenticeship through grants to Das</li> <li>▪ Provide entrepreneurship training to the youth</li> <li>▪ Promote public-private partnerships in direct service delivery</li> <li>▪ Establish Youth Fund</li> </ul> | 2003<br>2004<br>2005<br>2005<br>2003   | MOE/MMDE<br>MOE/MMDE<br>MMDE<br>MMDE<br>MMDE/MOE<br>MYS/MMDE            | Policy, curriculum and certification system in place; Roles and responsibilities defined<br>Personnel with employable skills produced<br>On-going programmes restructured to deliver grants for training<br>Training & retraining provided in business management<br>Public representation in management of service delivery<br>Funds provided & in operation |
| 3. HIV/AIDS   | 3.1 Prevent new transmissions                                    | <ul style="list-style-type: none"> <li>▪ Improve direct service delivery</li> <li>▪ Intensify behaviour change</li> <li>▪ Expand facilities to prevent mother-to child transmissions</li> <li>▪ Ensure safe blood and blood products</li> <li>▪ Improve STI management</li> <li>▪ Promote safe sex</li> <li>▪ Provide resources for peer counselling</li> </ul>  | All actions in this category 2003-2005 | MOH<br>GAC, MOH, DAs<br>MOH<br>MOH<br>MOH<br>GAC, MOH, NGOs<br>GAC, DAs | Reduced prevalence rates<br>Increasing amounts invested in HIV/AIDS prevention & control<br>Continued support & participation in implementation of national strategic plan  |

| <b>POLICY MATRIX: HUMAN RESOURCE DEVELOPMENT &amp; BASIC SERVICES</b> |  |   |  |   |  |
|---|--|---|--|---|--|
| <b>Policy Area</b>  | <b>Key Issues/Objectives</b>   | <b>Actions/Measures</b>   | <b>Completion Date</b>   | <b>Lead/Collaborating Agency</b>  | <b>Targets/indicators</b>  |
|   | 3.2 Provide a continuum of care for PLWHA<br><br>3.3 Lay an effective institutional foundation | <ul style="list-style-type: none"> <li>▪ Provide supportive counselling</li> <li>▪ Reduce stigmatisation and discrimination</li> <br/> <li>▪ Establish Ghana AIDS Commission</li> <li>▪ Implement Ghana HIV/AIDS Strategic Framework including the District Response Initiative</li> <li>▪ Build capacity of weak frontline institutions</li> <li>▪ Strengthen surveillance and operational research</li> </ul>   | All actions in this category 2003-2005<br><br>Completed<br><br>On-going<br><br>On-going<br><br>On-going  | GAC/MOH, NGOs<br>GAC/MOH, NGOs<br><br>GOG<br><br>GAC<br><br>GAC<br><br>NACP, GAC            | Formal and informal social support systems for care and support responding adequately<br><br>Institutions proposed in strategic framework established<br>Sensitisation/awareness creation, laws reviewed<br><br>GAC operational, resources allocated<br>Strategic Framework elements in all national & sub national plans<br>Resources allocated to identified institutions<br>Regular reports, funds allocated for research, institutions operational |
| 4. Population Management  | 4.1 Increase effective population management services  | <ul style="list-style-type: none"> <li>▪ Decentralise counselling services and sale of contraceptives</li> <li>▪ Institute a major national campaign on fertility regulation</li> <br/> <li>▪ Coordinate implementation of population management</li> </ul>   | 2003<br><br>2004<br><br>2004   | NPC, GAC,<br><br>NPC<br><br>NPC, NDPC   | Greater use of community agents and field workers<br>Reduce total fertility rate to 4.2; operational research on barriers to family planning undertaken; IEC undertaken<br>Capacity of NPC strengthened  |
| 5. Health care  | 5.1 Bridge equity gaps in access to quality health and nutrition services                      | <ul style="list-style-type: none"> <li>▪ Develop resource allocation and facility distribution plan</li> <li>▪ Redistribute health workers in favour of deprived areas</li> <li>▪ Provide outreach services &amp; clinics in deprived areas</li> <li>▪ Develop at least one model health centre in each district</li> <li>▪ Develop and implement high impact rapid delivery programme for U5M &amp; MM and malnutrition</li> <li>▪ Ensure ITN availability &amp; use</li> <li>▪ Eradicate guinea worm</li> </ul> | 2004<br><br>2005<br><br>2005<br><br>On-going<br><br>On-going<br><br>On-going<br><br>On-going<br><br>2005 | MOH<br><br>GHS, MOH<br><br>MOH, DAs<br><br>DAs, MOH<br><br>MOH, DAs<br><br>MOH<br>CWSA, DAs | Criteria and plan produced and implemented<br>Incentive package developed<br><br>Facilities distributed as per plan<br><br>Model health centres developed in specified areas<br>U5MR, MMR and malnutrition within GPRS targets<br><br>ITN distribution nation-wide<br>Guinea worm incidence – 0%   |

| <b>POLICY MATRIX: HUMAN RESOURCE DEVELOPMENT &amp; BASIC SERVICES</b> |   |   |  |   |   |
|---|---|---|--|---|---|
| <b>Policy Area</b>  | <b>Key Issues/Objectives</b>  | <b>Actions/Measures</b>   | <b>Completion Date</b>                               | <b>Lead/Collaborating Agency</b>                                    | <b>Targets/indicators</b>   |
|   | 5.2 Ensure sustainable financing arrangements that protect the poor | <ul style="list-style-type: none"> <li>▪ Phase out cash and carry</li> <li>▪ Increase government budget share for basic services at district and sub-district levels</li> <li>▪ Ensure effective implementation of exemptions policy</li> <li>▪ Fix a low acceptable rate of payment for district and sub district levels in deprived areas</li> <li>▪ Implement health insurance scheme</li> </ul>   | 2005<br>2005<br><br>2004<br><br>2005<br><br>2005     | MOH<br>MOH, MOF<br><br>MOH<br><br>MOH                               | Institutional & legal framework established<br>Health insurance operational<br><br>Share of budget for district and sub-district levels increased<br><br>Exemption policy fully operational<br>Special low fees for deprived areas  |
|   | 5.3 Enhance efficiency in service delivery                          | <ul style="list-style-type: none"> <li>▪ Decentralise HR management to regional level</li> <li>▪ Expand community-based health service delivery</li> <li>▪ Collaborate with informal providers</li> <li>▪ Strengthen M&amp;E of services</li> <li>▪ Clarify roles of MOH, GHS and DAs in health service delivery (HSD)</li> <li>▪ Strengthen systems for accountability in HSD</li> <li>▪ Develop framework to promote occupational health</li> </ul> | 2005<br>2005<br>2003<br>2003<br>2004<br>2004<br>2004 | GHS<br>MOH, DAs<br>MOH<br>MOH<br>CABINET<br>Parliament<br>MOH, MMDE | Health indicators improved<br>Recruitment & management of staff by regional level<br>Trained community-based health personnel<br>Collaborative framework developed<br>Data requirements determined<br>Trained and skilled staff at post<br>MOU signed<br>Functional system of financial reporting |

| <b>POLICY MATRIX: HUMAN RESOURCE DEVELOPMENT &amp; BASIC SERVICES</b> |   |  |                        |                                  |   |
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| <b>Policy Area</b>  | <b>Key Issues/Objectives</b>  | <b>Actions/Measures</b>  | <b>Completion Date</b> | <b>Lead/Collaborating Agency</b> | <b>Targets/indicators</b>   |
| 6. Safe water & environmental health                                  | 6.1 Accelerate rural water provision with emphasis on guinea worm endemic areas | <ul style="list-style-type: none"> <li>▪ Fully subsidise water provision in guinea worm endemic areas</li> </ul>                       | 2004                   | MWH, MOF                         | Subsidy in place in specified areas                               |
|   |   | <ul style="list-style-type: none"> <li>▪ Provide new investments in water for Western &amp; Central regions</li> </ul>                 | 2004                   | MWH                              | New investments directed to specified areas                       |
|   |   | <ul style="list-style-type: none"> <li>▪ Strengthen management of on-going investments in deprived areas</li> </ul>                    | 2004                   | MWH                              | Community participation in M&E                                    |
|   |   | <ul style="list-style-type: none"> <li>▪ Disburse recurrent budget to CWSA and DACF on time</li> </ul>                                 | 2004                   | MOF                              | Schedule of disbursement prepared                                 |
|   | 6.2 Effectively manage urban water systems                                      | <ul style="list-style-type: none"> <li>▪ Establish regional offices of PURC</li> </ul>   | 2005                   | PURC                             | Regional offices of PURC established and operating                |
|   |   | <ul style="list-style-type: none"> <li>▪ Mobilise resource to refurbish and extend coverage of urban systems</li> </ul>                | On-going               | MWH                              | Population served increased, area covered extended                |
|   |   | <ul style="list-style-type: none"> <li>▪ Strengthen GWC</li> </ul>   | 2005                   | MWH                              | Increased resources to GWC  |
|   |   | <ul style="list-style-type: none"> <li>▪ Develop monitorable implementation plans</li> </ul>   | 2004                   | MWH                              | M&E plans developed   |
|   | 6.4 Manage liquid and solid waste safely  | <ul style="list-style-type: none"> <li>▪ Rationalise and update bye-laws for effective management of solid and liquid waste</li> </ul> | 2005                   | MLGRD, DAs                       | Bye-laws developed & enforced<br>Reduction in effluent discharges |
|   |   | <ul style="list-style-type: none"> <li>▪ DAs to market aggressively domestic toilets</li> </ul>  | 2005                   | DAs                              | Households without toilet facilities reduced                      |
|   |   | <ul style="list-style-type: none"> <li>▪ Information dissemination of safe sanitation</li> </ul>                                       | 2005                   | DAs                              | Regular awareness campaigns                                       |
|   |   | <ul style="list-style-type: none"> <li>▪ Introduce simplified sewerage systems for poor areas with high population</li> </ul>          | 2005                   | DAs, MWH                         | Functional sewerage system developed                              |

| <b>POLICY MATRIX: HUMAN RESOURCE DEVELOPMENT &amp; BASIC SERVICES</b> |   |  |   |  |  |
|---|---|--|---|--|--|
| <b>Policy Area</b>  | <b>Key Issues/Objectives</b>                | <b>Actions/Measures</b>  | <b>Completion Date</b>                                      | <b>Lead/Collaborating Agency</b>                             | <b>Targets/indicators</b>  |
|   | 6.5 Build capacity for environmental health | <ul style="list-style-type: none"> <li>▪ Promote physical planning</li> <li>▪ Update maps and layouts for orderly physical development</li> <li>▪ Build capacity of DAs in management of public-private partnerships</li> <li>▪ Develop staff, skills, guidelines &amp; motivation for Environmental Health Departments of DAs</li> <li>▪ Establish/strengthen sanitation tribunals in every district</li> </ul> | <p>2004</p> <p>2005</p> <p>2005</p> <p>2004</p> <p>2004</p> | <p>NDPC, MLGRD</p> <p>MLGRD</p> <p>MLGRD, DAs</p> <p>DAs</p> | <p>Framework for physical planning</p> <p>Maps and layout of major cities updated</p> <p>Staff trained and at post</p> <p>Staff development framework/guidelines developed</p> <p>Sanitation tribunals established</p> |

| <b>POLICY MATRIX: VULNERABILITY &amp; EXCLUSION</b>                  |   |  |                        |                                  |  |
|--|---|--|------------------------|----------------------------------|--|
| <b>Policy Area</b>   | <b>Key Issues/Objectives</b>  | <b>Actions/Measures</b>  | <b>Completion Date</b> | <b>Lead/Collaborating Agency</b> | <b>Targets/indicators</b>                      |
| 1. Expanding essential basic services to the vulnerable and excluded | 1.1 Expand coverage and effectiveness of essential services for poorest groups and geographical areas | <ul style="list-style-type: none"> <li>▪ Social security schemes expanded by 100,000 workers</li> </ul>                            | 2004                   | SSNIT                            | Informal sector participation in SSS increased |
|  |   | <ul style="list-style-type: none"> <li>▪ Increase effectiveness of SSNIT</li> </ul>  | 2004                   | SSNIT                            |  |
|  |   | <ul style="list-style-type: none"> <li>▪ Introduce mutual health insurance scheme throughout the country</li> </ul>                | 2004                   | MOH                              | Mutual health insurance scheme introduced      |
|  |   | <ul style="list-style-type: none"> <li>▪ Introduce National Health Insurance Scheme</li> </ul>                                     | 2003                   | MOH                              | Parliamentary approval of NHS Bill             |
|  | 1.2 Prevent disasters & mitigate their impact on the poor   | <ul style="list-style-type: none"> <li>▪ Establish rapid response units for all regions to include military &amp; NADMO</li> </ul> | 2004                   | NADMO                            | Rapid response units created for all regions   |
|  |   | <ul style="list-style-type: none"> <li>▪ Develop predictive early warning systems</li> </ul>                                       | 2004                   | NADMO, MOI, DAs                  | Meteorological Department resourced            |
|  |   | <ul style="list-style-type: none"> <li>▪ Strengthen capacity of institutions for disaster management</li> </ul>                    | 2004                   | MOI, MOD, DAs                    | Institutions trained; logistics provided       |
|  |   | <ul style="list-style-type: none"> <li>▪ Develop effective communication between Accra and disaster-prone areas</li> </ul>         | On-going               | MOI, MOD                         | Disaster-prone areas linked to Accra           |

| <b>POLICY MATRIX: VULNERABILITY &amp; EXCLUSION</b>          |   |  |  |   |  |
|--|---|--|--|---|--|
| <b>Policy Area</b>   | <b>Key Issues/Objectives</b>  | <b>Actions/Measures</b>  | <b>Completion Date</b>                               | <b>Lead/Collaborating Agency</b>                        | <b>Targets/indicators</b>  |
|  | 1.3 Support capacity for co-ordinated service delivery                          | <ul style="list-style-type: none"> <li>▪ Develop &amp; adopt policy for vulnerable groups</li> <li>▪ Promote NGO development</li> <li>▪ Protect budget of Dept of Social Welfare and Community Development (SWCD)</li> <li>▪ Strengthen CHRAJ, WAJU, GNCC, NCWD, SWCD</li> <li>▪ Streamline legal system to address gender-based violence, violation of freedoms, protection of property rights, protection of children, elderly and disabled</li> <li>▪ Repeal laws discriminatory against women</li> </ul>   | 2004<br>2005<br>2005<br>On-going<br>On-going<br>2005 | MMDE/SWCD<br>MMDE/SWCD<br>MOF<br>MOI, MOJ<br>MOJ<br>MOJ | Policy for support to vulnerable developed<br>NGO sector policy<br>Budget for SWCD ring-fenced<br>Improvement in HD indicators<br>Laws to address specified issues<br>Legal reviews                                  |
| 2. Increased partnership with non-Governmental Organisations | 2.1 Establish a partnership for social protection programmes with NGOs and CSOs | <ul style="list-style-type: none"> <li>▪ Establish special programmes for community-based rehabilitation &amp; education for the physically and mentally-challenged</li> <li>▪ Provide facilities &amp; basic materials to support schools for the blind, deaf, orphanages &amp; community-based programmes for the elderly</li> <li>▪ Intensify awareness of Convention on Rights of the Child, the Children's Act especially on child labour</li> <li>▪ Enforce legislation on trokosi, FGM &amp; other laws on protection</li> <li>▪ Design and implement IPEC</li> </ul> | 2005<br>2005<br>2005<br>On-going<br>2005             | MMDE/SWCD<br>MMDE/SWCD<br>MOWA<br>MOJ<br>MMDE           | Schools with requisite facilities<br>Prosecution of violators<br>Children's Rights & issues on children's protection mainstreamed into development policy/programming<br>Reduction in FGM<br>Decline in child labour |



| <b>POLICY MATRIX: GOVERNANCE</b> |   |  |                        |                                  |   |
|----------------------------------|---|--|------------------------|----------------------------------|---|
| <b>Policy Area</b>               | <b>Key Issues/Objectives</b>  | <b>Actions/Measures</b>  | <b>Completion Date</b> | <b>Lead/Collaborating Agency</b> | <b>Target/Indicators</b>  |
| 1.1 Public Policy management     | 1.1 Deepen effective political involvement in support of poverty reduction and growth | <ul style="list-style-type: none"> <li>▪ Establish Parliamentary Committee on Poverty Reduction</li> </ul>   | 2002                   | Office of Parliament             | Parliamentary committee established   |
|                                  |   | <ul style="list-style-type: none"> <li>▪ Strengthen Parliamentary Committee on Public Finance and budget</li> </ul>  | 2004                   | Office of Parliament<br>MOPA     | Ability to provide stronger oversight, regular reports twice yearly                                     |
|                                  |   | <ul style="list-style-type: none"> <li>▪ Monitor GPRS implementation</li> </ul>  | On-going               | MEPRC/NDPC                       | Stronger feedback, regular reports  |
|                                  |   | <ul style="list-style-type: none"> <li>▪ Strengthen research capacity of Parliament</li> </ul>   | On-going               | MOPA                             | More informed debates, reports  |
|                                  |   | <ul style="list-style-type: none"> <li>▪ Develop mechanisms for permanent dialogue between Government and CSOs</li> </ul>  | 2004                   | MEPRC/NDPC                       | Procedures in place, CSO representation on Government programmes  |
|                                  |   | <ul style="list-style-type: none"> <li>▪ Review/develop code of conduct of Public Service, corporate, non-profit-making organisations and traditional authorities</li> </ul> | 2004                   | NIRP/PSC/OHSC                    | Code of conduct, responsive institutions, traditional authorities' involvement in development processes |
|                                  |   | <ul style="list-style-type: none"> <li>▪ Strengthen law and order enforcement institutions</li> </ul>  | 2005                   | MOI, MOJ                         | Reduced conflicts, shorter conflict periods, increased resources to institutions                        |
|                                  | 1.2 Increase the Capacity of the Public Service                                       | <ul style="list-style-type: none"> <li>▪ Reform public sector pay policy</li> </ul>  | 2004                   | NIRP/MOF                         | Reformed pay policy approved by Cabinet   |
|                                  |   | <ul style="list-style-type: none"> <li>▪ Prepare and implement a 5-10 year programme of right sizing and improving conditions of services</li> </ul>                         | 2005                   | MOF/NIRP                         | Public service reform programme   |
|                                  |   | <ul style="list-style-type: none"> <li>▪ Review public sector management reform programme under the NIRP</li> </ul>  | 2003                   | Cabinet                          | Reforms under NIRP reviewed   |
|                                  |   | <ul style="list-style-type: none"> <li>▪ Monitor the</li> </ul>  | 2004                   | Office of president              |   |

| <b>POLICY MATRIX: GOVERNANCE</b> |  |   |  |   |   |
|----------------------------------|--|---|--|---|---|
| <b>Policy Area</b>               | <b>Key Issues/Objectives</b>   | <b>Actions/Measures</b>   | <b>Completion Date</b>   | <b>Lead/Collaborating Agency</b>                    | <b>Target/Indicators</b>  |
|                                  |  | implementation of the reform programme and operations of CMAs and MDAs  |  |   | Report on M&E on reform programme   |
|                                  | 1.3 Increase capacity of the legal sector, enhancing access to justice | <ul style="list-style-type: none"> <li>▪ Review current legislation to ensure consistency and compatibility of laws with GPRS policies</li> <li>▪ Strengthen the courts, especially lower courts</li> <li>▪ Provide magistrate court in all district capitals</li> <li>▪ Abolish community tribunal system</li> <li>▪ Establish six Fast Track Courts</li> <li>▪ Strengthen Legal Aid Board</li> <li>▪ Strengthen the capacity of the Police Service</li> </ul> | 2003<br><br>2005<br>2005<br><br>2003<br><br>2004<br>2004<br>2005 | MOJ<br><br>MOJ, MOI<br>MOJ<br><br>MOJ<br>MOJ<br>MOI | Legal review for poverty reduction<br><br>More resources allocated to courts<br>Magistrate courts in specified districts<br><br>Law on community tribunals repealed<br>Six fast track courts established<br><br>Increased resources to Legal Aid Board<br>Increased/improved response of the police to the needs of the public, increased public confidence in the police service |
|                                  | 1.4 Rationalise and define structures, roles and procedures            | <ul style="list-style-type: none"> <li>▪ Review, define and enforce structures, roles and procedures for the discharge of government business</li> <li>▪ Prepare performance related terms of references and procedural manuals for CMAs and MDAs</li> <li>▪ Review processes for the preparation of MTDP and MTEF</li> </ul>   | 2003<br><br>2003<br><br>2003                                     | Office of Senior Minister<br><br>NIRP<br><br>NDPC   | Operational manuals in place<br><br>TORs for CMAs, MDAs prepared<br><br>Procedural manuals  |

| <b>POLICY MATRIX: GOVERNANCE</b> |   |  |  |   |   |
|----------------------------------|---|--|--|---|---|
| <b>Policy Area</b>               | <b>Key Issues/Objectives</b>                                  | <b>Actions/Measures</b>  | <b>Completion Date</b>                                   | <b>Lead/Collaborating Agency</b>                                    | <b>Target/Indicators</b>  |
|                                  |   | <ul style="list-style-type: none"> <li>▪ Strengthen the planning and coordinating capacity DPCUs</li> <li>▪ Prepare procedural and operational manuals on the development planning process from national to local level</li> <li>▪ Provide training in coordination to RPCUs</li> </ul>  | 2005<br><br>2003<br><br>2004                             | NDPC<br><br>NDPC<br><br>NDPC  | Training programmes for RPCUs/DPCUs<br><br>Procedural manuals<br><br>Training manuals, Coordinated regional programme                                       |
|                                  | 1.5 Rationalise the role of the State                         | <ul style="list-style-type: none"> <li>▪ Prepare a fully costed implementation plan for the reform of Sub-vented Agencies (SA)</li> <li>▪ Pass into law the re-drafted SA Reform Bill</li> <li>▪ Implement revised divestiture programme</li> <li>▪ Institutionalise civil society participation in policy formulation, implementation and monitoring</li> <li>▪ Coordinate, manage and monitor multilateral and bilateral assistance</li> </ul> | 2003<br><br>2003<br><br>On-going<br><br>2003<br><br>2003 | NIRP<br><br>MOJ, Parliament<br><br>DIC<br><br>NDPC<br><br>MOF, NDPC | Plans for SA reforms<br><br>SA reform law<br><br>List of specified agencies for divestiture<br>Regular meetings with CSOs<br><br>Regular meetings, Mini CGs |
| 2. Decentralisation              | 2.1 Strengthen leadership and capacity of District Assemblies | <ul style="list-style-type: none"> <li>▪ Initiate process for changing the Constitution to have district functionaries elected</li> <li>▪ Review the Local Government Service Bill</li> <li>▪ Strengthen District Assemblies financial and management role</li> <li>▪ Upgrade and update</li> </ul>  | 2004<br><br>2003<br><br>2004<br><br>2005                 | MLGRD<br><br>MLGRD, MOJ<br><br>MLGRD<br><br>MLGRD, NDPC             | Referendum on change<br><br>LGS law<br><br>Law on fiscal decentralisation<br><br>Training programme   |

| <b>POLICY MATRIX: GOVERNANCE</b>   |   |  |  |   |  |
|------------------------------------|---|--|--|---|--|
| <b>Policy Area</b>                 | <b>Key Issues/Objectives</b>                                  | <b>Actions/Measures</b>  | <b>Completion Date</b>                               | <b>Lead/Collaborating Agency</b>  | <b>Target/Indicators</b>   |
|                                    |   | knowledge and skills of District Assembly staff in policy, planning, management of infrastructure and services   |  |   |  |
|                                    | 2.2 Deepen District Assemblies Association with civil society | <ul style="list-style-type: none"> <li>▪ Initiate regular planning and programming meetings between DA departments and NGOs</li> <li>▪ Increase public access to information on budgets, pattern of expenditure and implementation progress</li> </ul>   | 2004<br><br>2003                                     | NDPC, MLGRD<br><br>NDPC, MOF  | Framework for collaboration between DAs and NGOs (NGO guidelines)<br><br>Freedom of access to information law  |
| 3. Public Expenditure Management   | 3.1 Increase cost effectiveness of development expenditures   | <ul style="list-style-type: none"> <li>▪ Develop operations manuals for the management of programmes and projects for MDAs and District Assemblies</li> <li>▪ Develop the capacity of the NDPC, PPMEDs of MDAs, RPCUS and DPCUs in programme management and monitoring and evaluation</li> <li>▪ Review the MTEF system and procedures in relation to the MTDP</li> <li>▪ Strengthen annual planning and budgeting processes</li> <li>▪ Introduce and enforce comprehensive reporting formats</li> </ul> | 2004<br><br>2004<br><br>2003<br><br>2005<br><br>2003 | MOF<br><br>NDPC<br><br>NDPC, MOF, NIRP<br><br>NDPC, MOF<br><br>NDPC, MEPRC, MOF | Operations manuals<br><br>Regular M&E, review reports, GPRS programme development<br>Annual GPRS review reports by end April each year<br><br>MTDP & MTEF linked<br><br>Plans and budget linked<br><br>Quarterly M&E reports |
| 4. Transparency and Accountability | 4.1 Institutionalise public access to Government business     | <ul style="list-style-type: none"> <li>▪ Review draft Bill on Public Access to Information</li> <li>▪ Publish information on government business to the</li> </ul>   | 2003<br><br>2004                                     | MOJ<br><br>Office of Senior Minister  | Draft Bill<br><br>Monthly/Quarterly report, regular fora   |

| <b>POLICY MATRIX: GOVERNANCE</b> |                              |   |                                     |  |  |
|----------------------------------|------------------------------|---|-------------------------------------|--|--|
| <b>Policy Area</b>               | <b>Key Issues/Objectives</b> | <b>Actions/Measures</b>   | <b>Completion Date</b>              | <b>Lead/Collaborating Agency</b>           | <b>Target/Indicators</b>   |
|                                  |                              | <ul style="list-style-type: none"> <li>public</li> <li>▪ Develop mechanisms for disseminating government information at national and local levels</li> <li>▪ Re-establish NDPCs Cross-sectoral Planning Groups</li> <li>▪ Consultative workshops involving district departments, communities and civil society an integral part of district policy formulation, planning and budgeting processes</li> </ul> | <p>2004</p> <p>2003</p> <p>2004</p> | <p>MOI<br/>MOI</p> <p>NDPC</p> <p>NDPC</p> | <p>Monthly/Quarterly report, regular fora</p> <p>Cross-sectoral planning groups</p> <p>District budget with input from all departments</p> |

| <b>POLICY MATRIX – MEDIUM TERM PRIORITY PROGRAMMES</b> |  |  |  |                                  |  |
|--|--|--|--|----------------------------------|--|
| <b>MACRO ECONOMIC STABILITY</b>                        |  |  |  |                                  |  |
| <b>POLICY AREA</b>                                     | <b>KEY ISSUES/ OBJECTIVES</b>            | <b>ACTIONS/ MEASURES</b>   | <b>COMPLETION DATE</b>                     | <b>LEAD/COLLABORATING AGENCY</b> | <b>TARGETS/INDICATORS</b>  |
| <b>MACRO ECONOMIC STABILITY</b>                        | Reduce and restructure the domestic debt | <ul style="list-style-type: none"> <li>▪ Pay down domestic debt</li> <li>▪ Develop medium and long term instruments</li> </ul>   | Started & on-going                         | MOF, BOG                         | Audit of debt stock , Government of Ghana Index-Linked Bonds, 20% of HIPC applied to domestic debt amortisation                |
|  | Improving Public Expenditure Management  | <ul style="list-style-type: none"> <li>▪ Review, refinance, and strengthen the implementation of MTEF and PUFMARP</li> <li>▪ Implement BPEMS</li> <li>▪ Strengthen budget control systems</li> </ul> | 2003<br><br>Pilots –2003<br>Regions - 2004 | MOF<br><br>MOF/BOG               | Timely reporting financial transactions at national, ministerial & districts levels, EPCC established, monthly MDAs cash plans |
|  | Improve fiscal resource mobilization     | <ul style="list-style-type: none"> <li>▪ Strengthen revenue collection institutions &amp; DAs for tax collection</li> <li>▪ Improve collection of non-tax revenues</li> </ul>                        | 2003<br><br>2003                           | MOF/DAs<br><br>MOF/NTRS          | Higher targets attained<br><br>Targets set attained  |
|  | Pursue price and exchange rate stability | <ul style="list-style-type: none"> <li>▪ Establish monetary policy committee</li> <li>▪ Banking supervision</li> </ul>   | 2002<br>2002                               | MOF, BOG<br>BOG                  | New Banking Law, reduced non-performing assets   |

| <b>PRODUCTION AND GAINFUL EMPLOYMENT</b> |  |   |                      |                                  |   |
|--|--|---|----------------------|----------------------------------|---|
| <b>ECONOMIC TRANSFORMATION</b>           | Modernize agriculture based on rural development.          | <ul style="list-style-type: none"> <li>▪ Promote farm mechanization,</li> <li>▪ Provide irrigation facilities</li> </ul>  | 2004<br>2004         | MOFA<br>MOFA, NGOs, DAs          | Land area under cultivation (25% - 30%)<br>Total area under irrigation (0.04% - 0.12%), Farmers with access to dugouts in N. Ghana increases to 15%                                   |
|  |  | <ul style="list-style-type: none"> <li>▪ Acquire land for commercial farming, rehabilitate fish hatcheries,</li> <li>▪ Improve access to inputs for livestock and crop production,</li> <li>▪ Promote the production of high value crops</li> </ul> | 2005<br>2004<br>2005 | DAs<br>MOFA                      |   |
|  | Promote the development of agro-processing                 | <ul style="list-style-type: none"> <li>▪ Promote the development of agri-business zones</li> <li>▪ Undertake land administration reforms</li> </ul>   | 2005<br>2005 onwards | DAs, MOFA<br>MLF                 |   |
|  | Ensure citizen identification for development purposes     | <ul style="list-style-type: none"> <li>▪ Develop National Identification System (NIS)</li> </ul>  | 2005                 | MEPRC                            | Database, established, System operational   |
| <b>ENVIRONMENT</b>                       | Increase environmental protection through re-afforestation | <ul style="list-style-type: none"> <li>▪ Provide material and financial support for re-afforestation of degraded forests, abandoned mining areas, and major river banks</li> </ul>  | 2005                 | DAs, MLF                         | Degradation reduced by 20%<br>Loss of forests through logging, fire, encroachment etc reduced by 10%<br>Environmental resource degradation from mining & manufacturing reduced by 20% |
| <b>PRIVATE SECTOR</b>                    | Strengthen the Private sector                              | <ul style="list-style-type: none"> <li>▪ Improve access and increase volume of credit at affordable rates</li> <li>▪ Reduce bottlenecks to private sector development</li> <li>▪ Promote entrepreneurship in agro-business</li> </ul>               | 2003<br>2003<br>2005 | DAs, MOWAC, MEPRC<br>MPSD<br>ADF | 15 processing plants established  |

|                       |   |  |                                |   |   |
|-----------------------|---|--|--------------------------------|---|---|
| <b>INFRASTRUCTURE</b> | Enhance infrastructural development to facilitate production and distribution, intra-regional trade, and access to ports. | <ul style="list-style-type: none"> <li>Develop and rehabilitate major highways including ACCRA-KUMASI, ACCRA-YAMORANSA &amp; ACCRA-AFLAO-NOEPE.</li> </ul>   | 2005                           | MRT   | Contract signed, construction began   |
|                       |   | <ul style="list-style-type: none"> <li>Construct and rehabilitate one good road linking rural and urban markets in every region</li> </ul>   | 2005                           | GHA/MRT   | Contracts signed, construction began, Road Inventory Report, budget allocations for maintenance |
|                       |   | <ul style="list-style-type: none"> <li>Improve farm-roads to markets through re-gravelling, spot improvements and upgrading of Feeder Roads</li> </ul>   | 2005                           | DAs, DFR/MRT                                      | Road Inventory report, DACF spending on maintenance   |
|                       | Ensure reliable supply of high quality energy services  | <ul style="list-style-type: none"> <li>Implement cost recovery pricing for energy</li> <li>Continue Rural Electrification programme</li> <li>Support development of renewable energy</li> <li>Promote energy efficiency</li> </ul> | 2003<br>2005 +<br>2005<br>2005 | MOEn<br>MOEn<br>MOEn, Private sector<br>ECG, MOEn | Programme of price adjustments<br>Resources disbursed<br>Resources disbursed                    |
| <b>COMMUNICATIONS</b> | Improve communications for production and human development   | <ul style="list-style-type: none"> <li>Provide information communication technology for schools,</li> <li>Increase telephone access outside the urban centres</li> </ul>   | 2005<br>2005                   | MOCT, MOE<br>MOCT                                 | ICT Equipment installed & functional<br>Increased number of lines to specified areas            |



| <b>HUMAN RESOURCE DEVELOPMENT &amp; BASIC SERVICES</b>                                  |   |   |                    |                    |   |
|---|---|---|--------------------|--------------------|---|
| <b>EDUCATION</b>  | Enhance access to education,                                | <ul style="list-style-type: none"> <li>▪ Rehabilitate/develop physical infrastructure</li> </ul>                            | 2003               | MOE/GES, DAs       | Sector strategy & EFA plans developed<br>SSS upgraded   |
|   |   | <ul style="list-style-type: none"> <li>▪ Provide a model senior secondary school in every district</li> </ul>               | 2005               | MOE/GES, DAs       |   |
|   |   | <ul style="list-style-type: none"> <li>▪ Provide library and equip science laboratories</li> </ul>                          | 2005               | MOE/GES, DAs       | Schools equipped, upgraded  |
|   |   | <ul style="list-style-type: none"> <li>▪ Expand preschool access to all basic schools</li> </ul>                            | 2005               | MOE/GES, DAs, NGOs | Basic schools with pre-school   |
|   | Reduce gender disparities                                   | <ul style="list-style-type: none"> <li>▪ Increase girls' enrolment</li> </ul>   | 2005               | MOE/GES, DAs, NGOs | Girls enrolment from 71% - 80%<br>Incentives – scholarships, grants, sanitation facilities in schools<br>Classrooms rehabilitated/constructed, furniture provided |
|   |   | <ul style="list-style-type: none"> <li>▪ Provide incentive schemes to increase retention of girls</li> </ul>                | 2005               | MOE/GES, DAs, NGOs |   |
| <ul style="list-style-type: none"> <li>▪ Rehabilitate and develop classrooms</li> </ul> |   | 2005  | MOE/GES, DAs, NGOs |                    |   |
| <b>SKILLS TRAINING</b>  | Improve skills training                                     | <ul style="list-style-type: none"> <li>▪ Provide support to vocational and technical schools</li> </ul>                     | 2005               | MMDE/NGOs          | Increased budgetary resources (GOG/Donor)   |
|   |   | <ul style="list-style-type: none"> <li>▪ Support community-based vocational apprenticeship</li> </ul>                       | 2005               | MMDE               | Grants from poverty programmes for training   |
| <b>HEALTH</b>   | Enhance access to and efficient delivery of health services | <ul style="list-style-type: none"> <li>▪ Provide model health centre in every district</li> </ul>                           | 2005               | MOH/DAs            | Model health centres upgraded provided in specified areas<br>U5MR, MMR AND malnutrition within GPRS targets   |
|   |   | <ul style="list-style-type: none"> <li>▪ Carry out rapid delivery U5MR, MMR and malnutrition programme</li> </ul>           | 2005               | MOH, DAs           |   |
|   |   | <ul style="list-style-type: none"> <li>▪ Phase out cash and carry system. Increasing the fee exemption coverage.</li> </ul> | 2005               | MOH, SSNIT         | Institutional & legal framework established, health insurance operational, resources disbursed for exemptions, Mutual health insurance schemes                    |

|                               |   |   |                              |  |   |
|-------------------------------|---|---|------------------------------|--|---|
| <b>GENDER</b>                 | Enhance women's access to and control of productive resources | <ul style="list-style-type: none"> <li>▪ Promote women's access to credit</li> <li>▪ Strengthen micro-finance component of existing programmes</li> <li>▪ Promote and strengthen women's micro enterprises</li> <li>▪ Strengthen DACF for micro enterprise development</li> </ul> | 2003<br>2003<br>2005<br>2003 | MOWAC<br>MOF, MEPRC<br><br>MOWAC/MOTI, DAs<br><br>MLGRD, DAs | Micro finance funds increased<br>MFIs capacities & resources increased<br>NBSSI & related institutions strengthened<br>Enhance DACF guidelines on micro finance |
| <b>WATER &amp; SANITATION</b> | Enhanced Social Services: Sanitation                          | <ul style="list-style-type: none"> <li>▪ Increase access to safe water in rural areas especially guinea worm endemic areas</li> <li>▪ Provide proper sanitary facilities</li> </ul>   | 2003<br>2004                 | CWSA<br><br>CWSA, DAs, MWH                                   | Population not served reduced, incidence of guinea worm reduced<br><br>Sanitation facilities in schools, number domestic toilets increased                      |

| <b>PROGRAMMES FOR THE VULNERABLE &amp; EXCLUDED</b> |   |   |      |                                       |  |
|---|---|---|------|---------------------------------------|--|
| <b>SOCIAL JUSTICE</b>                               | Attainment of Social Justice & equity and respect for human rights  | <ul style="list-style-type: none"> <li>▪ Increase resources for the protection of the rights of women and children</li> <li>▪ Legal Aid</li> </ul>  | 2005 | MMDE, MOJ, DSW                        | Budgetary provision  |
|   |   |   | 2004 | NGOs                                  | NGO funding for legal aid  |
| <b>HIV/AIDS</b>                                     | Prevent the spread of HIV/AIDS and improve the quality of life of people living with HIV/AIDS and orphans of AIDS | <ul style="list-style-type: none"> <li>▪ Increase awareness</li> <li>▪ Provide support for PLWHIV/AIDS</li> <li>▪ Provide community support for orphans and vulnerable children</li> </ul>  | 2005 | MOH, Ghana AIDS Commission, DAs, NGOs | Population with information, counselling programmes undertaken       |
| <b>DISABILITY</b>                                   | Improve the quality of life of the physically handicapped   | <ul style="list-style-type: none"> <li>▪ Strengthen the work of the Department of Social Welfare and Community Development &amp; capacity of child care workers</li> <li>▪ Equip disabled youth with employable skills</li> <li>▪ Provide care and support for street beggars and "kaya yei"</li> </ul> | 2003 | MMDE/DSW                              | Increased, ring-fenced budgetary allocation for DSW                  |
|   |   |   | 2003 | MMDE, SIF, DSW                        | Programme funds earmarked for training                               |
|   |   |   | 2003 | MMDE/CPRP                             | Programme funds earmarked for training & rehabilitation              |
| <b>GOVERNANCE</b>                                   |   |   |      |                                       |  |
| <b>SECURITY &amp; RULE OF LAW</b>                   | Provision of Security and strengthening the rule of law   | <ul style="list-style-type: none"> <li>▪ Equip and train the police</li> <li>▪ Strengthen the capacity of the Attorney General's Office</li> <li>▪ Strengthen campaign against corruption</li> <li>▪ Provide support services to Parliament</li> </ul>  | 2003 | MOI, Police Service                   | Logistical support & Training  |
|   |   |   | 2004 | MOJ                                   | Logistical support & Training, increased budgetary resources         |
|   |   |   | 2004 | Ghana Anti-Corruption Coalition       | Increased publicity & political support                              |
|   |   |   | 2005 | Ministry of Parliamentary Affairs     | Logistical support & Training, increased budgetary resources         |
| <b>DECENTRALISATION</b>                             | Accelerate the implementation of decentralization   | <ul style="list-style-type: none"> <li>▪ Strengthen administrative capacity of District Assemblies</li> <li>▪ Deepen DAs association with civil society</li> </ul>  | 2005 | MOF, MLGRD                            | DACF increased to 7.5%, Local Government Service Bill passed         |
|   |   |   | 2003 | DAs, CSOs                             | Institutional processes strengthened, meetings involving both groups |

**APPENDIX B: LIST OF INDICATORS FOR MONITORING PROGRESS**

| Indicator   | GPRS Target | HIPC Trigger | Millennium Development Goal |
|---|-------------|--------------|-----------------------------|
| Poverty incidence   | √           |              | √                           |
| Extreme poverty incidence   | √           |              | √                           |
| Child malnutrition (emphasis on poorest regions)  | √           |              | √                           |
| Infant mortality rate   | √           |              | √                           |
| Real per capita GDP growth rate   | √           |              |                             |
| Real per capita agricultural growth rate  | √           |              |                             |
| Real per capita food crop growth rate   |             |              |                             |
| Accessibility of services (disaggregated to services, regions, districts)   |             |              | √                           |
| Access of extreme poor to services, regions, districts)   |             |              |                             |
| Parliamentary Committee on poverty reduction established  | √           |              |                             |
| Democratic effectiveness of District Assemblies   |             |              |                             |
| Food price inflation  |             |              |                             |
| Growth of domestic revenue  | √           |              |                             |
| Growth of credit to agriculture   |             |              |                             |
| Timely disbursement of budgets  |             |              |                             |
| Proportion of total resources going to key GPRS sectors   |             |              |                             |
| A strategy for full economic pricing in the electricity sector, including lifeline pricing to ensure affordability for low income users |             | √            |                             |
| Degraded lands & water bodies reclaimed through reforestation   |             |              |                             |
| People with access to non-wood fuel energy  |             |              |                             |
| Number of small-scale agro-processing firms   | √           |              |                             |
| Length of motorable feeder roads  | √           |              |                             |
| Number of functioning employment centres  |             |              |                             |
| Number of community resource management areas established   |             |              |                             |
| Lifeline pricing for electricity sector in place & implemented  |             | √            |                             |
| Feeder road contract time lags  |             |              |                             |
| Agricultural indicators developed   |             |              |                             |
| Gross enrolment in pre-school and basic schools (primary/JSS)   | √           | √            | √                           |
| Survival rate to P6 and JSS3  | √           |              | √                           |
| Percentage of deprived basic schools (primary/JSS) improved, with emphasis on eth 3 Northern regions                                    | √           | √            |                             |
| Percentage of trained teachers in pre-schools and basic schools (primary/JSS)   |             |              |                             |
| Reduction in reported cases of guinea worm  |             |              |                             |
| Immunisation coverage (DPT3)  | √           |              | √                           |

| <b>Indicator</b>   | <b>GPRS Target</b> | <b>HIPC Trigger</b> | <b>Millennium Development Goal</b> |
|--|--------------------|---------------------|------------------------------------|
| Proportion of supervised deliveries  | √                  |                     | √                                  |
| Percentage of total government expenditure on health   | √                  | √                   |                                    |
| Amount budgeted for exemption fees   | √                  |                     |                                    |
| Percentage of households with access to safe water   | √                  | √                   | √                                  |
| Percentage of households with access to adequate toilet facilities (flush or KVIP)   | √                  |                     | √                                  |
| Number of new functional water systems (boreholes, wells, pipes etc.) constructed  |                    |                     |                                    |
| Number of functional Water & Sanitation Board, District Water & Sanitation Committees; Community Water & Sanitation Committees |                    |                     |                                    |
| HIV prevalence   | √                  |                     | √                                  |
| Drug-based available for people with AIDS  |                    |                     |                                    |
| Adequate security and protection for women & children  |                    |                     |                                    |
| Budgets available to institutions caring for vulnerable and excluded   |                    |                     |                                    |
| Appropriate indicators developed to monitor change in well-being of vulnerable & excluded across entire GPRS                   |                    |                     |                                    |
| Level of corruption in key GPRS functional areas   |                    |                     |                                    |
| Government expenditure reports published   |                    | √                   |                                    |
| Local safety and security institutions in place  |                    |                     |                                    |
| Dissemination of Parliamentary debates on poverty and development  |                    |                     |                                    |
| Utilisation of legal aid services  |                    |                     |                                    |
| Functioning electronic tracking system   |                    | √                   |                                    |
| Composite budgets developed and submitted  | √                  | √                   |                                    |
| Policy feedback from M&E system  |                    |                     |                                    |

## APPENDIX C: A BASIS FOR SOME SECTORAL, SUB-SECTORAL AND LOCATIONAL EXPENDITURE PRIORITIES

### 1. PURPOSE

The purpose of this section is to provide assistance to MDA on determining

- investment priorities in relation to the three levels of poverty reduction and growth measures
- sub sectoral allocations of investment
- locational criteria for investment
- distribution of expenditure by Region.

The figures given are for guidance. They should not be considered as exact targets.

The objective of the following methodology is to:

- increase the proportion of expenditure dedicated to poverty reduction and growth
- provide a better balance between direct *grass roots* targeted expenditure for poverty reduction and growth and expenditure in support of indirect intervention
- provide a better balance between general administration costs and investment in development
- promote more effective utilization of expenditure

Three inter related methodologies are provided for the guidance of MDA

Box 1 indicates three levels of poverty reduction and growth measures and the percentages of investment which should be attributable to each. Over the past decades there has been an overemphasis on general administrative costs and expenditure in goods and services. Though such expenditures are necessary there must be a balance between these costs and investment which is directly productive or provides a direct social service or other benefit to the community. The three levels of investment in poverty reduction and growth measures and the percentage investment given against each are for the purpose of achieving balance and the more effective utilisation of investment.

Box 2 deals with locational priorities and ranks Regions by level of deprivation. On the basis of parameters within the following:

- Consumption
- Health
- Social Infrastructure
- Education
- Economic Infrastructure
- Household Budget

Box 3 and the appendix gives additional data which MDA can be used for guidance in relation to located expenditure by service or facility. For example, in the Appendix, under HEALTH it would appear that a programme for the full immunisation of children is required in Central Region. The part on ECONOMIC INFRASTRUCTURE shows that Brong Ahafo and Northern Regions suffer from poor access to major roads in relation to distribution of

population. It is also abundantly clear that the three northern Regions are lacking in practically all facilities and services and suffer far worse deprivation than other Regions.

## **2. BUDGETARY ALLOCATIONS**

Budgetary allocations will be made to MDA by MOF as approved by cabinet.

## **3. EXPENDITURE ON POVERTY REDUCTION AND GROWTH**

The intention is for MDA to achieve expenditure on poverty reduction and growth equal to 50% of the totality of discretionary expenditure less PE. This figure is indicative and a target at which to aim. MDA within the functional budget classification of *administration* will in most cases be unable to reach this figure, other than the Ministry of Local Government and Rural Development. MDA classified as *Public Safety* will be less constrained. Most of the MDA in the classification of *Social and Economic Services* and *Infrastructure* should be able to achieve the target figure.

Expenditure on Poverty reduction and growth should be distributed between three levels representing; first, expenditure directed at identified beneficiaries; second, expenditure which assists the poor indirectly and third, expenditure which will improve the policy environment in support of the poor. These levels are described below and the percentage of expenditure attributable to each indicated. **These percentages represent a three-year average and are not necessarily to be achieved within each year.** In the first year of a programme levels 2 and 3 will be more heavily loaded but in the second and third year level 1 should predominate. For example, if the plan is to build rural clinics then the first year will be devoted to planning and design, construction occurring in the second year and third years.

PE should not be included as part of the expenditure dedicated to poverty reduction and growth at this stage.

Box 1

**Level 1**

**Targeted Poverty and Growth Reduction Measures:** 50%

Criteria: expenditure must be directed at the poor as a specific, identifiable target group and the intervention must lead to poverty reduction by provision of social protection or to growth by increased production, productivity or increased incomes or assets. Examples of poverty reduction expenditure at this level are: construction of schools, clinics, District hospitals, water supply, sewerage, social housing including other buildings as part of the above provisions and ancillary expenditures on the above; rehabilitation of the above; provision of medicines and drugs.

Examples of growth expenditure are: experimental farms, dugouts and other irrigation systems, feeder roads and connection of feeder roads to the main road grid, additions to the main road grid to serve as links between producer areas and markets; costs connected with informal and small scale industries including agro-industries; buildings as part of the above provisions and ancillary expenditure on the above.

In both expenditure on growth and poverty reduction equipment and vehicles essential for those providing a direct service may be included at this level.

**Level 2**

**Poverty and Growth Focused Measures:** 30%

Criteria: expenditure which will benefit the poor indirectly leading to poverty reduction or growth. For example, training for health workers, teachers, agricultural or small scale industry extension officers, cost of workshops, equipment and materials connected with such training; proposals for improved community participation including participatory poverty analysis, proposals for improved local level planning systems and procedures; including programme and project management; research into ways and means of identifying or achieving specific, practical, targeted poverty reduction and growth at the *grass roots*; buildings as part of the above provisions including housing for those providing a direct service in remote rural areas where housing is not available; ancillary expenditures on the above; rehabilitation of the above

**Level 3**

**Improvement to the Policy Environment for Poverty Reduction and Growth:** 20%

Criteria: expenditure on improving the administrative capacity of an MDA to formulate policies on poverty reduction and growth including research; training, workshops, preparation of manuals on operational procedures in support of poverty reduction and growth, equipment and infrastructure related to this activity; other activities attributable to this level cover reorganization and strengthening of PPMED, study for and preparation and promulgation of legislation concerned with any aspect of poverty reduction and growth including legislation on land reform, human rights, security of contracts, child protection, welfare provision; ancillary costs to the above.

Personal emoluments for staff engaged in any of the activities for levels 1 to 3 should not be included in the figures above. They should be recorded separately on the MTEF form at the appropriate level.

It should be noted that the percentages given are experimental and will be amended if necessary on the basis of practical experience. It is important that MDA assist in this classification of expenditure to ensure provision for a better and more cost effective balance in future.



#### **4. REGIONAL VARIATIONS IN LEVEL OF DEPRIVATION**

Variations in levels of deprivation are indicated by the scores based upon twenty-seven parameters indicated below in Box 2.

##### **Method**

Locational priorities in this section are based upon quantified measures of consumption and quantified factors leading to or exacerbating poverty. Twenty-seven parameters have been used and are shown on the matrix overleaf. A simple scoring system was used as follows

- 1 = Region scores national average or better on a positive indicator
- 1 = Region achieves reduction in poverty
- 0 = Region scores less than national average on a negative indicator
- 0 = Region suffers increase in poverty

Seven areas related to poverty are depicted. Priorities are defined by less favourable conditions. The subject areas are as follows:

- Consumption
- Health
- Social Infrastructure
- Education
- Economic Infrastructure
- Household Budget

**Box 2**

The matrix in the Appendix has been used to rank Regions in order of depth of deprivation. Additional data within the six areas, above, were used to identify gradations of adversity. It is intended that MDA should use this information as one means to prioritise investment geographically and, within priority locations, investment by service.

**Deprivation**

| <b>Region</b>         | <b>Score out of 27</b> |
|-----------------------|------------------------|
| NORTHERN              | 0                      |
| UPPER EAST            | 2                      |
| UPPER WEST            | 4                      |
| CENTRAL & BRONG AHAFO | 18                     |
| VOLTA                 | 19                     |
| ASHANTI               | 20                     |
| EASTERN & WESTERN     | 21                     |
| GREATER ACCRA         | 27                     |

The three northern Regions are subject to extreme deprivation. In order significantly to ameliorate the situation in the medium term weighting will be used in calculating the distribution of expenditure. The weighting given in the table below is based upon allocations in which Group A and Group B receive four times and two times that for Group C *per capita*, respectively.

| <b>Group A</b>   | <b>Group Weights</b> |
|--|----------------------|
| NORTHERN }<br>UPPER EAST }<br>UPPER WEST }   | 0.48                 |
| <b>Group B</b><br>CENTRAL }<br>BRONG AHAFO }<br>VOLTA }<br>ASHANTI }<br>EASTERN }<br>WESTERN } | 0.48                 |
| <b>Group C</b><br>GREATER ACCRA  | <u>0.04</u>          |
| <b>Total Weight</b>  | 1.00                 |

**5. REGIONAL PRIORITIES BY POVERTY LEVEL, SERVICE OR FACILITY**

A basis for prioritising to achieve relative equity and to rectify seriously adverse conditions is provided below in relation to consumption, health, social infrastructure, education and economic infrastructure

**Box 3****Consumption**

In 1999 39.5% and 26.0% of people in Ghana were below the Upper Poverty Line (UPL) and Lower Poverty Line (LPL) respectively. The following Regions were worse off than the national average.

| <b>Region</b> | <b>UPL %</b> | <b>LPL %</b> |
|---------------|--------------|--------------|
| UPPER EAST    | 88.2         | 79.6         |
| UPPER WEST    | 83.9         | 68.3         |
| NORTHERN      | 69.2         | 57.4         |
| CENTRAL       | 48.4         | 31.5         |
| EASTERN       | 43.7         | 30.4         |

The level of poverty increased between 1992 and 1999 in three Regions by the percentage points indicated

| <b>Region</b> | <b>UPL</b> | <b>LPL</b> |
|---------------|------------|------------|
| UPPER EAST    | 21.0       | 26.0       |
| NORTHERN      | 5.8        | 3.3        |
| CENTRAL       | 4.1        | 7.4        |

Further studies are required to determine the reasons for an increase in poverty in Central Region; a mature Region with relatively good provision of infrastructure

The following represent the ranking of Regions in relation to each parameter. The higher the score the better the provision of services.

**Health**

Analysis of the relative inequalities in health by Region was made on the basis of seven parameters shown in the attached matrix. The Regions recorded the scores shown

| <b>Region</b>           | <b>Score out of 7</b> |
|-------------------------|-----------------------|
| NORTHERN                | 0                     |
| UPPER EAST & UPPER WEST | 1                     |
| CENTRAL                 | 3                     |
| VOLTA & WESTERN         | 4                     |
| BRONG AHAFO             | 5                     |
| ASHANTI & EASTERN       | 6                     |
| GREATER ACCRA           | 7                     |

**Social Infrastructure**

Four quantified parameters were available for the assessment of the adequacy of social infrastructure. Though incomplete the analysis appeared to record a situation endorsed by empirical observation. On the basis of the parameters indicated in the attached matrix the following Regions recorded the scores indicated.

| <b>Region</b>                        | <b>Scores out of 4</b> |
|--------------------------------------|------------------------|
| NORTHERN                             | 0                      |
| UPPER EAST, UPPER WEST & BRONG AHAFO | 1                      |

|                         |   |
|-------------------------|---|
| VOLTA & WESTERN         | 2 |
| ASHANTI & EASTERN       | 3 |
| CENTRAL & GREATER ACCRA | 4 |

**Education**

Seven parameters were identified as a means of establishing inequalities in support of education and educational facilities. See the matrix following the appendix.

| <b>Region</b>                       | <b>Scores out of 7</b> |
|-------------------------------------|------------------------|
| NORTHERN, UPPER EAST & UPPER WEST   | 0                      |
| ASHANTI, CENTRAL & WESTERN          | 6                      |
| ACCRA, BRONG AHAFO, EASTERN & VOLTA | 7                      |

**Economic Infrastructure**

Five parameters have been used to identify relative levels of infrastructure by Regions. Regional scores were as follows.

| <b>Region</b>                    | <b>Score out of 5</b> |
|----------------------------------|-----------------------|
| NORTHERN                         | 0                     |
| ASHANTI, UPPER EAST & UPPER WEST | 1                     |
| BRONG AHAFO                      | 2                     |
| VOLTA                            | 3                     |
| EASTERN                          | 4                     |
| GREATER ACCRA, CENTRAL & WESTERN | 5                     |

Further information is given regarding the parameters used in achieving the scores above in the Appendix. Detailed scores for all parameters in relation to all Regions are given in the matrix following the Appendix

## **6. CALCULATING EXPENDITURE IN SUPPORT OF POVERTY REDUCTION AND GROWTH**

### Step 1

MOF indicates budget ceilings for discretionary expenditure to MDA

### Step 2

MDA calculate the amount to be spent on poverty reduction and growth measures  
= 50% of TDE less PE

### Step 3

MDA calculate the amount to be spent by Region using Box 2  
50% of TDE less PE x group weight. = monetary allocation per group.

### Step 4

MDA calculate population ratios within groups

### Step 5

MDA calculate monetary allocation per Region = Group monetary allocation X  
population ratios within group

### Step 6

MDA use indicative percentages in Box 1 achieve a balance pattern of expenditure  
and to optimise allocations in relation to objectives & outputs.

Step 7

MDA allocate expenditure according to priorities identified in the PRPF supplemented by information given in the Appendix.

Note: The percentages in relation to levels of expenditure given in Box 1 are to be achieved over the three-year period

## **7. ONGOING AND NEW PROGRAMMES AND PROJECTS**

MDA are advised that for the year 2002 they should concentrate on improving current on-going poverty reduction and growth programmes and projects. Improvements can be achieved by increasing the proportion of expenditure on the three levels of poverty reduction and growth indicated in Box 1 and by closer locational targeting using Box 2, the appendix and the PRPF. The opportunity should also be taken where possible to phase out programmes which are not proving cost effective and using the resources for more productive purposes. New programmes should only be introduced where capacity for delivery and resources are available. Such programmes should be based upon the *objectives* and *outputs* in the Poverty Reduction Policy Framework.

The opportunity should be taken during 2002 to ensuring that sectoral programmes fully reflect the priorities identified in the PRPF for following years.

## **8. SUB REGIONAL PRIORITIES**

Locational priorities by Region are illustrated in Box 2 and the appendix within the limitations of the twenty-seven parameters used. For 2002 locational priorities for District level, MDA financed programmes should be identified through consultation workshops for Districts organized at Regional level.

A more rigorous consultation process is proposed for post 2002 programmes. Sub Regional priorities for 2003 onwards will be subject to a systematic and consistent methodology. The purpose will be to identify District Assembly priorities as incorporated in the District Development Plan for which the latter will have held consultations with stakeholders at unit level including the poor and representatives of women. An appropriate methodology will be used to harmonize and coordinate District Development Plans and national sectoral *objectives* and *outputs* into Regionally Coordinated Frameworks by RPCU in collaboration with Districts. Locational and subject priorities at District level will, therefore, be established. The aim is to achieve a synthesis of mutually supportive national aims and local aspirations. Following this MDA and Districts will be responsible for the preparation of programme and project documentation for all programmes and projects funded by government and Districts, respectively, from 2003 onwards.

Methodology's for the process of coordination and harmonisation and formats for documentation on programmes and projects will be provided by NDPC in advance of the MTEF/MTDP Policy Reviews for 2003.

Levels of adversity are indicated below for each parameter providing additional information for targeting expenditure:

## HEALTH

### **Under 5 Mortality Rate**

Severest conditions were experienced in the following Regions below the national average of 110/1000 in ascending order of severity.

| <b>Region</b>             | <b>Rate/1000</b> |
|---------------------------|------------------|
| NORTHERN                  | 170              |
| UPPER EAST and UPPER WEST | 157              |
| CENTRAL REGION            | 141              |
| BRONG AHAFO               | 130              |

This situation correlated with the high incidence of self- reported malaria

### **Infant Mortality Rate**

The highest IMR occurred in the following Regions in order of severity

| <b>Region</b>         | <b>Rate/1000</b> |
|-----------------------|------------------|
| CENTRAL               | 85               |
| UPPER EAST            | 82               |
| BRONG AHAFO           | 78               |
| UPPER WEST & NORTHERN | 70               |

### **Maternal Mortality Rate**

The highest MMR occurred in the following Regions

NORTHERN  
UPPER EAST  
UPPER WEST

### **Family Planning**

The lowest percentage of married women using modern family planning methods was recorded in the following Regions

NORTHERN  
UPPER EAST  
UPPER WEST  
WESTERN

### **Supervised Delivery**

The lowest levels of supervised delivery were recorded in the following Regions

NORTHERN  
UPPER EAST  
UPPER WEST

The higher proportion of recorded deliveries correlated with higher levels of education.

### **Immunization of Children**

The lowest percentages of fully immunised children were recorded in the following Regions

NORTHERN  
CENTRAL

**Under five stunted**

The highest levels of stunted children under five years old occurred in the following Regions

NORTHERN  
UPPER EAST  
UPPER WEST

**EDUCATION**

**Primary School Expenditure Per Child**

Four Regions had below national average (70) Primary School expenditure ('000 Cedis) as follows:

| <b>Region</b> | <b>Expenditure</b> |
|---------------|--------------------|
| UPPER EAST    | 40                 |
| NORTHERN      | 42                 |
| UPPER WEST    | 43                 |
| CENTRAL       | 53                 |

**JSS Expenditure Per Child**

Four Regions were also recorded as below the national average (99) for expenditure ('000 Cedis) for JSS as follows:

| <b>Region</b> | <b>Expenditure</b> |
|---------------|--------------------|
| NORTHERN      | 41                 |
| UPPER EAST    | 60                 |
| UPPER WEST    | 62                 |
| WESTERN       | 80                 |

**Primary School Age Children per Teacher**

Three Regions had above national average pupil/teacher ratios (43)

| <b>Region</b> | <b>Ratio</b>   |
|---------------|----------------|
| UPPER EAST    | 86 per teacher |
| UPPER WEST    | 62             |
| NORTHERN      | 58             |

**JSS Age Children per Teacher**

Three Regions recorded above national average pupil/teacher ratios (32)

| <b>Region</b> | <b>Ratio</b>   |
|---------------|----------------|
| UPPER EAST    | 74 per teacher |
| NORTHERN      | 73             |
| UPPER WEST    | 47             |

**Primary School Age Children per Classroom**

Three Regions recorded above national average class size (46)

| <b>Region</b> | <b>Ratio</b>      |
|---------------|-------------------|
| UPPER EAST    | 120 per classroom |
| NORTHERN      | 75                |
| UPPER WEST    | 61                |

### **JSS Age Children per Classroom**

The same three Regions recorded above national average class size (60)

| <b>Region</b> | <b>Ratio</b>      |
|---------------|-------------------|
| UPPER EAST    | 188 per classroom |
| NORTHERN      | 161               |
| UPPER WEST    | 74                |

### **School Attendance**

Four Regions showed below national average attendance rates (62.3%)

| <b>Region</b> | <b>Attendance</b> |
|---------------|-------------------|
| NORTHERN      | 49.2%             |
| UPPER EAST    | 50.0%             |
| ASHANTI       | 61.2%             |
| UPPER WEST    | 61.6%             |

### **ECONOMIC INFRASTRUCTURE**

#### **Trunk Road Density**

Two Regions recorded below national average trunk road density (17, km<sup>2</sup>/1km trunk road) as follows:

| <b>Region</b> | <b>Density</b> |
|---------------|----------------|
| NORTHERN      | 25             |
| BRONG AHAFO   | 22             |

#### **Access to Electricity**

Six Regions recorded below national average access to electricity (27.1%) as follows:

| <b>Region</b> | <b>Population</b> |
|---------------|-------------------|
| UPPER WEST    | 9.0               |
| UPPER EAST    | 13.0              |
| NORTHERN      | 16.0              |
| VOLTA         | 17.5              |
| BRONG AHAFO   | 17.8              |
| CENTRAL       | 24.0              |

#### **Population per Post Office**

Five Regions had below the national average (56) of population ('000) per PO

| <b>Region</b> | <b>Population</b> |
|---------------|-------------------|
| UPPER EAST    | 244.1             |
| UPPER WEST    | 125.4             |
| NORTHERN      | 101.7             |
| ASHANTI       | 71.5              |
| BRONG AHAFO   | 62.3              |



**Population per Selected Agricultural Service**

Four Regions were significantly below the national average population ('000) per service, (44.5)

| <b>Region</b> | <b>Population</b> |
|---------------|-------------------|
| UPPER EAST    | 57.1              |
| UPPER WEST    | 56.1              |
| ASHANTI       | 57.1              |
| VOLTA         | 53.5              |

The range and number of agricultural services is impressive but appears to have had little impact on farming practices. The northern Regions have 35% of tractor services though animal traction is more cost effective. These Regions are deficient in irrigation services, where they are most needed but have only 13% of the total.

|                                |  |  | GA        | Ash       | BA        | CR        | ER        | Nth      | UE       | UW       | VR        | W         | Source  |  |
|--------------------------------|--|--|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|-----------|-----------|---------|--|
| Poverty Level                  |  |  | 1         | 1         | 1         | 0         | 0         | 0        | 0        | 0        | 1         | 1         | GLSS 4  |  |
| Extreme Poverty Level          |  |  | 1         | 1         | 1         | 0         | 0         | 0        | 0        | 0        | 1         | 1         | GLSS 4  |  |
| Poverty increase/reduction     |  |  | 1         | 1         | 1         | 0         | 1         | 0        | 0        | 1        | 1         | 1         | GLSS 4  |  |
| <b>Total</b>                   |  |  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>0</b>  | <b>1</b>  | <b>0</b> | <b>0</b> | <b>1</b> | <b>3</b>  | <b>3</b>  |         |  |
| <b>HEALTH</b>                  |  |  |           |           |           |           |           |          |          |          |           |           |         |  |
| U5. Mortality rate             |  |  | 1         | 1         | 1         | 0         | 1         | 0        | 0        | 0        | 1         | 1         | GDHS 98 |  |
| Infant mortality rate          |  |  | 1         | 1         | 0         | 0         | 1         | 0        | 0        | 0        | 1         | 0         | GDHS 98 |  |
| Maternal mortality rate        |  |  | 1         | 1         | 1         | 1         | 1         | 0        | 0        | 0        | 1         | 1         | GDHS 98 |  |
| Family Planning                |  |  | 1         | 1         | 1         | 0         | 1         | 0        | 0        | 0        | 0         | 0         | HIR 99  |  |
| Supervised delivery            |  |  | 1         | 1         | 0         | 1         | 1         | 0        | 0        | 0        | 0         | 1         | GDHS 98 |  |
| Immunisation                   |  |  | 1         | 1         | 1         | 0         | 0         | 0        | 1        | 1        | 0         | 1         | GDHS 98 |  |
| U5 Stunted                     |  |  | 1         | 0         | 1         | 1         | 1         | 0        | 0        | 0        | 1         | 0         | HIR 99  |  |
| <b>Total</b>                   |  |  | <b>7</b>  | <b>6</b>  | <b>5</b>  | <b>3</b>  | <b>6</b>  | <b>0</b> | <b>1</b> | <b>1</b> | <b>4</b>  | <b>4</b>  |         |  |
| <b>SOCIAL INFRASTRUCTURE</b>   |  |  |           |           |           |           |           |          |          |          |           |           |         |  |
| Travel time to health facility |  |  | 1         | 1         | 0         | 1         | 1         | 0        | 0        | 0        | 1         | 0         | CWIG 97 |  |
| Inadequate health care         |  |  | 1         | 0         | 0         | 1         | 1         | 0        | 0        | 0        | 1         | 1         | CWIG 97 |  |
| Access to potable water        |  |  | 1         | 1         | 0         | 1         | 0         | 0        | 1        | 1        | 0         | 0         | NDPF 94 |  |
| Access to sanitation           |  |  | 1         | 1         | 1         | 1         | 1         | 0        | 0        | 0        | 0         | 1         | CWIG 97 |  |
| <b>Total</b>                   |  |  | <b>4</b>  | <b>3</b>  | <b>1</b>  | <b>4</b>  | <b>3</b>  | <b>0</b> | <b>1</b> | <b>1</b> | <b>2</b>  | <b>2</b>  |         |  |
| <b>EDUCATION</b>               |  |  |           |           |           |           |           |          |          |          |           |           |         |  |
| Primary school subsidy         |  |  | 1         | 1         | 1         | 0         | 1         | 0        | 0        | 0        | 1         | 1         | PSHE 99 |  |
| JSS subsidy                    |  |  | 1         | 1         | 1         | 1         | 1         | 0        | 0        | 0        | 1         | 0         | PSHE 99 |  |
| School attendance              |  |  | 1         | 0         | 1         | 1         | 1         | 0        | 0        | 0        | 1         | 1         | GLSS 4  |  |
| Primary school age / teacher   |  |  | 1         | 1         | 1         | 1         | 1         | 0        | 0        | 0        | 1         | 1         | PSHE 99 |  |
| JSS school age / teacher       |  |  | 1         | 1         | 1         | 1         | 1         | 0        | 0        | 0        | 1         | 1         | PSHE 99 |  |
| Primary school age / classroom |  |  | 1         | 1         | 1         | 1         | 1         | 0        | 0        | 0        | 1         | 1         | PSHE 99 |  |
| JSS school age / classroom     |  |  | 1         | 1         | 1         | 1         | 1         | 0        | 0        | 0        | 1         | 1         | PSHE 99 |  |
| <b>Total</b>                   |  |  | <b>7</b>  | <b>6</b>  | <b>7</b>  | <b>6</b>  | <b>7</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>7</b>  | <b>6</b>  |         |  |
| <b>ECONOMIC INFRASTRUCTURE</b> |  |  |           |           |           |           |           |          |          |          |           |           |         |  |
| Road density                   |  |  | 1         | 0         | 0         | 1         | 1         | 0        | 1        | 1        | 1         | 1         | NDPF 94 |  |
| Access to electricity          |  |  | 1         | 1         | 0         | 1         | 1         | 0        | 0        | 0        | 0         | 1         | NDPF 94 |  |
| Population per PO              |  |  | 1         | 0         | 0         | 1         | 1         | 0        | 0        | 0        | 1         | 1         | NDPF 94 |  |
| Population per agric service   |  |  | 1         | 0         | 1         | 1         | 1         | 0        | 0        | 0        | 0         | 1         | NDPF 94 |  |
| Banking facility               |  |  | 1         | 0         | 1         | 1         | 0         | 0        | 0        | 0        | 1         | 1         | NDPF 94 |  |
| <b>Total</b>                   |  |  | <b>5</b>  | <b>1</b>  | <b>2</b>  | <b>5</b>  | <b>4</b>  | <b>0</b> | <b>1</b> | <b>1</b> | <b>3</b>  | <b>5</b>  |         |  |
| <b>HOUSEHOLD BUDGET</b>        |  |  |           |           |           |           |           |          |          |          |           |           |         |  |
| Annual per capita expenditure  |  |  | 1         | 1         | 0         | 0         | 0         | 0        | 0        | 0        | 0         | 1         | GLSS 4  |  |
| <b>Total</b>                   |  |  | <b>1</b>  | <b>1</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  | <b>1</b>  |         |  |
| <b>Grand Total</b>             |  |  | <b>27</b> | <b>20</b> | <b>18</b> | <b>18</b> | <b>21</b> | <b>0</b> | <b>3</b> | <b>4</b> | <b>19</b> | <b>21</b> |         |  |
|                                |  |  | GA        | Ash       | BA        | CR        | ER        | Nth      | UE       | UW       | VR        | W         | Source  |  |

## **APPENDIX D: CROSS CUTTING ISSUES**

### **MACRO ECONOMIC STABILITY**

Participants:

Audit Service

Bank of Ghana

Ministry of Economic Planning & Regional Coordination

\* Ministry of Finance

Ministry for Private Sector Development

National Development Planning Commission

Office of Parliamentary Affairs

\* Lead Agency

### **TRANSFORMATION OF THE RURAL ECONOMY**

Participants:

Ministry of Education

Ministry of Energy

Ministry of Environment, Science and Technology

\* Ministry of Food and Agriculture

Ministry of Health

Ministry of Justice

Ministry of Lands, Forestry and Mines

Ministry for Private Sector Development

Ministry of Roads and Transport

Ministry of Tourism

Ministry of Trade and Industry

Ministry of Women's Affairs

\* Lead Agency

### **PRODUCTION FOR EXPORT**

Ministry of Energy

Ministry of Food and Agriculture

Ministry of Foreign Affairs

Ministry of Lands, Forestry and Mines

Ministry of Environment & Science

Ministry of Media Relations

Ministry for Private Sector Development

Ministry of Roads and Transport

\* Ministry of Trade and Industry

Ministry of Communication

\* Lead Agency

### **YOUTH EMPLOYMENT**

Participants:

Ministry of Education

Ministry of Food and Agriculture

\* Ministry of Manpower Development and Employment

Ministry for Private Sector Development

Ministry of Trade and Industry

Ministry of Women's Affairs

- Ministry of Youth and Sports
- National Commission for Civic Education
- \* Lead Agency

### **GENDER EQUITY**

- Participants:
- Ministry of Education
- Ministry of Food and Agriculture
- Ministry of Health
- Ministry of Justice
- Ministry of Interior
- Ministry of Lands, Forestry and Mines
- \* Ministry of Women's Affairs
- National Commission for Civic Education
- Ministry of Environment & Science
- \* Lead Agency

### **HIV/AIDS**

- Participants:
- Commission on Human Rights and Administrative Justice
- Ministry of Education
- \* Ministry of Health
- Ministry of Media Relations
- Ministry of Communications
- Ministry of Women's Affairs
- Ministry of Youth and Sports
- \* Lead Agency.

### **SLUM ABATEMENT**

- Participants:
- Ministry of Education
- Ministry of Energy
- Ministry of Environment & Science
- Ministry of Health
- Ministry of Land, Forestry and Mines
- \* Ministry of Local Government and Rural Development
- Ministry of Manpower Development and Employment
- Ministry of Roads and Highways
- Ministry of Works and Housing
- \* Lead Agency

### **PUBLIC SECTOR DEVELOPMENT**

- Participants:
- Ministry of Local Government and Rural Development
- Office of Government Machinery
- \* Office of Parliamentary Affairs
- Office of the President
- Public Service Commission
- \* Lead Agency

## **APPENDIX E: FINANCING THE GPRS**

### **1.0 FINANCING THE GPRS**

Traditionally, Ghana has largely relied on public savings (or resources) and foreign loans, and grants (including technical assistance) to fund its development programmes. Under the regime of the First Republic, for instance, the government relied initially on its foreign currency reserves and subsequently on short-term suppliers' credit sourced from abroad, to finance its seven-year development plan. Similarly, in the 1990's, largely public borrowing either from domestic or foreign sources financed the nation's Medium Term Development Plan. Overlooked in all these financing endeavours has been the potential direct financing input from both the private sector and non-profit institutions (i.e., civil society, NGOs and CBOs). The financing strategy of the GRPS addresses this glaring omission by identifying innovative financing mechanisms that embrace the latter groups through a system of structured incentives and strategic partnerships.

In addition, the strategy takes cognisance of the fact that, besides the quantity of funds, the quality of the funds does matter. Specifically, financing of the GPRS must neither be inflationary nor lead to an unsustainable debt overhang. Furthermore, it should not crowd-out the private sector by increasing the cost of credit or generate distortions in the macro-economy.

#### **1.1 BROAD GUIDELINES**

To ensure that the financing of the strategy is consistent with macro-economic stability, the following broad guidelines are suggested:

- Not less than 80 percent of the foreign financing of the GPRS should comprise grants and concessionary loans
- Domestic public financing of the GPRS must be consistent with the macro-economic framework. In effect, such financing must not fuel inflation or drive up real interest rates;
- The private sector and non-profit institutions must be provided with incentives to fill the financing gap. The contributions of the latter bodies can be either pecuniary or non-pecuniary (i.e., in-kind goods and services)

The strategy for financing the GPRS will focus not only on increasing the level of resources derived from traditional funding sources but also on exploring options for generating additional funds from non-traditional sources (i.e., private sector and non-profit organizations).

#### **1.2 TRADITIONAL FINANCING STRATEGIES**

Traditionally, programmes geared towards poverty reduction are financed through some combination of the following:

1. General government tax and non-tax revenues
2. Domestic borrowing
3. Multilateral and bilateral sources

In effect, measures to boost the level of traditional sources of funding are primarily public sector driven. This implies greater tax and non-tax revenue mobilization, more judicious use of existing resources through expenditure monitoring and rationalization (where appropriate) and increased access to concessionary or non-concessionary donor funds.

### **1.2.1 Increasing The Level Of Public Sector Financing From Domestic Sources**

The strategy is to deepen the tax net by strengthening revenue agencies as opposed to widening it. The rationale behind this strategy is that tax widening within the existing institutional framework may generate more costs than revenues. A particular area of emphasis is on the need to review the mechanism for setting targets for the revenue agencies to ensure that such targets are consistent with the revenue generating potential of the economy. Furthermore, the necessity of enforcing motor traffic regulations is highlighted both as a deterrent to reckless driving and a source of revenue. Activities proposed in the following areas

#### **Action Plan**

##### *Improve Cost-Effectiveness of Expenditure*

- Public sector employment rationalized to improve quality and reduce per unit cost of service delivery
- Ghost names eliminated from public sector employee roster to reduce per unit cost of service delivery
- Expenditure monitoring system improved
- Reduction in domestic debt servicing through the use of HIPC savings, debt restructuring and divestiture receipts.

##### *Improve Tax and Non-Tax Revenue Collection*

- Revenue collection agencies strengthened and their incentive structure reviewed
- A percentage of revenues collected by revenue agencies retained for institutional strengthening
- Leakages in revenue minimized
- Mechanism for setting revenue targets for revenue agencies reviewed
- Revenue targets set in real not nominal terms
- Capacity of District Assemblies strengthened for improved revenue collection
- Fees, taxes and user charges continually reviewed to reflect changes in the price level
- Targets set for revenues accruing from motor traffic violations
- 20 percent of revenues from traffic violations applied to fund health sector-related GPRS projects
- A special tax on cigarettes and alcohol imposed to partially fund proposed health insurance scheme

### **1.2.2 Increasing Public Sector External Financing**

The strategy is to build on the present policy of focusing on long-term concessionary borrowing by reducing the non-concessionary component of loans from 35 percent to 20 percent and also to apply the majority of such resources to finance GPRS-related projects and initiatives. Savings from the HIPC initiative will be placed in a separate account and devoted

to poverty reduction programmes after a portion has been set aside for reducing the domestic debt stock.

### **Action Plan**

Give priority to concessionary public financing from external sources

- HIPC savings applied mainly to funding GPRS projects including domestic debt reduction
- Not less than 80 percent of external financing for GPRS is concessionary

Link FDI (Foreign Direct Investment) Tax Holidays to GPRS-related outputs

- Tax laws on foreign investment revised to reward consistency with GPRS

### **1.3 NON-TRADITIONAL FINANCING SOURCES**

The primary agents for increasing non-traditional sources of funds are the private sector and non-profit organizations. Partnerships between the public and private sector will be fostered to facilitate cost sharing. However, successful private-public sector collaboration will require greater access by the private sector to long-term savings at competitive interest rates and incentives to undertake projects that may not otherwise be financially rewarding.

Furthermore, the private sector's contribution to the financing of the GPRS will also be achieved by creating an institutional mechanism and appropriate incentives for channelling resources from existing private sector funding institutions into projects that are consistent with the broad objectives of the GPRS.

Effective civil society involvement in the financing of the GPRS will be achieved by creating a mechanism for ensuring that the goals objectives and outputs of non-profit organizations are consistent with the GPRS. To this end, a mutually reinforcing package of rewards and sanctions enforced by government is required.

In effect, the strategy for generating non-traditional financial resources covers three broad groups:

1. The Private sector
2. Non-profit institutions (i.e., Civil Society, Community Based Organizations, NGO's)
3. Public-Private partnerships

#### **1.3.1 Increasing Funding from the Domestic Private Sector**

Three measures are proposed for sourcing funds from the private sector. The first measure will rely on fiscal incentives to induce private sector participation the second will be mandatory, while the third will rely on moral suasion to induce voluntary contributions from the sector.

#### **The Tax Exempt GPRS Private Sector Fund**

Under this strategy the private sector will be encouraged through fiscal incentives to contribute to a proposed Private Sector-Led Poverty Fund (PLSPF). The amount contributed

will be deducted from the contributor's taxable income. The resources generated by the Fund will be targeted at projects and activities aimed at reducing extreme poverty. In effect, localities and identifiable groups experiencing extreme poverty, as indicated in the GLSS data will receive priority in the use of such funds. Government, the private sector and representatives of civil society will administer the fund jointly. To ensure transparency and accountability, the accounts and programme activities of this fund will be published on a quarterly basis. Furthermore, the managers of the fund will be required to draw up an action plan for poverty reduction based on the GPRS. This plan will be a prioritised three-year programme of actions designed to combat extreme poverty reduction.

As an alternative to channelling poverty related funds indirectly through the Private Sector-Led Poverty Fund, firms will be eligible to receive tax breaks if they invest directly in identifiable poverty-related projects or initiatives.

### **Long-term Savings Plan**

Development of long-term tax-deferred savings plan will increase the domestic savings rate with direct bearing on the availability of long-term capital to the private sector. These plans will complement government's efforts in reducing the incidence of poverty in Ghana where majority of retired people are poor.

### **1.3.2 Increasing Foreign Private Funding for Poverty Reduction**

#### *Non-Resident-Ghanaian Fund for Poverty Reduction*

Foreign based Ghanaians and "friends" of Ghana constitute a potential source of funds for the GPRS. The contributions of this group of individuals will be channelled through a proposed "Non-Resident-Ghanaian Fund". It is however, necessary to pre-empt the fears of non-resident Ghanaians about the possible misuse of such funds. To address these concerns, the "Non-Resident-Ghanaian Fund" will be jointly managed by government and representatives chosen by the Ghanaian community abroad. The proposed fund will be devoted to financing projects jointly determined by government and Ghanaian residents abroad.

In-kind contributions by Ghanaians living abroad can also be of immense assistance to the poor especially during periods of disaster. Most often in-kind contributions in the form of clothing, furniture etc., cannot be delivered to the needy in Ghana simply because of difficulties in financing the shipment and duty costs associated with such initiatives. It is proposed that the Non-Resident Ghanaian Fund together with matching funds from government should be used to finance the shipping costs associated with such poverty-targeted donations. The risk associated with this initiative is that the items donated may not reach the intended groups. Hence the monitoring unit of the GPRS must be effective in preventing the misappropriation of the donated items.

### **1.3.3 Promoting the Contribution of Non-Profit Organizations to GPRS**

Non-profit organizations (NPOs) are generally financed by donors and the private sector and hence, do not for the most part rely on public funds from local sources. However, most often there is very little inter-NGO coordination in carrying out projects. Consequently, there is a tendency for duplication of expenditure, redundancy and overproduction of goods and services in localities where they are over-represented. Furthermore, the disparate goals and



objectives of the various NGOs are not necessarily consistent with national priorities. There is therefore a need to harmonize NGO outputs and objectives with the national goals and to coordinate their activities to ensure equity in the distribution of their outputs.

To ensure that the objectives and outputs of NGOs are consistent with the national priorities articulated in the GPRS, the tax exempt status of NPOs will be linked to the relevance of their activities to the GPRS. NPO's will be required to demonstrate relevance by drafting action plans for poverty reduction.

The strategies for NPO participation in the funding of the GPRS can thus be summed in terms of the following outputs:

- GPRS-consistent action plans for poverty reduction formulated by NPOs
- Tax exempt status of non-profits linked to poverty-related outputs specified in action plan

#### *Promoting Public-Private Sector Partnerships in Poverty-Related Projects*

Partnerships between government and private sector entities for the purpose of providing public goods and services such as infrastructure, community facilities and related services will be encouraged. The benefits of such partnerships include the sharing of investment risk, responsibility and reward between partners. However, government still remains responsible and accountable for the delivery of services and projects in a manner that protects and furthers public interest. In the context of financing the GPRS, both the private and public sector will collaborate in financing GPRS related programmes and projects. The following types of partnerships will be encouraged:

*The public sector contracts with a private partner to operate and maintain a publicly owned facility (waste removal, road maintenance etc.,).*

In this case the public sector enjoys cost savings because the recurrent expenditure associated with maintaining and managing the facility is borne by the private sector in return for a share of the profits generated from the activity. Furthermore, the private sector provides the management expertise that may otherwise be lacking in the public sector.

#### *Lease purchase*

Under this arrangement, the private partner designs, finances and builds a facility and then leases such facilities to government for a specified time, after which ownership vests with government. This arrangement benefits government since in the short to medium term, its funds are not locked up in the project and, hence, are freed for alternative uses. The private sector is, on the other hand, assured of a market for the facility because of the lease arrangement with government. This reduces the risk and, consequently, the attractiveness of the investment to the private sector. The success of the arrangement however, depends on access to credit by the private sector at competitive interest rates and on the profitability of the initiative to the private sector.

This partnership arrangement will be adopted to finance the following activities:

- Development of serviced plots for agri-business
- Construction of feeder roads

## Appendix F: ROLES OF STAKEHOLDERS

| <b>STAKEHOLDER<br/>CATEGORY</b>  | <b>ACTIVITIES TOWARDS ACHIEVEMENT OF POVERTY REDUCTION</b>  |   |   |  |
|--|---|---|---|--|
|  | <b>FORMULATION</b>  | <b>IMPLEMENTATION</b>   |   |  |
|  | Formulation   | Direct Implementation<br>Activities   | Financing   | Monitoring and<br>Evaluation   |
| <b>Parliament and Cabinet</b>  | Inputs by Sub-committees; Debates and endorsement   | Approval of provisions; formulating, debating and passing relevant bills; provide oversight function over implementation.   | Approval of financial provisions<br>Approve new size for DACF; approve guidelines and formula.  | Requirements for reporting on progress;  |
| <b>Ministry Of Economic Planning and Regional Cooperation<br/>National Development Planning Commission</b> | Initiate of the GPRS process; form of core teams to address thematic areas; hold consultations with communities and civil society; validate GPRS proposals at national economic dialogue; hold consultations with other stakeholders listed on GPRS | Establish linkage of GPRS with MTEF and annual budget; Hold regional and district workshops to ensure ownership and implementation of strategies;<br>Provide guidelines to MMDA, NGOs, private sector on their expected roles in implementing GPRS. | Table justification for increase in DACF allocation to 7.5%;<br>Negotiate for priority funding in DACF through guidelines and formula with MLGRD; | Ensure monitoring of policy implementation, participatory monitoring by DAs, communities, NGOs and CBOs. |
| <b>Ministry of Finance</b>   | Participate as key ministry; raise concerns on macro-economic indicators;   | Endorse GPRS; include guidelines of GPRS in both MTEF and annual budget for MDA;  | Coordinate donor funds;   | Monitor of expenditure and cash flows.   |

| STAKEHOLDER<br>CATEGORY                  | ACTIVITIES TOWARDS ACHIEVEMENT OF POVERTY REDUCTION  |  |   |  |
|--|--|--|---|--|
|  | FORMULATION  | IMPLEMENTATION   |   |  |
|  | Formulation  | Direct Implementation Activities   | Financing   | Monitoring and Evaluation  |
| <b>Ministries, Departments, Agencies</b> | Participate in formulation through core teams; validate of proposed strategies; identify priorities for poverty reduction.   | Act as lead or collaborating agency for implementation of aspects of strategy; undertake preparation of costed activities; ensure inclusion of activities in MTEF and annual budget; continue implementation of on-going projects that address poverty reduction issues; <b>refocus on-going projects for poverty reduction</b> ; develop new projects for poverty reduction | Make proposals for budgetary allocations; Realign ongoing projects for poverty reduction.   | Undertake internal monitoring and evaluation of programmes under each MDA supervision; provide information for evaluation by the NDPC; provide information for other external and independent evaluators |
| <b>Development partners</b>              | Participate in initial stages of formulation; support for GPRS process; contribute to the identification of priorities; raise concerns about vulnerable group situations; raise concerns about macro-economic and global | Assess and endorse GPRS; Re-align existing programmes; initiation of new programmes; common GPRS programme support   | Give financial support for GPRS formulation process; Ensure flow of HIPC relief funds; redirect current funds to GPRS; respond to new financing opportunities; expand existing programmes for poverty reduction | Undertake independent M&E of GPRS or components of interest  |

| STAKEHOLDER CATEGORY           | ACTIVITIES TOWARDS ACHIEVEMENT OF POVERTY REDUCTION  |  |  |  |
|--------------------------------|--|--|--|--|
|                                | FORMULATION  | IMPLEMENTATION   |  |  |
|                                | Formulation  | Direct Implementation Activities   | Financing  | Monitoring and Evaluation  |
|                                | issues   |  |  |  |
| <b>District Assemblies</b>     | Collaborate on selection of communities for PPA, validate priorities, problems identified, and coping strategies identified by communities | Co-ordinate of implementation of GPRS at the local level; develop partnership with NGOs, CBOs and the private sector for implementation of GPRS  | Use of DACF; use of IGF; NGO budget complementation; take advantage private sector investment in partnership         | Undertake internal M&E; make data available for MEPRC, NDPC and external M&E; undertake participatory M&E with communities |
| <b>Traditional authorities</b> | Participate in community poverty analysis process.   | Resolve land acquisition issues; commit land for generally beneficial social and economic uses; undertake community mobilization for project implementation; assist in rationalization of gender roles and asset ownership; initiate elimination and change of obsolete and dangerous traditions; play roles in conflict prevention and management | Commit royalties to social programmes; permit land to be given as equity shares for communities in various projects. | Ensure traditional norms are not violated  |
| <b>Communities</b>             | Serve as sources of information for GPRS   | Provide of communal labour;  | Adopt market orientation to  | Participate willingly and truthfully in  |

| <b>STAKEHOLDER CATEGORY</b>           | <b>ACTIVITIES TOWARDS ACHIEVEMENT OF POVERTY REDUCTION</b>  |  |   |  |
|---------------------------------------|---|--|---|--|
|                                       | <b>FORMULATION</b>  | <b>IMPLEMENTATION</b>  |   |  |
|                                       | Formulation   | Direct Implementation Activities   | Financing   | Monitoring and Evaluation  |
|                                       | process; identify problems, coping strategies, constraints and priorities for poverty reduction.  | Undertake paid employment in construction; utilize infrastructure for production; take advantage of social programmes; form groups to benefit from programmes; try new products and ideas; | programme support; use landed properties as equity shares in investments;   | participatory monitoring and evaluation exercises                      |
| <b>Community Based Organisations</b>  | Serve as sources of information for GPRS process; identify problems, coping strategies, constraints and priorities for poverty reduction. | Mobilise community members for activities; undertake implementation of some poverty reduction projects.  | Mobilise resources from community members; source for funds for poverty reduction activities.                                   | Undertake independent evaluations; participate in external evaluations |
| <b>Non-governmental organisations</b> | Concerns about environment; vulnerable groups; participation  | Mobilise community members for activities; undertake implementation of some poverty reduction projects   | Source funds from development partners for specific aspects of the strategy; use of DACF; use of new and ongoing project funds; | Conduct participatory monitoring and evaluation with communities       |
| <b>Civil society organisations</b>    | Advocate for inclusion of socially important provisions in strategy;  | Implement aspects relevant to CSOs.  | Advocate generally for increased spending on poverty reduction  | Undertake independent M&E  |

| STAKEHOLDER CATEGORY           | ACTIVITIES TOWARDS ACHIEVEMENT OF POVERTY REDUCTION   |   |   |  |
|--------------------------------|---|---|---|--|
|                                | FORMULATION   | IMPLEMENTATION  |   |  |
|                                | Formulation   | Direct Implementation Activities  | Financing   | Monitoring and Evaluation  |
|                                | validate provisions in the GPRS   |   |   |  |
| <b>The Private Sector</b>      | Contribute to GPRS formulation; seek inclusion of measures that are promotive of private sector investment; | Implement aspects relevant and attractive to private sector; go into partnerships with government, DAs and NGOs; monitor and insist implementation of relevant government policies; develop entrepreneurial approach to production. | Use own financial resources; go into partnerships with government, DAs and NGOs; use of credit facilities; undertake social investment and ask for tax breaks | Monitor the implementation of government policies; assess of changes in policies; umbrella organisations to ensure activities of members are consistent with provisions of GPRS. |
| <b>The Media</b>               | Contribute to GPRS formulation;<br>Publish the process of formulation;                                      | Undertake continuous commentary on the progress of implementation   | Help maintain the flow of financial resources with responsible publications   | Provide continuous publication of activities on poverty reduction; publish in simple terms progress or the lack of it in implementation of poverty reduction activities          |
| <b>Religious Organisations</b> | Direct participation  | Propagation of important messages for example HIVAIDS; pre-school facilities and activities; primary, JSS and SSS facilities and staff; vocational  | Own funds; support from development partners; government sources; partnership with local governments (MMDA).  | M&E on aspects of interest to them   |

| <b>STAKEHOLDER<br/>CATEGORY</b>                 | <b>ACTIVITIES TOWARDS ACHIEVEMENT OF POVERTY REDUCTION</b>   |   |                                |  |
|---|--|---|--------------------------------|--|
|   | <b>FORMULATION</b>   | <b>IMPLEMENTATION</b>                                       |                                |  |
|   | Formulation  | Direct Implementation<br>Activities                         | Financing                      | Monitoring and<br>Evaluation                             |
|   |  | training; direct<br>production activities                   |                                |  |
| <b>Trade Unions</b>                             | Assessment of the role<br>of organised labour;<br>assessment of effects on<br>employment levels;<br>concerns on incomes. | Counselling members   | None                           | M&E of effects on paid<br>incomes, employment<br>levels. |
| <b>Vulnerable group<br/>organisations</b>       | Identification and<br>ensuring the of special<br>needs; development of<br>effective and acceptable<br>strategies         | None  | None                           | Monitor effects on<br>vulnerable groups.                 |
| <b>Training and research<br/>institutions</b>   | Indicate relevant areas  | Undertake research in<br>identified priority areas          | None                           | M&E on research<br>product utilization                   |
| <b>Regional Planning<br/>Co-ordinating Unit</b> | Participation in regional<br>validation workshops;<br>inputs into the GPRS<br>process.                                   | Coordination and<br>harmonisation of<br>District activities | Coordination of use of<br>DACF | M&E of programmes<br>and projects                        |

## **Appendix G: ROLE OF CIVIL SOCIETY ORGANISATIONS IN IMPLEMENTATION**

### **05/03/20031.0 ROLE OF CIVIL SOCIETY ORGANISATIONS**

#### **1.1 ADVANTAGES OF CIVIL SOCIETY ORGANISATIONS**

Comparative advantage of civil society organisations in the implementation of the GPRS is categorised as follows:

- a) Actions that fall within the mandate of civil society organisations and which they should therefore concentrate their resources in design, funding and implementation.
- b) Actions that fall within the mandate of both civil society organisations and other development stakeholders - for example, the establishment of primary schools, an activity that government, missionary groups and the private sector are currently undertaking either jointly or separately. Civil society organisations are encouraged to raise funds to support activities under this category. They should however work within the development plans of District Assemblies and ministries to avoid duplication.

#### **1.2 PROPOSED ACTIONS ON WHICH CIVIL SOCIETY ORGANISATIONS SHOULD CONCENTRATE**

These include the following: (inputs will be provided at the 10 August 2001 workshops. Examples are nevertheless provided as follows:)

##### **1.2.1 Production/Environment**

- Promote energy efficiency and conservation measures for domestic, commercial and industrial users
- Establishment of community wood-lots
- Tree planting in settlements
- ...

##### **1.2.2 HIV/AIDS**

- Peer education on HIV/AIDS
- Special programmes for commercial sex workers to prevent and manage HIV/AIDS
- Care for Persons Living With HIV/AIDS (PLWHA)
- Legal support against discrimination for PLWHA
- ....

##### **1.2.3 POPULATION MANAGEMENT**

- IEC on fertility management, especially family planning
- Support community-based distribution of contraceptives
- ...



#### **1.2.4 EDUCATION**

- Establish early childhood centres (pre school)
- Intensify enrolment drive for girls in the three northern regions
- Establish rural vacation centres for JSS pupils
- Establish adult literacy programmes particularly aimed at women and junior youth
- Provide of school lunches and uniforms in the most deprived communities especially in Northern Ghana
- Expansion of vocational and technical training
- ....

#### **1.2.5 SPECIAL PROGRAMMES FOR THE VULNERABLE AND EXCLUDED**

- Provision of day care centres for the elderly expanded
- Special programmes for community based rehabilitation and education for physically and mentally challenged youth developed and implemented
- Provide alternative education for out of school children and youth
- Increase awareness on the Convention on the Rights of the Child and the Children's Act, especially provisions against child abuse and right to education
- Support enforcement of legislation on *trokosi*, female genital mutilation (FGM), and other laws on protection
- Day care centres for mentally disabled
- ....

### **2.0 PROPOSED ACTIONS FOR IMPLEMENTATION BY CIVIL SOCIETY AND OTHER STAKEHOLDERS**

Civil society organisations are encouraged to raise funds to implement activities under this category. They should however work within the development plans of District Assemblies and ministries to avoid duplication. They should also provide information on their activities in this category to their umbrella associations and relevant District Assemblies and ministries.

Proposed actions include the following:

#### **2.1 MACRO ECONOMY**

Advocacy on:

- Monitoring poverty related expenditures including those funded under the enhanced HIPC initiative
- Monitoring disbursement and utilization of Special Statutory Funds (e.g., DACF, Road Fund, Education Fund etc.)
- Impact monitoring of projects
- ...

## **2.2 PRODUCTION AND GAINFUL EMPLOYMENT**

- Construction of dugouts and other small irrigation facilities for dry season farming, especially in the three northern regions, coastal belt and remote regions of the forest area
- Support for communities to access funds from targeted projects, e.g. VIP and SIF funds
- Construction of household and community storage facilities
- Support radio shows on the effects of the monopoly of market queens

## **2.3 HEALTH**

- Sale/ distribution of Insecticide-treated bednets (ITNs)
- Promotion of community-based vector control against malaria
- Public education preventive health
- Direct provision of health services – clinics, hospitals, laboratories, nutrition centres, etc.
- Promote consumption of iodated salt
- Promote community-based health insurance schemes
- ...

## **2.4 HIV/AIDS**

- Prevention campaigns, including peer education and moral education
- Provision of counselling services
- Sale of condoms in remote, especially in remote areas
- ...

## **2.5 EDUCATION**

- Local provision of water and toilet facilities in schools
- Establish vocational and technical training centres, especially in rural districts
- Investment in tertiary education
- ...

## **2.6 WATER AND SANITATION IN RURAL AND PERI-URBAN AREAS**

- Water provision in guinea worm endemic communities and remote areas
- Aggressive marketing of domestic latrines
- Introduce technological options to the KVIP in poor areas with unfavourable terrain
- Intensify information dissemination on safe sanitation practices, especially in urban slums, rural savannah and rural coastal areas
- ...

## **2.7 SPECIAL PROGRAMMES FOR THE VULNERABLE AND EXCLUDED**

- Institutional facilities and ensure basic material provision for schools for the blind and deaf improved
- Environmental upgrading schemes in low income urban areas
- Institutional facilities and provision for schooling and training for the mentally disabled
- Food aid in support of food-for-work programmes

## **2.8 GOVERNANCE**

- Support anti-corruption initiatives at national and local levels
- Establish regular planning and programming with District Assemblies
- Support community-based approaches to poverty reduction
- Establish independent joint civil society and Government organisation to enforce access to information and information delivery
- Support democracy and democratic institutions
- Support advocacy on behalf of the poor

## **2.9 MONITORING AND EVALUATION ROLE OF CIVIL SOCIETY ORGANISATIONS**

An active role for civil society organisations is envisaged in monitoring and evaluation of the process, implementation of activities and outcomes of the GPRS. This will comprise a component of the overall monitoring and evaluation framework of the GPRS and will involve two levels as follows:

- Monitoring and evaluation of activities implemented by civil society organisation under the GPRS
- Monitoring the process and outcomes of the GPRS.

## **2.10 MONITORING AND EVALUATION OF ACTIVITIES IMPLEMENTED BY CIVIL SOCIETY ORGANISATION UNDER THE GPRS**

Umbrella civil society organisations are expected to establish a framework to monitor implementation of activities that are solely to be undertaken by their members (activities stated under 2.1). Monitoring and evaluation information under this framework should be fed by the umbrella organisation to the overall GPRS M&E system.

## **2.11 MONITORING THE PROCESS AND OUTCOMES OF THE GPRS**

Civil society organizations will serve as watchdogs in respect of the participatory processes as well as the outcomes of the GPRS. Advocacy groups and umbrella civil society organisations will play the watchdog role.

In this regard, advocacy groups and umbrella organisations are expected to organise discussions to monitor achievements. To ensure that monitoring filters down to the

regions, districts and community level, advocacy groups and umbrella organisations are expected to liaise with the media, District Assemblies and community-based organizations for information sharing, analyses and exchange of ideas.

In addition, umbrella organisations should pay special attention to how consistent the activities of their members are to the GPRS. This should be done through participation of civil society organisations in the preparation of district development plans and sector programmes.

## Appendix H: GOVERNANCE ISSUES FOR THE LONGER TERM

This is a list of activities which should be commenced as soon as practicably possible but which will probably be completed after the plan period.

### Public Policy Management

- Existing five management services type institutions amalgamated and located in PSC as executive arm of NIRP and in OHCS
- Mechanism for permanent dialogue between government and Traditional Authority established
- Rules, regulation and codes on corruption published, strengthened and enforced
- Laws related to anti-corruption activities strengthened and enforced
- Ghana Anti Corruption Action Plan completed and implemented
- CMA restructuring completed
- MDA restructuring completed
- PSMARP reviewed and next stages planned for implementation
- CSPIP reviewed and next stages planned for implementation
- NDPC/MEPRC progressively strengthened
- Sectoral, Regional and District Planning Units progressively strengthened
- Management Services Unit created in Chief Directors office of MDA
- Comprehensive MIS, monitoring and evaluation system for development, poverty reduction and growth tracking established and enforced
- Fully costed plan for reform of SA prepared and enforced
- Divestiture programme reviewed, revised, strengthened and enforced.
- Upgraded conditions of service and principles for right sizing of public service established and progressively enforced
- Joint NDPC/MEPRC/MOF mechanism to scrutinize donor aid established and made operational.
- Legal revision of legislation related to development, growth and poverty reduction completed
- Legislation to provide for lease hold ownership of all land prepared and progressively implemented
- Information Technology systems provided for all higher and lower courts

### Decentralization

- Non traditional roles for District Assemblies progressively introduced
- Administrative arrangements for recruitment, promotion and discipline of local government service staff completed
- LGS bill passed into law
- Local level staff transferred to District Assemblies
- Fiscal decentralization complete
- Composite budget introduced in all Districts
- Relative gender equity achieved in staffing and public participation at District level.
- Capacity and up grading courses for Regional and District staff established as permanent feature
- Staff recruitment and control progressively passed to District Assemblies within LGS administrative arrangements

## **1.0 EMERGENCY SOCIAL RELIEF MEASURES FOR POVERTY REDUCTION**

**1.1** The Government of Ghana outlined activities to be implemented for economic and social development in 2001 in the Annual Budget and Economic Statement. Budgetary constraints and accumulated debt stock pointed to the need to mobilise additional resources to provide social relief to the poor in 2001, while taking the necessary steps to improve the macro economic framework in the country.

### **1.2 Rationale for Relief Measures**

The social relief programme is necessitated by the realities of a difficult macro economic situation and results from various nation-wide poverty reduction studies, including recent participatory poverty assessments. The programme is also informed by the country's experience with the Structural Adjustment and Economic Recovery Programmes. The difficult macro economic situation is characterised by:

- Double-digit inflation, reflected in sharp increases in the price of staples and other basic consumer items.
- Depreciation of the nominal value of the cedi
- Debt overhang as the legacy of persistent deficit financing and which absorbs up to 30% of government revenues and 40% of export earnings.
- The negative effect on poor households of the recent sharp increases in the prices of fuel and public utilities

Results from various nation-wide poverty reduction studies, indicate significant deprivation in specific locations and among groups. Evidence from the GLSS 4, GDHS 3 and recent participatory poverty assessments indicate that families in the three northern regions, Central and Eastern regions need emergency actions to prevent further decline of their poverty status. Studies also showed that food crop farmers received a less than proportionate share in poverty reduction. In addition, street children and teenage female porters from deprived areas who live under precarious conditions in cities have increased in numbers.

### **2.0 REQUIRED RELIEF MEASURES**

Relief measures will target deprived geographical areas and groups. Specifically, these are the three northern regions, Central and Eastern regions and food crop farmers. Other vulnerable groups include the rural pregnant and nursing mothers, street children and those infected with HIV/AIDS. Budgetary allocations and other sources of funds must enable these measures to be actually implemented in the target regions and for the target groups. These measures were started to begin in the second half of 2001 and will be continued to the year 2004.

## **2.1 The Three Northern Regions**

The three northern regions (Upper East, Upper West and Northern) are targets for a comprehensive relief package due to the widespread and endemic poverty. The incidences of poverty are 88%, 84% and 70% respectively in these regions. Under-five mortality is three times as high as in the best region, Greater Accra.

Community, district and regional level consultations have identified the following as urgent relief requirements for the three regions:

- Support for provision of basic agriculture infrastructure, particularly small dams, storage facilities and feeder roads in the rural food producing areas of the regions.
- Provision of marketing support, including formation of marketing co-operatives for food producers
- Urgent social protection through targeted programmes for skill development and credit delivery
- Support implementation of compulsory basic education, particularly provision of school infrastructure, learning material and the attraction and retention of teachers
- Supply of basic obstetric care equipment to all public health centres and clinics
- Provision of potable water to all guinea-worm endemic communities
- Targeted support activities to bring down malaria, diarrhoea, malnutrition and to expand immunisation.

## **2.2 Central Region**

The Central Region recorded an increase in the incidence of poverty and extreme poverty from 44% to 48% and 24% to 32% respectively. In addition, the region has the highest infant mortality rate of 84 deaths per 1000 live births in the country.

The following specific programmes will be implemented in the Central Region:

- Support for small scale processing of agricultural produce during the immediate post harvest period, especially for fish and cassava and rehabilitation of feeder roads in the food crop growing areas of the region.
- Support for expanded production of non-traditional exports by smallholders.
- Targeted support activities to bring down malaria, diarrhoea and to expand immunisation.
- Support implementation of compulsory basic education, particularly provision of school infrastructure, learning material and the attraction and retention of teachers.

## **2.3 Eastern Region**

Incidence of poverty and extreme poverty in the Eastern Region are above the national average despite relatively favourable weather conditions for agricultural production.

Target interventions will focus mainly on:

- Support for small scale processing of agricultural produce during the immediate post harvest period, especially for oil palm and cassava and the rehabilitation of feeder roads in the food crop growing areas of the region.
- Support for expanded production of non-traditional exports by smallholders in mango, pineapples, and banana
- Targeted support activities to bring down malaria, diarrhoea and to expand immunisation.
- Support implementation of compulsory basic education, particularly provision of school infrastructure, learning material and the attraction and retention of teachers.

#### **2.4 Food Crop Growing Areas**

- Support for provision of basic agriculture infrastructure, particularly small dams, storage facilities and feeder roads in the rural food producing areas of the regions.
- Provision of marketing support, including formation of marketing co-operatives for food producers
- Urgent social protection through targeted programmes for skill development and credit delivery
- Provision of potable water to all guinea-worm endemic communities
- Targeted support activities to bring down malaria, diarrhoea, malnutrition and to expand immunisation

#### **2.4 Nation-wide**

A number of key relief measures will also be implemented to address urgent poverty Issues nation-wide. These include:

- Increasing awareness and coverage of treatment services for HIV/AIDS
- Financing implementation of the health user fee exemption policy and attraction and retention of health workers
- Pre-school education as priority action area for attention
- Expansion of health user fee exemption policy to cover treatment of malaria, guinea worm, tuberculosis, and free services for antenatal care, deliveries under-fives and all immunisation services.
- Expansion of services on fertility management
- Expansion of services for street children and teenage female porters including training centres and integration of street children into the normal school system where applicable.



## Appendix J: AN ANALYSIS OF COMMENTS OFFERED ON VARIOUS DRAFTS OF THE GPRS

| Comment  | Response   |
|--|--|
| A section on comments and the NDPC response would be useful  | Here they are.   |
| The level of inflation proposed (5%) may not be achievable   | Noted, the figure is based on agreed programme with MOF  |
| There appears to be a negative attitude to aid   | Not intended. Situation clarified in later drafts  |
| Little on specific measures to improve environment for private sector led growth                                       | This has now been expanded   |
| No explicit definition of poverty  | Included in later drafts including perceptions of poverty by communities   |
| Further disaggregation of poverty trends by occupation groups required   | Statistical information on this not available at the present time  |
| Roles of government and civil society should be identified   | Elaborated in later draft  |
| No analysis of why people are poor   | This is now dealt with in the definition of poverty  |
| The role of political government and civil society should be identified  | Role of Parliament, Cabinet and civil society fully articulated in later draft   |
| Description of the GPRS process required   | Included in section on process of preparing the GPRS   |
| Need to build capacity in focal Regions  | Regional & activity priorities established in Appendix A. integrated development approach proposed in selected locations |
| Need to link feeder road system with trunk road network to link markets, ports, industrial centres with producer areas | Included in later draft  |
| Increasing access of the urban poor to safe water should be included   | Suggestion incorporated  |
| Improvement of natural resource management for sustainable production is essential                                     | Principles absorbed into text and objectives   |
| A link is necessary with budgetary process Creation of special HIPC <i>fund</i> required                               | GPRS/MTEF and budget process integrated and administered jointly by NDPC/MoF. HIPC relief will be deposited in special   |

| <b>Comment</b>   | <b>Response</b>  |
|--|--|
|  | BoG a/c.   |
| Additional Health Objectives proposed  | Incorporated   |
| Extra capacity building at the District level for staff and communities in planning and management required. | Incorporated   |
| Inclusion of ECD proposed  | Incorporated   |
| Additional objectives and outputs on agricultural and fisheries proposed                                     | The principles implied by the suggested addition have been taken into account  |
| Further emphasis on gender and poverty required  | Gender issues have been main streamed to emphasise the wide range of incidents and occasions in which women are disadvantageously affected. However greater emphasis has now be given to this issue  |
| There is a need to give greater focus on people with disabilities  | This is being given greater emphasis in the current draft  |
| Specific rates to be quoted in relation to taxes, fees and user charges                                      | The setting of rates for taxes and fees etc would represent inappropriate detail in the GPRS. These are matters for appropriate MDAs in the interpretations of the recommendation on poverty reduction and growth policy   |
| Targets for production to be more specific   | More specific targets and indicators will be developed by MDAs following the GPRS/MTEF/Budget process  |
| Actual localities and specific activities should be identified in support of poverty reduction               | A methodology for location of expenditure has been provided as an appendix to the main report. Causes of deprivation by level and locality are identified also within the limitations of available, reliable data. More specific targeting will be achieved at the next stage of the process |
| Issues related to manpower and employment need amplification   | The comments raised certain issues in relation to manpower development and employment. These have been noted and where appropriate have been used to embellish the GPRS  |
| Environmental issues should be mainstreamed in the GPRS  | Agreed, rural & urban environmental management and control find expression in the long term growth strategy, production and employment and human resources   |

| <b>Comment</b>   | <b>Response</b>   |
|--|---|
| Need to include for the development and publishing of service delivery standards by MDA  | Incorporated  |
| Should PPMED be located in the office of the Chief Director  | The point is that the PPMED has the duty of coordinating the activities of line Divisions; an important planning function. In practice a line Division cannot impinge on the work of other line Division. By placing the PPMED and its Director in the office of the CD enables it to exercise the role of a staff office of the CD. This should not result in lack of delegation |
| Reproduction health information and services should be provided as part of livelihood skills training  | Incorporated  |
| Increasing accessibility to energy should include extension and expansion of national grid   | Incorporated  |
| Include Rural Kerosene Distribution Programme and LPG transportation and compensation package in access to energy                                  | These two schemes are fully endorsed. However these are <i>activities</i> which should find expressions in MDAs MTEF output   |
| The number of objectives are too numerous to be achieved in the three year plan period   | Agreed, the number has been reduced in later drafts. Priorities for the three years are established during the GPRS/MTEF/Budget process   |
| There is need to ensure the participation of small holders within the strategy for agriculture   | This is agreed. Reference is made to protection and support of small scale farmers and to out growing schemes.  |
| It is important to provide small scale irrigation schemes, access to land, credit and implementation in support of farmers                         | These provisions have been incorporated in the GPRS   |
| Improved governance is the key to a disciplined, democratic society. Implementation of decentralization would assist in developing good government | The issue of political commitment, discipline, and decentralization as a means of increasing capacity, transparency and accountability has been fully stressed.   |
| Regions and Districts have an important role in land allocation  | Proposals for land reform includes the decentralization of machinery for land administration and the role of Districts, Traditional Authority and Communities   |
| Government must implement some form of pricing policy for selected items   | The concern is understood. However this is a controversial issue which requires further examination before a workable and   |

| <b>Comment</b>  | <b>Response</b>   |
|---|---|
|   | acceptable strategy can be identified   |
| The GPRS does not contain sufficient analytical and descriptive manual  | This comment related to the first draft. Later drafts have been amplified   |
| The document requires a more cohesive framework   | Agreed. An attempt has been made, within very, very limited resources, to improve the document in this regard   |
| Prioritising new initiatives and effective utilization of expenditure are essential elements  | Agreed. MDA have been advised to concentrate on better targeting and cost effectiveness for 2002. Prioritisation for new programmes will emerge from the GPRS/MTEF/Budget process. Implementation of GPRS necessitates significant changes in the structure of the budget, better balance between administrative and development costs and procedures and programme/project documentation to ensure cost effectiveness and expenditure control. |
| Omissions in the report <ul style="list-style-type: none"> <li>- need to strengthen data analysis</li> <li>- timely release of reports by MoF (and others)</li> <li>- establishment of M&amp;E</li> <li>- provision of output oriented targets</li> </ul> | Agreed and incorporated in relation to all MDA  |
| The contribution of economic growth to poverty reduction needs articulation   | Text elaborated and expanded  |
| Provision of experienced personnel in policy planning and analysis requires a high level of government commitment   | The need for sustained and palpable political commitment to poverty reduction, growth development and public sector reform has been stressed  |
| Definition of good governance and relationship between private and public sectors should be elaborated  | Elaborated in later draft   |
| Analytical framework as basis for governance strategy required  | Now provided  |
| The issue of an appropriately sized and compensated public service not thoroughly addressed   | Agreed. This is a very sensitive political issue of many dimensions. Proposals for funding improved conditions of service and right sizing have been included in the text. The details of how   |

| <b>Comment</b>  | <b>Response</b>   |
|---|---|
|   | this is to be put into practice requires in depth study. This is a task for a technical group from the CMA which it is proposed should be set up to coordinate human resource management, financial management and development policy. Assistance may be required from, e.g. the USA Office of Personnel or the UK Treasury   |
| Targets and actions enumerated are not prioritised  | Priorities emerge from the GPRS/MTEF/Budget process   |
| There is a need for a strong oversight at the highest political level to ensure that the fundamental changes required occur | Agreed, this has been stressed  |
| Extent of consultation with civil society not revealed  | This has now been elaborated in a section on the process of preparing the GPRS  |
| There is a need to identify cross cutting issues  | These have been identified under the section on medium term action in support of long term growth. It will not be possible for the administrative arrangements to facilitate an integrated approach to the cross cutting issues to be in place for 2002. it is intended that the will commence in 2003 as will arrangements for geographically targeted comprehensive development.  |
| Evidence required of level of sectoral commitment to the GPRS   | MDA & civil society were represented on the GPRS teams and were present at all- day consultation workshops. Meetings were also held between members of the GPRS team and MDA representatives to agree on targets and other issues in most cases. Consequently it can be assumed that the GPRS represents a consensus. However, there remain institutional problems. The dissemination and sharing of information within MDAs is weak, structures, roles and procedures lack clarity |
| Proposals to rationalize roles should be qualified within the context of on going reform                                    | The current reform programmes have been acknowledged in later drafts. However our analysis shows that despite some improvement results overall have been disappointingly limited for reasons given in the text  |
| More information required on fiscal decentralization and  | The text has been elaborated on these issues  |

| <b>Comment</b>   | <b>Response</b>  |
|--|--|
| corruption   |  |
| Costing & funding needs expression   | The three years of costed programmes to be funded by GoG will be dealt with in Volume II. An approach on funding the GPRS through other means has now been added as an Appendix                        |
| GPRS does not explain linkages to existing MOFA programmes   | Now incorporated in text   |
| Objectives of GPRS not stated  | Now elaborated in the background statement at the beginning of the report  |
| Policies which indirectly promote unfair competition should be adjusted                                    | Agreed. Reference has been made to this issue  |
| Revitalizing existing storage facilities may not be appropriate  | Noted  |
| Private sector/NGO partnership requires a programme <i>platform</i>  | Mechanisms for incorporating private sector/NGO participation into, particularly, District level development policies have been included. This is to facilitate programme partnerships                 |
| Promotion of agriculture should be distinctly pro poor and acknowledge non farm re spending to fuel growth | Agreed. This issue has been approached, directly and indirectly, in later drafts   |
| The need for a clearly defined role of the public sector   | The role of private and public sectors have been identified in the text under governance   |
| Investment required in research & extension in agriculture   | The use out grower schemes has been stressed and the use of labour intensive techniques  |
| Let markets work   | This has been stressed in various sections of the report with limited reservations in some cases   |
| Protection of contracts an important role of government  | Agreed, this has been included in the text   |
| Need to develop private/public sector partnership  | This has been fully articulated in the report  |
| Improvement to the macro fiscal sector requires reforms in the public sector                               | These are dealt with in the governance section of the GPRS   |
| Monitorable short term targets will have to be developed in relation to investment from HIPC relief        | These are currently being sharpened in connection with HIPC triggers. Twenty percent of HIPC relief will be devoted to debt repayment, it is anticipated, the remainder will support the social sector |

| <b>Comment</b>   | <b>Response</b>   |
|--|---|
| The decentralization process should be underpinned by effective financial control                                    | Financial management controls have been incorporated in the governance section  |
| Elaboration of the monitoring process is required  | An appendix on monitoring and evaluation has been included. A comprehensive M&E system is being developed. An interim system is being devised including monitoring of expenditure of funds from HIPC relief   |
| Development and publication of service delivery standards by MDAs is an important provision for public sector reform | Incorporated  |
| There is a need for increased capacity for agriculture extension work and the application of science and technology  | Agreed and acknowledged in the text   |
| Increased trade with other ECOWAS countries particularly for NTE, should be stressed                                 | Collaboration with ECOWAS and the AU has been stressed, across the board.   |
| Longer term targets are required   | These are being incorporated in the section on long-term growth. Long term targets will be elaborated in the five-yearly review of the National Development Policy Framework (25years perspective)  |
| Several statements attack the role of foreign financing and budgetary support  | The statement that, long term, Ghana should reduce its dependency on aid is self-evident and not an attack on foreign finance. No attack has been made on budgetary support. The criticism was on the way budget support tended to be used; mainly on goods and services and not on production and social protection. However, alterations have been made to the text to ensure there will be no misunderstanding on these points |
| Additional diagnosis of poverty trends is required   | Agreed. There is, however, a problem with availability of reliable data   |
| Coverage of gender issues could be improved  | Agreed. Gender issues have been elaborated.   |
| The projected target for an increase in NTE is very unambitious  | Noted, figures adjusted   |
| Explicit statement required on reform of public sector pay policy  | Agreed; point made in text  |

| <b>Comment</b>   | <b>Response</b>  |
|--|--|
| Provision of MSU and PPMED in Chief Directors office may not solve management problems   | Agreed. Effective management requires commitment, leadership, discipline and clear and enforced structures, roles and procedures. However, experience suggests that PPMED are not usually qualified to deal with O&M issues which is a specialized subject. The MSU would provide a link between the government reform process and individual MDA. Location in the CDs office gives greater authority. It should not detract from delegation. It is not enough to strengthen PPMED. Their role must be defined and recorded in each MDA procedural manual and enforced |
| Need for coordinating committee for government policies  | Agreed. Proposals are made for the CMA to provide a technical committee for the coordination of financial management, human resource management and development policy   |
| Traditional Authorities should be part of the decentralization process   | Agreed and acknowledged  |
| Need to identify why the public sector reforms have not progressed satisfactorily  | This has been elaborated in the latest draft in the governance section   |
| Projects that target specific Regions may not be as successful as national programmes to target poorer Regions                         | Noted. Both approaches are anticipated and appropriate   |
| Revisit proposal to rationalise the relative roles of the Ministry of Education and the Ministry for Manpower Development & Employment | Noted, to be discussed and Cabinet decision taken.   |
| Need for land reform   | Legislation on land reform to be passed into law by 2004   |
| Recognise the primacy of indigenous land management institutions   | Noted.   |
| Insecurity of tenure – a cause of poverty  | GPRS proposes Small Business Enterprise Zones with security of tenure. Other aspects will be undertaken under land reform by 2004  |
| Compensation for agricultural villages affected by surface mining rights within mining concessions.                                    | Noted  |



| <b>Comment</b>   | <b>Response</b>  |
|--|--|
| Surface mining rights resulting in displacement of villages from their homes, farms, grazing lands, contamination of water sources etc. Legal contradictions to be appreciated by legislators, mining companies and policymakers | Noted  |
| Quest for land by local communities to meet basic needs in face of limited land supplies   | Legislation on land reform to be passed into law by 2004<br>Alternative livelihood sources actively promoted in text.  |
| Statistical data in document not gender sensitive  | Gender disaggregated data wherever possible  |
| Each sector Ministry to empower women's desk officers to ensure reflection of gender sensitivity in sector policies  | Noted. Reflected in current draft  |
| Strategy must address gender inequality and promote women's advancement  | Current draft shows stronger focus on this   |
| Need to monitor implementation of commitments by Government on international conventions on gender   | Responsibility of MOWAC and document reflects this   |
| How to promote micro enterprises in the face of foreign competition by foreign manufacturers – either through tariff barriers on selected goods or assisting local producers to reduce cost of production                        | WTO does not allow discriminatory application of tariff barriers.<br>GPRS promotes linking research to industry to strengthen MSMEs production and to reduce costs |
| Highlight role of traditional authorities in socio-economic development, in land acquisitions and in furtherance of investment drive etc.  | Role of traditional authorities highlighted in Governance section<br>Detailed role in land acquisition to be land reform measures                                  |
| Expand membership of Regional Committees for ESRP to include Regional Economic Planning Officers (REPOs)   | Noted  |
| Information and Communication Technology (ICT) is crucial in development and accelerated private sector led economic growth and needs to be emphasized.  | Noted, section on ICT included in current draft  |
| Include newly established Micro finance fund for women   | Reflected in current draft in section on production and gainful employment   |
| Need for firms and industries with potential to damage environment to pay environmental tax  | Reflected in current draft   |

| <b>Comment</b>  | <b>Response</b>   |
|---|---|
| Need to contain urban sprawl leading to slum development and build capacity for physical planning | Noted   |
| Add section on Science and Technology application   | In current draft  |
| Highlight need to develop alternative energy sources  | Agreed; point made in text  |
| Guidelines for environmental management in schools etc  | Detail that should be developed by Ministry in its strategic plan         |
| Include other modes of transport - maritime, aviation and rail                                    | Noted, will be included in MTDP   |
| Include specific projects such as sunflower project, tomato processing etc.                       | Projects to be developed by RCC in collaboration with District Assemblies |

# **AGENDA FOR GROWTH & PROSPERITY**



*GHANA'S POVERTY REDUCTION STRATEGY (GPRS)*

**Volume II**

**COSTING AND FINANCING OF  
PROGRAMMES AND PROJECTS**

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## **EXECUTIVE SUMMARY**

### **Introduction**

The Ghana Poverty Reduction Strategy (GPRS) consists of programmes and projects for achieving identified poverty reduction and growth objectives. The costing involves developing the profile of the GPRS programmes and projects and identifying the costs associated with the inputs required to implement those programmes and projects.

The total cost of the GPRS includes costs of programmes and projects necessary for meeting the poverty reduction and growth targets set out in volume 1, the policy framework document. The costs consist mainly of capital expenditures associated with public sector programmes and projects.

### **Total cost of the GPRS**

The total cost of the GPRS is estimated to be US\$5,283 million. The cost estimates for the programmes and projects are distributed among the five GPRS thematic areas as follows: Eight percent for programmes geared towards ensuring macroeconomic stability; 27% for enhancing production and gainful employment; 58% is for enhancing human resources development and efficient and equitable provision of basic social services. Three percent of the total cost is for developing and implementing special programmes for the vulnerable and excluded, and about 4% for pursuing and supporting activities and institutional reforms that enhance good governance.

### **Cost of Medium Term Priorities of the GPRS**

Due to resource and capacity constraints, it became necessary to prioritise the programmes and projects for implementation over the three-year period (2003-2005) and beyond. The cost for the medium term priority programmes is estimated to be US\$2,515 million.

### **Financing and Implementing the Medium Term Priorities of the GPRS**

The GPRS will be financed mainly from Government of Ghana revenues and grants including savings from the HIPC initiative. Other sources of financing will include savings from inflation-indexed government bonds, loans, and additional multilateral and bi-lateral supports. Implementation of the Medium term priority programmes and projects will reflect the geographic locational priorities identified in the policy framework document.

## 1. INTRODUCTION

The Ghana Poverty Reduction Strategy (GPRS) represents a comprehensive set of policies to support growth and poverty reduction over a three-year period and beyond. It is informed by the conviction of the current government that the economy of Ghana needs to be managed effectively to enable the creation of wealth and reduction of poverty.

The goal of the Government of Ghana is to transform the nature of the economy to achieve growth, accelerated poverty reduction, and the protection of the vulnerable and excluded within a decentralised, democratic environment. To this end, the GPRS has identified policies, programmes, and projects that seek to realise the following objectives:

- Sound economic management for accelerated growth;
- Increased production and the promotion of sustainable livelihoods;
- Enhanced development of human resources and the provision of basic services;
- Intensification of the provision of special programmes to support the vulnerable and the excluded;
- Good governance and increased capacity of the public sector; and
- Effective promotion and stimulation of the private sector as the main engine of growth and as partners in nation building.

Implementation of the programmes and projects for realising the above objectives has associated costs. Estimating the costs of the programmes and projects is necessary for ascertaining the feasibility of the strategies proposed in realising the objectives of the GPRS. This Volume II of the Ghana Poverty Reduction Strategy (GPRS) presents the costing of the programmes and projects developed in Volume I. It spells out the assumptions, methodology, and the process used in costing the programmes and projects. It also describes the financing of the programmes and projects.

## 2. COSTING THE GHANA POVERTY REDUCTION STRATEGY

The GPRS consists of programmes, and projects, which have associated activities to be performed by lead Ministries, Departments, and Agencies (MDAs) and in some cases by the private sector or with other collaborating agencies. Each activity has corresponding output(s) and input(s) with related costs. The costs associated with the activities are what it will take to implement programmes for achieving the targets and objectives of the GPRS. Costing therefore provides the major link between programme design and programme implementation.

The cost of implementing the programmes and projects of the entire GPRS is currently estimated to be US\$5,283 Million. Eight percent of this total is allocated for programmes geared towards ensuring macroeconomic stability, 27% for enhancing production and gainful employment, 58% for enhancing human resource development and the efficient and equitable provision of

basic social services, 3% for developing special programmes for the vulnerable and excluded, and 4% for pursuing and supporting activities and institutional reforms that enhance good governance.

Due to resource and absorptive capacity constraints, not all programmes and projects proposed under the GPRS can be implemented in the first 3 years. As such, through further consultation, a determination of priority areas for the medium term (2003-2005) has been made. The cost of programmes and projects identified as priorities for the medium term is estimated at US\$2,515.22 million. The costing methodology and the underlying assumptions are outlined below.

### **3. The Costing Methodology and Underlying Assumptions**

#### **3.1. Methodology**

The costs of the GPRS programmes and projects were estimated using the Medium Term Expenditure Framework (MTEF) methodology.

#### **3.2 Assumptions**

The total cost of implementing the GPRS consists of costs for both new and on-going programmes and projects necessary for meeting poverty reduction and growth targets. The detailed composition of programmes and projects included and the quantum of resources allocated to them have been influenced by several factors. Salient among them are that:

- The activities costed consist mainly of capital expenditures associated with programmes and projects identified in the GPRS. Personnel and administration cost associated with these programmes are considered to be within the normal budgetary resources and are not included in the cost of the GPRS. Exception to this was the treatment of the costing of educational programmes where recurrent expenditures such as the salaries of new teachers and attendants were included in the costs.
- The implementation of the GPRS is based on a series of activities that may be carried out by the public sector alone, or by the private sector in partnership with the public sector. In cases of the latter, only the public sector resource requirements or what the public sector is expected to do in order to stimulate private sector participation to accelerate poverty reduction directly or indirectly is included in the costs. An example is in the policy area of providing safe and sanitary shelter. Government expenditures include the cost of acquiring land, developing land banks, the training of artisans in construction skills, capacity building to support the housing sector, and the cost of promoting small-scale entrepreneurship in the production of local building materials. It is expected that developing housing units for rental or for private ownership will be undertaken by the private sector and is not included in the cost estimates presented here. In this regard

what are included in the cost of the GPRS are the resources needed by Government to provide the requisite supporting infrastructure to encourage private sector participation. The cost of private sector components of such programmes is not included in the GPRS cost estimates. The estimated cost of the private sector components of programmes is shown separately in Appendix D.

- Fully implementing the GPRS requires carrying out a significant number of proposed programmes and activities. As a result of the interactive process that characterized the preparation of the GPRS, a consensus emerged that although all identified activities were germane to poverty reduction and growth stimulation, they could not all be undertaken within the specified period 2003-2005. This influenced the quantum of resources provided for the 3-year programme. There are some projects, for example in the energy sector, which may require implementation periods beyond 2005.
- Even with the above considerations, the costing for programmes and projects cannot be definitive. The precise measurement of the cost of activities will be a continuous task. Specific activities that are not easily predetermined would need to be included later based on the monitoring outcomes of 2003 and 2004.

### **3.3 GPRS Costing Process**

The costing process began with the translation of the GPRS objectives and targets into programmes and projects. MDAs developed profiles of each activity under the selected programmes and projects. The critical steps of identifying inputs for activities and carrying out financial programming to achieve desired objectives and targets were the result of interactive processes.

## **4. Costing the GPRS Programmes and Projects**

The matrix in Appendix A presents the detailed costing of all the programmes and projects of the GPRS. The programmes and projects are categorized under the 5 main thematic areas identified in Volume 1 of the GPRS:

- Macroeconomic stability
- Production and gainful employment,
- Human resource development and provision of basic services,
- Special programmes for the Vulnerable and the Excluded; and
- Governance.

As shown in appendix A the entire GPRS programmes and projects will cost \$ 5,283 Million. The cost of programmes and projects required for ensuring



macro-economic stability is estimated at \$416 Million. The programmes and projects for enhancing production and gainful employment is estimated at \$1,428 Million while \$3,043 Million is the estimated cost for the programmes and projects for human resources development and the provision of basic services. The special programmes and projects for the vulnerable and the excluded is estimated to cost \$168 Million and the programmes for good governance will cost \$228 Million.

The 58% percent of the total cost attributed to human resource development and the provision of basic services is in recognition of the need to close the gap, in favour of the poor, in terms of access and utilization of basic services, particularly with regards to education, health, HIV/AIDS, population control, water, and sanitation.

About 27% of the cost is associated with production and employment programmes and projects crucial to Ghana's development efforts. Re-directing the nature of economic activities, stimulating linkages between the formal and informal sectors of the economy, encouraging and improving the capacity of the private sector to adopt entrepreneurial business approaches to increasing productivity and generating employment pose challenges to public policy making.

About 8% of the total cost will be spent to ensure macro-economic stability. Policy actions include measures to promote increased investment, promote exports, reform public financial management and to strengthen administrative capacities of the revenue agencies. These actions are intended to enhance internal resource mobilization, encourage growth, and minimize distortions which otherwise would have adverse consequences on economic activity and exacerbate the incidence of poverty.

The 3% of total cost attributed to special programmes for the vulnerable and the excluded recognizes that for a variety of reasons, some group of citizens face special developmental constraints. The physically challenged, the aged, children in difficult circumstances, and victims of harmful traditional practices belong to this category.

The cost associated with good governance is related to achieving changes in the attitudes and behaviours of the actors of the government machinery in the conduct of business. These processes, for the most part, have little or no financial costs. Programmes and projects associated with good governance is about 4% of the total cost of the GPRS.

## **5. The Medium Term Priority Programmes And Projects**

As indicated in volume 1, there was the need to prioritise the programmes and projects considering the magnitude of funding required to implement the entire GPRS. The prioritisation also became necessary to ensure that both physical and human resources are not stretched thinly and that good progress could

be made toward meeting the major poverty reducing targets set out in the GPRS.

Government spending patterns over the past three years indicate a low capacity of the economy to absorb such a high level of funding. This not only reinforces the need for prioritisation, but also calls for the need to re-engineer government machinery to enhance its ability to absorb higher levels of spending and implement the required activities while ensuring efficiency, value-for-money and quality. The capacity constraint also suggests the need to make the GPRS a scalable and living strategy to provide the ability to step up implementation as needs change and capacity grows.

Programmes have been carefully prioritised<sup>1</sup> and costed to provide a balance between growth and direct pro-poor objectives. The process of selecting programmes and projects for the priority list was guided by four main factors:

- The results of the analytical and consultative work undertaken during the preparation of the GPRS which for instance stressed the importance of infrastructural development to the poor;
- The need to continue current on-going programmes and projects which are fully funded;
- The relative importance of programmes to overall poverty reduction; and
- The vision of the government.

### **5.1. Cost of the Medium Term Priority Programmes and Projects**

The total cost of the medium-term priority programmes and projects is US\$2,515.2 million over the 3-year period (2003-2005) and beyond as per the matrix in Appendix B which spells out the Medium Term Priority Programmes and Projects and their associated costs. The programmes and projects are described in more details in the following section.

#### **5.1.1 Macro-economic Stability Programmes and Projects**

The focus in the medium-term is to ensure prudent fiscal and monetary policy management that will deliver stable and lower inflation, lower interest rates, a less volatile exchange rate environment, and reduce the debt burden and the associated fiscal and financial crowding out effect. Government is also committed to improvements in public financial management. The key initiatives are geared towards streamlining public procurement practices, improving budgeting and cash forecasting, strengthening the revenue collecting institutions, enhancing controls and strengthening transparency and accountability in the area of public financial management. The cost of the programmes and actions is estimated at \$148.9 million over the plan period.

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<sup>1</sup> The prioritised programmes and projects are referred to as the “Medium Term Priority Programmes and Projects” in the text.

## **5.1.2 Increased Production and Gainful Employment**

In the medium term, several programmes will be put in place to increase production and enhance gainful employment. These programmes include the modernisation of agriculture based on rural development; promoting the development of agro-processing industries; increasing environmental protection through re-forestation; enhancing infrastructure development to facilitate internal commerce, intra-regional trade, and access to ports; and strengthening the private sector. The cost associated with these efforts is estimated to be \$1,413 million for the period. Details of proposed programme and activity costs follow.

### *5.1.2.1 Modernised agriculture based on rural development*

For the period, the cost of programmes and projects for modernising agriculture and promoting agro-processing based on rural development is estimated at \$80.2 million. These programmes include the promotion of farm mechanization, provision of irrigation facilities, rehabilitation of fish hatcheries, improving inputs for livestock and crop production, and promoting the production of high value crops and agro-processing. The programmes and projects are in response to the existing structural rigidities of the Ghanaian economy, which have to be addressed to stimulate growth and reduce poverty. The results of the consultative processes undertaken in the preparation of the GPRS and those of the Ghana Living Standards Survey (GLSS 4) showed that food crop farmers benefited least from the gains made in poverty reduction during the nineties. Agriculture is Ghana's traditional core competency and the move to grow the economy is inextricably linked to improvements in the agricultural sector. Rural poverty is largely attributed to poorly functioning markets for agricultural outputs and to low productivity because of the reliance on rudimentary technology, farming practices and low utilization of low-yielding inputs.

The intention of government is to put in place measures to encourage farmers to shift from a concentration on subsistence agriculture to market-oriented production, to shift from low to high-yielding inputs, to the use of simple but relatively more advanced technologies, and to encourage non-farm activities such as processing. It is expected that agro processing activities will move the rural dwellers from low to higher income generating activities. The introduction of new technologies and innovations in farming practices should reduce the drudgery of rural women who form the bulk of food crop farmers.

Specific investments will be made during the period to develop agri-business zones as a means of vigorously promoting processing to enable entrepreneurs add value to agricultural produce. Skills training to enable rural dwellers, with a special emphasis on rural women, will be undertaken in collaboration with NGOs operating in these areas. An enabling environment to support cooperatives will be provided to assist communities pool resources for small-scale equipment purchases to enable them process their agricultural produce for greater value-added. Women's groups in particular will be targeted for this intervention.

Crops such as cashews, soya and sunflower, which are highly suitable to the ecology and with potential markets at the domestic and international levels, will also be promoted to increase and stabilise rural incomes.

Support will be provided within the medium term programme for performance-based extension and research services (with strong regard to the needs of women farmers), for vigorous promotion of mainly small-scale irrigation, which communities and districts can easily construct and maintain, and for the provision of credit to farmers at crucial stages of the production process. The issue of land acquisition, which in the past has been a bottleneck to expansion of farms and establishment of commercially oriented agriculture, are part of the activities to be tackled under this core priority area. Women's access to credit and to land in particular will be a focus of attention in the medium term.

#### *5.1.2.2. Environmental Protection Through Afforestation*

Government will provide material and financial support for re-afforestation of degraded forests, abandoned mining areas and along the banks of major rivers to slow down the Sahelian drought and prevent our major rivers from drying out. Programmes to increase environmental protection through afforestation are estimated to cost \$9.7 million over the three-year period.

#### *5.1.2.3. Strengthening the Private Sector*

The Government recognises the role of the private sector as the engine for growth and poverty reduction. In recognition of this role the Government will work towards reducing the bottlenecks to private sector development, promote entrepreneurship in agro-business and improve access to credit at affordable rates. Programmes associated with these efforts are estimated to cost \$11.0 million over the three-year period.

#### *5.1.2.4. Infrastructure Development*

For sustained growth and poverty reduction to occur, certain infrastructure needs to be put in place. In the medium term three major highways, ten regional roads and several feeder roads will be rehabilitated or constructed to increase spatial access to markets. There will be an improvement in the supply of electricity to boost industrial production and increase supply to the rural communities. In addition, there will be enhanced access to information and communication technology generally, and increased access to telephones in the rural communities in particular. The total cost of enhancing infrastructure development is estimated at \$1,274 million over the period. This is broken down as follows:

##### *Road Networks*

A well functioning road network, especially, farm-to-market roads is key. This is to improve access to markets, open up the country for investment, expand productivity and increase job creation. In the medium term, investment will be

made in the feeder road network in major production areas to support marketing. At least one road linking rural producing areas to urban markets in each region has been earmarked for rehabilitation or development. Investments will be made in the construction of three major highways to support exports from the agricultural and industrial sectors. The three major highways, the major trunk roads in each region, and the network of feeder roads are estimated to cost \$926 million over the period.

### *Energy Supply*

Significant public interventions in the energy sector are needed in the medium term in order to improve the living conditions of Ghanaians, especially in the rural areas. The development of energy will not only boost production, but will also enhance job creation, ensure the proper functioning of district hospitals, some of which are without any means of power which hampers their effective performance. Rural energy production to facilitate the processing of agricultural produce will also benefit from these investments. Although the government will work hard to interest private sector investors in the energy sector, the focus of the medium term is on preventing further difficulties in the sector which would have devastating consequences on various facets of the economy and, in particular, on poverty in the rural areas. Investments will be made in the West Africa Gas Pipeline, the expansion of the thermal plant at Takoradi and in the increased use of solar energy with combined public and private sector participation. While some of the programmes and projects envisaged in the energy sector cannot be completed in the planned period it estimated that the total cost of the various phases that can be completed by 2005 is \$348.6 million.

### **5.1.3 Human Resources Development and Provision of Basic Services**

The programmes for human resources development and the provision of basic services in the medium term will cost \$749.69 million. The programmes include activities geared towards enhancing access to education; reducing gender disparities in education; improving skills through training; enhancing access to and delivery of health services; enhancing access by women to reproductive health services; and increasing access to potable drinking water and improving sanitation.

#### *5.1.3.1. Enhanced access to education*

The education system will be reformed to ensure uninterrupted education from pre-school to age 17 as a means of reducing poverty and creating the conditions for human development. Government proposes to mainstream pre-school education for all schools in Ghana in order to ensure a smooth transition from the home to school, ensure adequate care for children of working parents and also to free up women's time for production. The cost of mainstreaming pre-school education is estimated at \$50.23 million over 2003-2005 period. This initiative will also go to improve on children's cognitive skills

and as studies<sup>2</sup> have shown, reduce the gender gaps in enrolment, which is one of the prime objectives of Government in the education sector. At the primary level, measures will be intensified to ensure the continued improvement in school and retention of girls at that level and even beyond. Programmes to support increase in girls' enrolment, rehabilitation of existing dilapidated schools and development of new ones will cost \$121 million over the plan period. The national functional literacy programme will be pursued in earnest to ensure adult access to basic literacy. This programme is estimated to cost \$33.6 million over the period

Access and equity issues, especially in the deprived areas of the country and female enrolments, will receive primary considerations within the education sector. Transition rates from the basic level to the senior secondary level are currently below 50% due to a number of factors, not least of which is the poor quality of teaching and learning facilities in the rural areas and deprived districts. For each district, a school will be rehabilitated and developed as a model Senior Secondary School (SSS) over the medium term. This is estimated to cost \$16.1 Million over the period. In some cases, the intervention will only involve a minimal upgrading of an already adequate facility through the provision of a science laboratory, a school library or equipment such as computers. The development and promotion of ICT in schools will enhance the skills of the SSS graduates, improve their employability, and help the country readily integrate into the global economy. This programme is estimated to cost \$24 Million over the period.

#### *5.13.2 Improved Vocational and Technical Skills Training*

Support will be provided during the period for vocational and technical skills training to support the requirements of the job market. Wherever possible, the government will seek collaborative approaches with the private sector and NGOs, given their interests in this area. Government support will be through developing policy, regulating the sector, and facilitating credit flows for private sector activities. Government will also periodically provide short-term training for the unemployed youth using the traditional apprenticeship approach. It is estimated that the total cost of these programmes and projects between 2003 and 2005 will be \$22.3 million.

Attention will be given to the provision of special education to persons with disabilities (PWDs) to enable them enhance their development, reduce their exclusion within society, and contribute to national development. Wherever possible, PWDs will be encouraged to participate in mainstream education. In this regard, school facilities will be developed taking into account the needs of the physically challenged.

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<sup>2</sup> Studies show that gender disparities in enrolment hardly exist at the pre-school level. Inclusion of this level as part of basic education therefore is likely to improve girl child enrolments.

### *5.1.3.3 Enhanced Delivery and Access to Health Care*

To ensure enhanced delivery and increased access to health services by the poor, model health centres will be developed in every district in the country. In addition, the Government will phase out the existing 'cash-and-carry' system by increasing the fee exemption coverage and introducing a national health insurance scheme. The prevention of HIV/AIDS and water borne diseases will receive high priority in recognition of their high incidence among the poor. The cost of enhancing health delivery and access is estimated to be \$132.0 Million over the 3-year period.

Furthermore a major priority off the GPRS is to ensure that the health status of the population is improved while reducing the geographical, socio-economic and gender inequalities in health outcomes. In this regard the health sector programme support project will be implemented with the full vigour to enhance health system performance, fight communicable diseases, improve child health and population and reproductive health services over the period. It is estimated that the capital expenditure for the programme will be about \$236.63 million over a f-year period.

### *5.1.3.4 Enhance Women's Access to Productive Work*

To enhance women's access to and control of productive resources, the Government would promote and strengthen women's access to credit, promote and strengthen women's micro-enterprises. It is estimated that the cost of programmes for enhancing women's access to productive work will be \$9.0 million over a 3-year period.

### *5.1.3.5 Increased Access to Potable Drinking Water*

Increased access to safe drinking water, a priority for the medium term has several implications for poverty reduction and growth. It is estimated that programmes and projects for increasing access to potable drinking water will cost \$90.8 million over the period. The availability of water for domestic use also affects many gender aspects of development. The intervention will go a long way towards enhancing the attainment of good health, and reducing under-five mortality and the incidence of water-borne diseases such as guinea worm. The interventions will also support increased girls' enrolment and retention, free up time for women's productive work, increase their productivity and make available agriculture labour time.

## **5.1.4 Programmes for the Vulnerable and the Excluded**

The attainment of social justice, equity and respect for human rights would ensure that no Ghanaian is left out in the pursuit of freedom and happiness. The Government will increase resources for the protection of the rights of women, children and other vulnerable groups in the society. The capacity of child-care workers will be enhanced and disabled youth will be provided with employable skills. Care will be provided to people living with HIV/AIDS, and support provided for orphans, vulnerable children, the physically challenged

and the aged. Programmes for the vulnerable and the excluded are estimated to cost \$133.9 million over the 3-year period.

### **5.1.5 Good Governance**

To realize the above priority goals and to lay the foundation for further sustained growth and poverty reduction, the issue of good governance, both in the political and economic realms, is receiving due attention. Government will uphold the rule of law, respect for human rights and the attainment of social justice and equity by strengthening the executive, the judiciary, and the legislature. Programmes for ensuring good governance are estimated to cost \$62 million over the period.

#### *5.1.5.1 Ensuring the rule of Law, respect for human rights and attainment of social justice and equity*

A major priority of government is to ensure that the Police Force is strengthened to give maximum security to the citizenry. This objective will be achieved by increasing the size of the Police Force and providing them with necessary logistics and training. The capacity of the Attorney General's Department and the judiciary will be strengthened in terms of numbers and resource provision to uphold the rule of law. It is estimated that these programmes will cost \$45 million in the 3-year period.

#### *5.1.5.2 Improving Efficiency and Effectiveness of the Civil Service.*

The civil service will be restructured with vigour in order to ensure its improved efficiency and effectiveness. Attention will be paid to ensuring accelerated decentralization to strengthen the administrative capacity of District Assemblies and deepen District Assemblies' association with civil society. It is estimated that the programmes for implementing the decentralization process will cost \$17.0 Million over the 3-year period.

### **5.2 Monitoring and Evaluation (M&E)**

Monitoring the implementation of the GPRS will consist of the use of the national M&E system and existing poverty monitoring systems to track key indicators over projected periods to determine the effectiveness of policies and programmes on beneficiaries. A system has been designed to track expenditures made with savings from the HIPC initiative. Estimated costs of these efforts are put at \$7.7 million over the period.

## **6. Financing the Medium Term Priority Projects and Programmes**

The total public sector capital expenditure for 2003 is estimated at 5,731 Billion cedis (\$674 Million), which constitutes about 9.4% of the GDP. It is projected to be 9.9% and 9.7% of the GDP in 2004 and 2005 respectively. Consistent with the projected capital expenditure framework, the Medium Term Priority programmes of the GPRS, is estimated to cost \$465.788 Million in 2003 representing 69% of total public sector capital expenditure. As shown



in Appendix B, total resources amounting to \$443.687 million have been earmarked for the Medium Term Priority Programmes in the current budget estimates. This amount consists of \$43.972 million from GOG sources and \$399.715 million from donor sources. The resources from donors may be broken down further to \$70.115 million for on-going projects and \$329.6 million for new projects.

It is to be noted that the amount of \$443.687 million earmarked for the priority programmes and projects under the 2003 budget does not include HIPC savings. The expected savings from the HIPC relief is estimated to be \$100 million. Assuming that all the HIPC savings are used to finance the priority programmes including reducing the domestic debt, which it should, the total amount of resources available for financing the Medium Term Priority programmes and projects will be \$544 million leaving a zero financing gap.

However, there are other programmes and projects as per appendix C that could be implemented more fully if additional funds can be secured. These programmes with a total cost of \$50 million include the modernization of agriculture, which requires \$27 million but only 0.63 million could be made available. Other projects include the development of the National Identification System estimated to cost \$10million in 2003; the provision of employable skills for the disabled which is estimated to cost \$5 million in 2003; and providing information communication technology access to schools estimated to cost \$8million in 2003.

**APPENDIX A: MATRIX OF THE COST OF ALL GPRS POLICY ACTIONS AND PROGRAMMES**

**SUMMARY**

|   | In Millions of<br>USD |              |              |              |            |         |
|---|-----------------------|--------------|--------------|--------------|------------|---------|
|   | 2003                  | 2004         | 2005         | Total        | % OF TOTAL | REMARKS |
| <b>THEMATIC AREAS/Total Cost</b>                                  | <b>1,365</b>          | <b>1,872</b> | <b>2,046</b> | <b>5,283</b> | <b>100</b> |         |
| <b>A. Macro Economic Stability</b>                                | <b>110</b>            | <b>150</b>   | <b>156</b>   | <b>416</b>   | <b>8</b>   |         |
| <b>B. Production And Gainful<br/>Employment</b>                   | <b>434</b>            | <b>491</b>   | <b>503</b>   | <b>1,428</b> | <b>27</b>  |         |
| <b>C. Human Development &amp;<br/>Provision of Basic Services</b> | <b>680</b>            | <b>1,094</b> | <b>1,269</b> | <b>3,043</b> | <b>58</b>  |         |
| <b>D. Special Programmes For The<br/>Vulnerable And Excluded</b>  | <b>66</b>             | <b>61</b>    | <b>40</b>    | <b>168</b>   | <b>3</b>   |         |
| <b>E. Governance</b>  | <b>75</b>             | <b>75</b>    | <b>77</b>    | <b>228</b>   | <b>4</b>   |         |

**GHANA POVERTY REDUCTION STRATEGY  
MATRIX OF COSTED POLICY ACTIONS AND PROGRAMMES**

**I. MACROECONOMIC STABILITY**

| PROGRAMME OBJECTIVES  | ESTIMATED COST |               |               | (Mill. \$)    | IMPLEMENTING AGENCY | COLLABORATING AGENCIES |
|---|----------------|---------------|---------------|---------------|---------------------|------------------------|
|   | 2003           | 2004          | 2005          | Total         |                     |                        |
| <b>A. Macro Economic Stability</b>  | <b>109.55</b>  | <b>150.16</b> | <b>156.30</b> | <b>416.01</b> |                     |                        |
| <b>A.1 FISCAL POLICY MANAGEMENT</b>   | <b>83.50</b>   | <b>73.04</b>  | <b>79.04</b>  | <b>235.58</b> |                     |                        |
| <b>1.0 Promoting Effective Debt Management</b>                                | <b>20.5</b>    | <b>26.5</b>   | <b>27.5</b>   | <b>74.50</b>  |                     |                        |
| 1.1 Restructuring the Domestic Debt Stock                                     | 0.5            | 0.5           | 0.5           | 1.5           |                     |                        |
| 1.2 Reducing the Stock of Domestic Debt                                       | 20             | 26            | 27            | 73            |                     |                        |
| <b>2.0 Improving Public Expenditure Management</b>                            | <b>33</b>      | <b>21.54</b>  | <b>21.54</b>  | <b>76.08</b>  |                     |                        |
| 2.1 Improving forecasting and monitoring of commitments and cash transactions | 33             | 21.54         | 21.54         | 76.08         |                     |                        |
| <b>3.0 Improving Fiscal Resource Mobilization</b>                             | <b>30.00</b>   | <b>25.00</b>  | <b>30.00</b>  | <b>85.00</b>  |                     |                        |
| 3.3. Strengthening the revenue collecting institutions                        | 30             | 25            | 30            | 85            |                     |                        |

**GHANA POVERTY REDUCTION STRATEGY  
MATRIX OF COSTED POLICY ACTIONS AND PROGRAMMES**

**I. MACROECONOMIC STABILITY**

| PROGRAMME OBJECTIVES  | ESTIMATED COST |              |              | (Mill. \$)    | IMPLEMENTING AGENCY | COLLABORATING AGENCIES |
|---|----------------|--------------|--------------|---------------|---------------------|------------------------|
|   | 2003           | 2004         | 2005         | Total         |                     |                        |
| <b>A.2. MONETARY POLICY MANAGEMENT</b>  | <b>16.50</b>   | <b>70.50</b> | <b>71.70</b> | <b>158.70</b> |                     |                        |
| 1.0 Deepening capital markets   | 1.00           |              |              | 1.00          |                     |                        |
| 2.0 Improving Institutional, Legal & Regulatory Framework For Monetary Management |                |              |              |               |                     |                        |
| 3.0 Managing External And Internal Shocks   | -              | 27.50        | 28.10        | 55.60         |                     |                        |
| 3.1 Establishing an Emergency Shock Fund (ESF)                                    | -              | 27.50        | 28.10        | 55.60         |                     |                        |
| 4.0 Deepening Capital Markets   | 15.5           | 15.5         | 15.5         | 46.5          |                     |                        |
| 4.1 Implementing schemes to increase long-term savings/funds                      | 0.5            | 0.5          | 0.5          | 1.5           |                     |                        |
| 4.2 Developing a National Identification System                                   | 15             | 15           | 15           | 45            |                     |                        |

**GHANA POVERTY REDUCTION STRATEGY  
MATRIX OF COSTED POLICY ACTIONS AND PROGRAMMES**

**I. MACROECONOMIC STABILITY**

| PROGRAMME OBJECTIVES   | ESTIMATED COST |             |             | (Mill. \$)   | IMPLEMENTING AGENCY | COLLABORATING AGENCIES |
|--|----------------|-------------|-------------|--------------|---------------------|------------------------|
|  | 2003           | 2004        | 2005        | Total        |                     |                        |
| <b>A.3 PROMOTING INTERNATIONAL TRADE</b>                                   | <b>9.55</b>    | <b>6.62</b> | <b>5.56</b> | <b>21.21</b> |                     |                        |
| <b>1.0 Improving Export Competitiveness</b>                                | <b>9.03</b>    | <b>6.09</b> | <b>5.03</b> | <b>20.15</b> |                     |                        |
| 1.2 Improving the Import/Export Regime                                     | 9.03           | 6.09        | 5.03        | 20.15        |                     |                        |
| <b>2. 0 Diversifying Export Base</b>                                       | <b>0.52</b>    | <b>0.53</b> | <b>0.53</b> | <b>1.58</b>  |                     |                        |
| 2.2 Taking full advantage of Preferential Access to Markets (AGOA, EU-ACP) | 0.52           | 0.53        | 0.53        | 1.58         |                     |                        |

## II. PRODUCTION AND GAINFUL EMPLOYMENT

| PROGRAMME OBJECTIVES  | ESTIMATED COST |               |               | (Mill. \$)      | IMPLEMENTING AGENCIES |               | Remarks |
|---|----------------|---------------|---------------|-----------------|-----------------------|---------------|---------|
|   | 2003           | 2004          | 2005          | Total           | LEAD                  | COLLABORATING |         |
| <b>B. Production And Gainful Employment</b>   | <b>433.86</b>  | <b>491.29</b> | <b>503.27</b> | <b>1,428.42</b> |                       |               |         |
| <b>B.1 THE RURAL ENVIRONMENT AS A CATALYST FOR ECONOMIC TRANSFORMATION</b>  | <b>52.47</b>   | <b>57.33</b>  | <b>59.90</b>  | <b>169.70</b>   | <u>MOFA</u>           |               |         |
| <b>1.0 Policy Area: Increasing Agricultural Yields Through Infrastructure, Market and Extension Service Provision</b> | <b>52.47</b>   | <b>57.33</b>  | <b>59.90</b>  | <b>169.70</b>   |                       |               |         |
| 1.1 Modernization of Agriculture  | 23.1           | 26.5          | 30.6          | 80.2            | MOFA                  |               |         |
| 1.2 Increasing physical or spatial access to markets through feeder roads   | 20.426         | 21.874        | 20.755        | <b>63.055</b>   | <b>MORH</b>           |               |         |
| 1.3 Providing storage facilities to reduce post harvest losses.   | 0.739          | 0.738         | 0.705         | <b>2.182</b>    | <b>MOFA</b>           |               |         |
| 1.4 Improving market access to agricultural producers   | 0.739          | 0.739         | 0.705         | <b>2.183</b>    | <b>MOFA</b>           |               |         |
| 1.5 Increasing access to inputs and services for production   | 5.856          | 5.860         | 5.590         | <b>17.306</b>   | <b>MOFA</b>           |               |         |
| 2.1 Promoting the establishment of agri-businesses  | 1.614          | 1.615         | 1.541         | <b>4.771</b>    | <b>MOTI</b>           | <b>MOFA</b>   |         |

## II. PRODUCTION AND GAINFUL EMPLOYMENT

| PROGRAMME OBJECTIVES  | ESTIMATED COST |         |         | (Mill. \$) | IMPLEMENTING AGENCIES |               | Remarks |
|---|----------------|---------|---------|------------|-----------------------|---------------|---------|
|   | 2003           | 2004    | 2005    | Total      | LEAD                  | COLLABORATING |         |
| <b>B.2 PRODUCTION AND EMPLOYMENT IN AGRO-PROCESSING</b>                                     | 101.186        | 101.187 | 101.088 | 303.461    |                       |               |         |
| <b>1.0 Policy Area: Increasing Production and Employment by Promoting Agro-processing</b>   | 1.047          | 1.048   | 0.999   | 3.094      |                       |               |         |
| 1.1 Providing spatial and locational legality, facilities and services for small businesses | 0.948          | 0.949   | 0.906   | 2.803      | MOTI                  | GIPC/MOPSP    |         |
| 1.2 Supporting the development/establishment of agro-processing industries                  | 0.098          | 0.098   | 0.094   | 0.291      | MOTI                  | GIPC/MOPSP    |         |
| <b>2.0 Policy Area: Improving Productivity In The Industrial And Service Sectors</b>        | 100.139        | 100.139 | 100.089 | 300.367    |                       |               |         |
| 2.1 Creating an effective institutional support structure for improving productivity        | 0.139          | 0.139   | 0.09    | 0.367      | MOPSD                 |               |         |
| 2.2 Adding value to natural resources   | 100            | 100     | 100     | 300        |                       |               |         |

## II. PRODUCTION AND GAINFUL EMPLOYMENT

| PROGRAMME OBJECTIVES  | ESTIMATED COST |                |                | (Mill. \$)     | IMPLEMENTING AGENCIES |               | Remarks   |
|---|----------------|----------------|----------------|----------------|-----------------------|---------------|---|
|   | 2003           | 2004           | 2005           | Total          | LEAD                  | COLLABORATING |   |
| <b>B.3 ENERGY SUPPLY</b>  | <b>149.957</b> | <b>150.008</b> | <b>150.000</b> | <b>449.965</b> |                       |               |   |
| 1.0 Improving Energy Provision for Production.                    | 149.957        | 150.008        | 150.000        | 449.965        | MOE                   |               |   |
| 1.1 Increasing targeted supply to the poor.                       | 67.126         | 67.177         | 25.070         | 159.373        | MOE                   |               |   |
| 1.2 Ensuring the maximum use of energy made available to the poor | 0.031          | 0.031          | 0.030          | 0.092          | MOE                   |               |   |
| 1.3 Overall energy programmes                                     | 82.800         | 82.800         | 124.900        | 290.500        | MOE                   | VRA, ECG, NED |   |
|   |                |                |                |                |                       |               | Estimates based on \$3 billion projected for 20 years |



## II. PRODUCTION AND GAINFUL EMPLOYMENT

| PROGRAMME OBJECTIVES   | ESTIMATED COST |               |               | (Mill. \$)    | IMPLEMENTING AGENCIES |                  | Remarks |
|--|----------------|---------------|---------------|---------------|-----------------------|------------------|---------|
|  | 2003           | 2004          | 2005          | Total         | LEAD                  | COLLABORATING    |         |
| <b>1.0 Policy Area: Improving Environmental and Natural Resource Management for Health, and Increased and Sustainable Production</b> | <b>21.599</b>  | <b>21.314</b> | <b>19.920</b> | <b>62.832</b> | <b>MOSE</b>           |                  |         |
| 1.1 Implementing existing laws and regulations and programmes on natural resource utilisation and environmental protection           | 6.556          | 6.561         | 6.260         | <b>19.377</b> | <b>MOSE</b>           |                  |         |
| 1.2 Enhancing resource-based enterprise development  | 1.689          | 1.690         | 1.612         | <b>4.992</b>  | <b>MOPSD</b>          |                  |         |
| 1.3 Encouraging private sector investments in rural natural resource enterprises   | 0.749          | 0.750         | 0.715         | <b>2.214</b>  | <b>MOPSD</b>          |                  |         |
| 1.4 Enhancing access to land and providing security of tenure.   | 1.390          | 1.391         | 1.327         | <b>4.107</b>  | <b>MOL&amp;F</b>      |                  |         |
| 1.5 Undertaking the reforestation of degraded forests, woodlands and abandoned mining areas  | 0.446          | 0.447         | 0.426         | <b>1.319</b>  | <b>MOL&amp;F</b>      |                  |         |
| 1.6 Formulating and/or implementing relevant policies on natural resources and the environment.                                      | 0.599          | 0.600         | 0.503         | <b>1.703</b>  | <b>MOS&amp;E</b>      |                  |         |
| 1.7 Maximising the value added from natural resources.   | 6.995          | 7.001         | 6.679         | <b>20.675</b> |                       |                  |         |
| 1.8 Increasing environmental protection through re-forestation   | 1.673          | 1.675         | 1.598         | <b>4.945</b>  | <b>MOL&amp;F</b>      | <b>MOS&amp;E</b> |         |
| 1.9 Reforestation of major rivers in Brong-Ahafo   | 1.500          | 1.200         | 0.800         | <b>3.500</b>  | <b>MOL&amp;F</b>      |                  |         |

## II. PRODUCTION AND GAINFUL EMPLOYMENT

| PROGRAMME OBJECTIVES  | ESTIMATED COST |                |                |                | (Mill. \$)         | IMPLEMENTING AGENCIES                                  |               | Remarks |
|---|----------------|----------------|----------------|----------------|--------------------|--|---------------|---------|
|   | 2003           | 2004           | 2005           | Total          |                    | LEAD   | COLLABORATING |         |
| <b>1.0 Policy Area:<br/>Increasing the<br/>Production and<br/>Exports of Non-<br/>Traditional Exports</b>         | <b>92.927</b>  | <b>151.029</b> | <b>161.584</b> | <b>405.539</b> |                    |  |               |         |
| 1.1 Creating an enabling environment for NTE production and exports   | 28.491         | 28.513         | 27.201         | <b>84.205</b>  | <b>MOFTI/MOPSD</b> | <b>Including credit support for the private sector</b> |               |         |
| 1.2 Targeting Production And Export Marketing By Young Graduates From Tertiary Institutions                       | 0.027          | 0.027          | 0.026          | <b>0.079</b>   | <b>MOEMD/</b>      |  |               |         |
| 1.3 Supporting crafts villages in Upper East Region to produce leather and straw products and pottery for exports | 0.685          | 0.686          | 0.654          | <b>2.026</b>   |                    | <b>GEPC</b>  |               |         |
| 1.4 Making investments in trade support infrastructure  |                |                |                |                |                    |  |               |         |
| 1.5 Open up country and link with trans-ECOWAS highway Project  | 63             | 121.1          | 133            | 317.1          | <b>MORH</b>        |  |               |         |
| 1.6 Overcoming existing barriers to regional trade.   | 0.723          | 0.703          | 0.703          | <b>2.129</b>   | <b>MEPRC</b>       |  |               |         |

## II. PRODUCTION AND GAINFUL EMPLOYMENT

| PROGRAMME OBJECTIVES   | ESTIMATED COST |               |               | (Mill. \$)    | IMPLEMENTING AGENCIES |               | Remarks |
|--|----------------|---------------|---------------|---------------|-----------------------|---------------|---------|
|  | 2003           | 2004          | 2005          | Total         | LEAD                  | COLLABORATING |         |
| <b>1.0 Policy Area:<br/>Increasing employment opportunities for poverty reduction.</b> | <b>15.714</b>  | <b>10.429</b> | <b>10.781</b> | <b>36.925</b> | MOMPD                 |               |         |
| 1.1 Formulating a Manpower Development Plan.   | 14.931         | 9.604         | 10.236        | <b>34.771</b> | MOMPD                 |               |         |
|  | 0.499          | 0.525         | 0.292         | <b>1.316</b>  | MOMPD                 |               |         |
|  | 0.132          | 0.107         | 0.107         | <b>0.346</b>  | MOMPD                 |               |         |
|  | 0.060          | 0.093         | 0.129         | <b>0.281</b>  |                       | -             |         |
|  | 0.093          | 0.100         | 0.017         | <b>0.210</b>  |                       |               |         |

### III. Support for Human Resource Development & Basic Services

| PROGRAMME OBJECTIVES   | ESTIMATED COST |                 |                 | (Mill. \$)      | IMPLEMENTING AGENCIES |               | Remarks |
|--|----------------|-----------------|-----------------|-----------------|-----------------------|---------------|---------|
|  | 2003           | 2004            | 2005            | Total           | LEAD                  | COLLABORATING |         |
| <b>C. Thematic Area: Support For Human Resource Development &amp; Basic Services</b>         | <b>680.00</b>  | <b>1,094.47</b> | <b>1,268.80</b> | <b>3,043.27</b> |                       |               |         |
| <b>C.1 EDUCATION</b>   | 228.47         | 260.81          | 293.50          | 782.79          | MOE                   | GES           |         |
| <b>1.0 Policy Area: Increasing Access to Education and Training</b>                          | <b>213.44</b>  | <b>243.04</b>   | <b>272.34</b>   | <b>728.83</b>   | MOE                   |               |         |
| 1.1 Undertaking school improvements at all levels with priority for most deprived Districts. | 149.07         | 158.93          | 174.21          | <b>482.21</b>   | MOE                   |               |         |
| 1.2. Establish one model SSS in each district  | 24             | 42              | 54              | 120             |                       |               |         |
| 1.3 Mainstream pre-school  | 28.3           | 28.3            | 28.3            | <b>84.9</b>     | MOE                   |               |         |
| 1.4 Ensuring teacher development, deployment and supervision at the basic level              | 6.14           | 6.79            | 7.57            | <b>20.50</b>    | MOE                   |               |         |
| 1.5 Ensuring reformed management of the education sector                                     | 4.43           | 5.29            | 6.04            | <b>15.76</b>    | MOE                   |               |         |
| 1.6 Establishing special partnership programmes with non-state actors.                       | 1.50           | 1.74            | 2.21            | <b>5.46</b>     |                       |               |         |

### III. Support for Human Resource Development & Basic Services

| PROGRAMME OBJECTIVES  | ESTIMATED COST |              |              | (Mill. \$)   | IMPLEMENTING AGENCIES |               | Remarks |
|---|----------------|--------------|--------------|--------------|-----------------------|---------------|---------|
|   | 2003           | 2004         | 2005         | Total        | LEAD                  | COLLABORATING |         |
| <b>2.0 Policy Area:<br/>Providing Skills And<br/>Entrepreneurial<br/>Development For Youth.</b>                           | <b>15.03</b>   | <b>17.77</b> | <b>21.16</b> | <b>53.96</b> |                       |               |         |
| 2.1 Increasing the relevance<br>and coverage of vocational<br>and technical training                                      | 6.77           | 7.43         | 8.14         | 22.34        | MOMPD/MOE             |               |         |
| 2.2 Establishing community<br>based vocational<br>apprenticeship schemes  | 3.60           | 4.33         | 5.86         | 13.79        | MOMPD/MOE             |               |         |
| 2.3 Providing<br>entrepreneurial development<br>among the youth and<br>expanding the traditional<br>apprenticeship system | 4.66           | 6.01         | 7.16         | 17.83        | MOMPD/MOE             |               |         |

### III. Support for Human Resource Development & Basic Services

| PROGRAMME OBJECTIVES  | ESTIMATED COST |              |              | (Mill. \$)    | IMPLEMENTING AGENCIES |               | Remarks                        |
|---|----------------|--------------|--------------|---------------|-----------------------|---------------|--------------------------------|
|   | 2003           | 2004         | 2005         | Total         | LEAD                  | COLLABORATING |                                |
| <b><u>C.2 HIV/AIDS</u></b>  | <b>61.09</b>   | <b>67.20</b> | <b>63.84</b> | <b>192.13</b> | <b>GAC</b>            | <b>MOH</b>    |                                |
| <b>1.0 Policy Area:<br/>Preventing And<br/>Providing Quality<br/>Care For PLWHA</b>                                     | <b>61.09</b>   | <b>67.20</b> | <b>63.84</b> | <b>192.13</b> | <b>GAC</b>            |               |                                |
| 1.1 Preventing new transmissions, including awareness creation, direct service delivery and supporting high-risk groups | 6.83           | 7.52         | 7.14         | <b>21.49</b>  | <b>GAC</b>            |               |                                |
| 1.2 Providing support for the PLW HIV/AIDS and their families.  | 32.04          | 35.25        | 33.48        | <b>100.77</b> | <b>MOH</b>            |               | Including Anti-retroviral cost |
| 1.3 Laying an effective institutional foundation  | 22.22          | 24.44        | 23.21        | <b>69.87</b>  | <b>MOH</b>            |               |                                |

### III. Support for Human Resource Development & Basic Services

| PROGRAMME OBJECTIVES  | ESTIMATED COST |       |       | (Mill. \$) | IMPLEMENTING AGENCIES |               | Remarks                          |
|---|----------------|-------|-------|------------|-----------------------|---------------|----------------------------------|
|   | 2003           | 2004  | 2005  | Total      | LEAD                  | COLLABORATING |                                  |
| <b>C.3 POPULATION MANAGEMENT</b>  | 13.40          | 13.30 | 13.10 | 39.80      | NPC                   | MOH           |                                  |
| <b>1.0 Policy Area: Increasing Effective Population Management Services</b>                     | 13.40          | 13.30 | 13.10 | 39.80      |                       |               |                                  |
| 1.1 Improving the market and distribution system for service delivery                           | 9.00           | 9.00  | 9.00  | 27.00      | MOH                   |               |                                  |
| 1.2 Instituting a major national campaign on fertility regulation                               | 2.60           | 2.60  | 2.50  | 7.70       | MOH                   |               |                                  |
| 1.3 To ensure effective coordination of the implementation of the population management service | 1.80           | 1.70  | 1.60  | 5.10       | MOH                   |               | M & E, RH figures (Added by NPC) |

### III. Support for Human Resource Development & Basic Services

| PROGRAMME OBJECTIVES  | ESTIMATED COST |               |               | (Mill. \$)    | IMPLEMENTING AGENCIES |               | Remarks |
|---|----------------|---------------|---------------|---------------|-----------------------|---------------|---------|
|   | 2003           | 2004          | 2005          | Total         | LEAD                  | COLLABORATING |         |
| <b>C.4 HEALTH CARE</b>  | <b>164.14</b>  | <b>199.75</b> | <b>221.36</b> | <b>585.26</b> | <b>MOH</b>            |               |         |
| <b>1.0 Policy Area: Increasing The Extent And Quality Of Health Care</b>    | <b>164.14</b>  | <b>199.75</b> | <b>221.36</b> | <b>585.26</b> | <b>MOH</b>            |               |         |
| 1.1 Bridging equity gaps in access to quality health and nutrition services | 32.55          | 35.81         | 34.02         | <b>102.38</b> | <b>MOH</b>            |               |         |
| 1.2 Ensuring sustainable financing arrangements that protect the poor       | 38.62          | 42.48         | 40.36         | <b>121.46</b> | <b>MOH</b>            |               |         |
| 1.3. One model Health center in all Districts                               | 48             | 72            | 100           | <b>220</b>    | <b>MOH</b>            |               |         |
| 1.4 Enhancing efficiency in service delivery                                | 44.97          | 49.46         | 46.99         | <b>141.42</b> | <b>MOH</b>            |               |         |



### III. Support for Human Resource Development & Basic Service

| PROGRAMME OBJECTIVES  | ESTIMATED COST |              |              | (Mill. \$)   | IMPLEMENTING AGENCIES |               | Remarks   |
|---|----------------|--------------|--------------|--------------|-----------------------|---------------|---|
|   | 2003           | 2004         | 2005         | Total        | LEAD                  | COLLABORATING |   |
| <b>C.5 SAFE WATER AND ENVIRONMENTAL HEALTH</b>                      | <b>103.9</b>   | <b>353.4</b> | <b>477</b>   | <b>934.3</b> | <b>MWH, MLG</b>       |               |   |
| <b>1.0 Policy Area: Increasing access to potable drinking water</b> | <b>64.6</b>    | <b>292.2</b> | <b>410.4</b> | <b>767.2</b> | <b>MWH, MLG</b>       |               |   |
| 1.1 Accelerating provision of safe water in rural Districts         | 47             | 56           | 72           | 175          | MWH                   | CWSA, GWC DA. | \$26.55m provided in 2002 budget with \$25m donor contribution. |
| 1.2 Ensuring Safe liquid and solid waste management                 | 6.8            | 6.3          | 8.1          | 21.2         | MWH                   |               | MWH handles Liquid Some Waste                                   |
| 1.3 Ensure effective management of urban systems                    | 10.8           | 229.9        | 330.3        | 571          | MWH                   |               |   |
| <b>2.0 Policy Area: Increasing Access to Safe Sanitation</b>        | <b>39.3</b>    | <b>61.2</b>  | <b>66.6</b>  | <b>167.1</b> |                       |               |   |
| 2.1 Ensuring safe Liquid and Solid waste management                 | 29.9           | 45.2         | 51.2         | 126.3        | MLG                   |               | MOLG - Solid Waste Management                                   |
| 2.2 Develop capacity building for environmental health              | 9.4            | 16           | 15.4         | 40.8         | MOH                   |               |   |

### III. Support for Human Resource Development & Basic Service

| PROGRAMME OBJECTIVES   | ESTIMATED COST |      |      | (Mill. \$) | IMPLEMENTING AGENCIES |               | Remarks  |
|--|----------------|------|------|------------|-----------------------|---------------|--|
|  | 2003           | 2004 | 2005 | Total      | LEAD                  | COLLABORATING |  |
| <b>C.6 SAFE SHELTER</b>  |                |      |      |            |                       |               |  |
|  | 109            | 200  | 200  | 509        | MWH                   |               |  |
| <b>1.0 Policy Area:<br/>Providing safe and<br/>sanitary shelter to<br/>Ghanaians</b> |                |      |      |            |                       |               |  |
|  | 109            | 200  | 200  | 509        | MWH                   |               |  |
| 1.1 To make Shelter Programs more accessible to the poor                             | 109            | 200  | 200  | 509        |                       |               | 109.9m Initial and initiated fund sourced. Mostly for mortgage and private sector credit support |
|  |                |      |      |            | MWH                   |               |  |

#### IV. Special Programmes for the Vulnerable and the Excluded

| PROGRAMME OBJECTIVES   | ESTIMATED COST |              |              | (Mill.<br>\$) | IMPLEMENTING<br>AGENCIES |               |
|--|----------------|--------------|--------------|---------------|--------------------------|---------------|
|  | 2003           | 2004         | 2005         | Total         | LEAD                     | COLLABORATING |
| <b>D. Thematic Area: Special Programmes For The Vulnerable And Excluded</b>  | <b>66.45</b>   | <b>60.96</b> | <b>40.38</b> | <b>167.79</b> |                          |               |
| <b>1.0 Policy Area: Expanding Essential Basic Services To The Vulnerable And Excluded</b>  | <b>58.25</b>   | <b>53.16</b> | <b>32.48</b> | <b>143.89</b> |                          |               |
| 1.1 Expanding the coverage and effectiveness of essential service for poorest groups and geographical areas.   | 55.09          | 50.34        | 29.57        | 135.00        | <b>MOH/MOE</b>           |               |
| 1.2 Preventing Disaster and Mitigating their impact on the poor  | 2.68           | 2.33         | 2.43         | 7.44          | <b>MOI</b>               | NADMO         |
| 1.3 Developing systems that enforce rights of protection, especially for women and children  | 0.05           | 0.05         | 0.05         | 0.15          | <b>AGS</b>               | MOWA          |
| 1.4 Supporting capacity for coordinated service delivery   | 0.44           | 0.43         | 0.43         | 1.30          | <b>AGS/MOI</b>           |               |
| <b>2.0 Attainment of Social Justice &amp; Equity and respect for Human Rights</b>  | <b>3.20</b>    | <b>2.80</b>  | <b>2.90</b>  | <b>8.90</b>   | <b>MOPSD</b>             |               |
| 2.1. Rights of Protection for Women and Children   | 3.2            | 2.8          | 2.9          | 8.9           | MOWA                     |               |
| <b>3.0 IMPROVE THE QUALITY OF LIFE OF THE PHYSICALLY CHALLENGED</b>  | <b>5</b>       | <b>5</b>     | <b>5</b>     | <b>15.0</b>   |                          |               |
| 3.1 Strengthen the Department of social welfare and community development and provide capacity of childcare providers, equip the disabled with employable skills | 5              | 5            | 5            | 15            | MMDE                     |               |

## V. Governance

| PROGRAMME OBJECTIVES   | PROGRAMME ACTIVITIES | ESTIMATED COST |               |               | (Mill. \$)     | IMPLEMENTING AGENCIES |               |
|--|----------------------|----------------|---------------|---------------|----------------|-----------------------|---------------|
|  |                      | 2003           | 2004          | 2005          | Total          | LEAD                  | COLLABORATING |
| <b>GOVERNANCE</b>  |                      | <b>74.912</b>  | <b>75.259</b> | <b>77.401</b> | <b>227.573</b> |                       |               |
| <b>E.1 PUBLIC POLICY MANAGEMENT</b>  |                      | <b>56.352</b>  | <b>55.146</b> | <b>55.579</b> | <b>167.077</b> |                       |               |
| <b>1.0 Policy Area:<br/>Deepening effective political involvement in support of poverty reduction and growth.</b>                              |                      | <b>40.086</b>  | <b>40.094</b> | <b>40.103</b> | <b>120.282</b> |                       |               |
| 1.1 Strengthening the leadership and oversight functions of Cabinet and Parliament in support of poverty reduction and growth.                 |                      | 0.016          | 0.017         | 0.019         | 0.052          | MOPA                  |               |
| 1.2 Establishing permanent dialogue between Government and Traditional Authority in support of poverty reduction and growth at national level. |                      | 0.052          | 0.058         | 0.063         | 0.173          | MEPRC                 |               |
| 1.3 Establishing effective independent control of measures to achieve zero tolerance of corruption.  |                      | 0.017          | 0.019         | 0.021         | 0.057          | MOPA                  |               |
| 1.4. Establishing a comprehensive M & E System for Monitoring GPRS   |                      | 40.000         | 40.000        | 40.000        | 120.000        | NDPC/MEPRC            |               |

## v. Governance

| PROGRAMME OBJECTIVES   | PROGRAMME ACTIVITIES  | ESTIMATED COST |               |               | (Mill. \$)    | IMPLEMENTING AGENCIES  |      |
|--|---|----------------|---------------|---------------|---------------|------------------------|------|
|  |   | 2003           | 2004          | 2005          |               | Total                  | LEAD |
| <b>2.0 Policy Area:<br/>Increasing the capacity of<br/>the public service</b>  |   | <b>13.857</b>  | <b>14.242</b> | <b>14.667</b> | <b>42.766</b> |                        |      |
| 2.1 Establishing an appropriately recruited, sized and adequately compensated public service   |   | 3.857          | 4.242         | 4.667         | 12.766        | <b>PSC</b>             |      |
|  | 2.1.1 Equipping the police, Strengthening Parliament and the AG's | 10             | 10            | 10            | 30            | MOI/AGS/<br>PARLIAMENT |      |
| <b>3.0 Policy Area:<br/>Rationalising and defining<br/>of structures roles and<br/>procedures for<br/>institutions responsible<br/>for poverty reduction,<br/>growth and development</b> |   | <b>2.410</b>   | <b>0.810</b>  | <b>0.810</b>  | <b>4.029</b>  |                        |      |
| 3.1 Clearly identifying roles and responsibilities for CMA, and for forward planning and economic and financial management at national level.  |   | 0.010          | 0.010         | 0.010         | 0.029         | <b>EMT</b>             |      |
| 3.2 Strengthening capacity of institutions at national and local level responsible for coordinating the implementation of the GPRS.  |   | 2.400          | 0.800         | 0.800         | 4.000         | <b>MEPRC/NDPC</b>      |      |

## V. Governance

| PROGRAMME OBJECTIVES   | PROGRAMME ACTIVITIES | ESTIMATED COST |      |      |       | (Mill. \$) | IMPLEMENTING AGENCIES |               |
|--|----------------------|----------------|------|------|-------|------------|-----------------------|---------------|
|  |                      | 2003           | 2004 | 2005 | Total |            | LEAD                  | COLLABORATING |
| <b>4.0 Policy Area:<br/>Rationalizing the<br/>role of the state</b>                      |                      |                |      |      |       |            |                       |               |
| 4.1 Coordinating the<br>planning and<br>delivery of donor<br>programmes and<br>projects. |                      |                |      |      |       | MEPRC      |                       |               |

## V. Governance

| PROGRAMME OBJECTIVES   | PROGRAMME ACTIVITIES | ESTIMATED COST |               |               | (Mill. \$)<br>Total | IMPLEMENTING AGENCIES |               |
|--|----------------------|----------------|---------------|---------------|---------------------|-----------------------|---------------|
|  |                      | 2003           | 2004          | 2005          |                     | LEAD                  | COLLABORATING |
| <b>E.2 DECENTRALIZATION</b>  |                      | <b>18.553</b>  | <b>20.106</b> | <b>21.813</b> | <b>60.472</b>       |                       |               |
| <b>1.0 Policy Area: Strengthening leadership and capacity of District Assemblies.</b>                  |                      | <b>12.737</b>  | <b>14.010</b> | <b>15.411</b> | <b>42.158</b>       |                       |               |
| 1.1 Full implementation of decentralization  |                      | 11.343         | 12.477        | 13.725        | 37.545              | MLGRD                 |               |
| 1.2 Expanding and strengthening District Assemblies financial management role.                         |                      | 0.014          | 0.016         | 0.017         | 0.047               | MLGRD                 |               |
| 1.3 Establishing training and refresher programmes for District level staff.                           |                      | 1.293          | 1.423         | 1.565         | 4.281               | MLGRD                 |               |
| 1.4 Rationalising the roles and responsibilities of District Assembly departments and offices          |                      | 0.086          | 0.095         | 0.104         | 0.285               | MLGRD                 |               |
| <b>2.0 Policy Area: Deepening District Assemblies association with civil society</b>                   |                      | <b>5.817</b>   | <b>6.095</b>  | <b>6.402</b>  | <b>18.314</b>       |                       |               |
| 2.1 Developing a working partnership with NGOs   |                      | 0.001          | 0.001         | 0.001         | 0.002               | MOPSD                 |               |
| 2.2 Developing a working relationship with the private sector  |                      | 0.005          | 0.006         | 0.007         | 0.018               | MOPSD                 |               |
| 2.3 Institutionalising community participation as an integral part of the development planning process |                      | 0.338          | 0.372         | 0.409         | 1.120               | MEPRC                 |               |
| 2.4 Extending the traditional role of District Assemblies as,  |                      | 1.399          | 1.539         | 1.693         | 4.632               | MLGRD                 |               |
| 2.5 Accelerate Rural/Urban development   |                      | 3.03           | 3.03          | 3.03          | 9.090               | MLGRD                 |               |

## V. Governance

| PROGRAMME OBJECTIVES  | PROGRAMME ACTIVITIES | ESTIMATED COST |       |       | (Mill. \$)<br>Total | IMPLEMENTING AGENCIES |               |
|---|----------------------|----------------|-------|-------|---------------------|-----------------------|---------------|
|   |                      | 2003           | 2004  | 2005  |                     | LEAD                  | COLLABORATING |
| 2.6 Strengthening and expeditiously executing financial management reforms                      |                      | 1.04           | 1.15  | 1.26  | 3.45                | EMT/MOF               |               |
| 2.7 Promoting a system of accounting to record the utilization of financial resources in detail |                      |                |       |       |                     |                       |               |
| <b>E.3 TRANSPARENCY AND ACCOUNTABILITY</b>  |                      | 0.007          | 0.008 | 0.009 | 0.024               |                       |               |
| 1.0 Policy Area: Institutionalising public access to matters of Government business.            |                      | 0.007          | 0.008 | 0.009 | 0.024               |                       |               |



**APPENDIX B: MATRIX OF COSTED MEDIUM TERM PRIORITY PROGRAMMES  
GHANA POVERTY REDUCTION STRATEGY  
SUMMARY**

|     | THEMATIC AREA /COST   | IN MILLIONS OF DOLLARS |               |               |                 |                |            |
|-----|---|------------------------|---------------|---------------|-----------------|----------------|------------|
|     |   | 2003                   | 2004          | 2005          | 2006 and Beyond | Total          | % of Total |
| I   | Macro-economic Stability                                    | 33.5                   | 43.42         | 47.52         | 24.46           | 148.9          | 5.91998282 |
| II  | Production and Gainful Employment                           | 315.17                 | 355.54        | 372.95        | 369.34          | 1413           | 56.1782118 |
| III | Human Resources Development and Provision of Basic Services | 157.12                 | 186.56        | 187.26        | 218.75          | 749.69         | 29.8062587 |
| IV  | Special Programmes for the Vulnerable and the Excluded      | 16.1                   | 17.8          | 20.4          | 79.5            | 133.86         | 5.32202083 |
| V   | Governance  | 22                     | 20            | 20            | 0               | 62             | 2.46500292 |
| VI  | Monitoring and Evaluation                                   | 0.23                   | 2.5           | 2.5           | 2.53            | 7.76           | 0.30852295 |
|     | <b>TOTAL</b>  | <b>544.12</b>          | <b>625.82</b> | <b>650.63</b> | <b>694.58</b>   | <b>2515.21</b> | <b>100</b> |
|     |   |                        |               |               |                 |                |            |

## DETAILED MATRIX OF COSTED MEDIUM TERM PRIORITY PROGRAMMES

|  |  |  |             |              |              |                 | FINANCING FOR 2003 - MILL. \$ |             |          |          |             | IMPLEMENTING AGENCIES |             |                                    |       |
|--|--|--|-------------|--------------|--------------|-----------------|-------------------------------|-------------|----------|----------|-------------|-----------------------|-------------|------------------------------------|-------|
|  |  | ESTIMATED COST   |             |              |              |                 | DOMESTIC                      |             | EXTERNAL |          |             |                       |             |                                    |       |
| THEMATIC AREA                                | PROGRAMME OBJECTIVES                                       | PROGRAMME ACTIVITIES   | 2003        | 2004         | 2005         | 2006 and Beyond | TOTAL                         | GOG         | HIPC*    | ONGOING  | NEW         | TOTAL                 | GAP**       | LEAD                               | OTHER |
| <b>I. MACRO-ECONOMIC STABILITY</b>           | REDUCING & RESTRUCTURING THE DOMESTIC DEBT                 | PAYING DOWN DOMESTIC DEBT & DEVELOPING MEDIUM & LONG TERM INSTRUMENTS  | 20          | 26           | 27           |                 | 73                            |             |          |          |             | 0                     | 20.9        | MOF                                |       |
|  | IMPROVING PUBLIC EXPENDITURE MANAGEMENT                    | 1. REVIEW AND REFINANCE MTEF & PUFMARP   | 13.5        | 17.42        | 20.52        | 24.46           | 75.9                          | 1.68        |          |          | 11.9        | 13.58                 | 0           | MOF                                |       |
| <b>SUB-TOTAL</b>                             |  |  | <b>33.5</b> | <b>43.42</b> | <b>47.52</b> | <b>24.46</b>    | <b>148.9</b>                  | <b>1.68</b> | <b>0</b> | <b>0</b> | <b>11.9</b> | <b>13.58</b>          | <b>20.9</b> |                                    |       |
| <b>II. PRODUCTION AND GAINFUL EMPLOYMENT</b> | MODERNIZING AGRICULTURE BASED ON RURAL DEVELOPMENT         | 1. MECHANIZATION<br>2. IRRIGATION<br>3. RELEASE LAND FOR COMMERCIAL FARM<br>4. FISHING HATCHERIES                          | 0.63723.1   | 26.5         | 30.6         | 23.1            | 80.2                          | 0.187       |          | 0.4      | 0.05        | 0.637                 | 0.0         | AESD<br>GIDA<br>-----<br>FISHERIES |       |
|  | PROMOTE THE DEVELOPMENT OF AGRO-PROCESSING                 | Promote the development of agri-business zones   | 2           | 5            | 5            |                 | 12                            |             |          |          |             |                       | 2.0         | MIST                               |       |
|  | INCREASE ENVIRONMENTAL PROTECTION THROUGH RE-AFFORESTATION | PROVIDE MATERIAL AND FINANCIAL SUPPORT FOR AFFORESTATION OF DEGRADED FORESTS, ABANDONED MINING AREAS AND MAJOR RIVER BANKS | 3.6         | 3.3          | 2.8          |                 | 9.7                           |             |          |          |             |                       | 3.6         | MOLF;<br>MOM                       |       |
|  | STRENGTHENING THE PRIVATE SECTOR                           | 1. MICROFINANCE<br>2. REDUCING BOTTLENECKS TO PRIVATE SECTOR DEVELOPMENT<br>3. PROMOTION OF ENTREPRENEURSHIP               | 5           | 3            | 3            |                 | 11                            |             |          |          |             |                       | 5.0         | MOPSD                              |       |
|  | ENHANCED INFRASTRUCTURAL DEVELOPMENT                       | MAJOR HIGHWAYS CONSTRUCTION:<br>1. ACCRA-KUMASI<br>2. ACCRA-YAMORANSA<br>3. ACCRA-AFLAO-NOEPE                              | 83.72       | 108          | 127.2        | 12              | 330.92                        | 7.6         |          |          | 76.11       | 83.72                 | 0.0         | MORT                               |       |

| THEMATIC AREA   | PROGRAMME OBJECTIVES                | PROGRAMME ACTIVITIES   | ESTIMATED COST |               |               |                 |             | FINANCING FOR 2003 - MILL. \$ |          |              |               |                |             | IMPLEMENTING AGENCIES |           |
|---|-------------------------------------|--|----------------|---------------|---------------|-----------------|-------------|-------------------------------|----------|--------------|---------------|----------------|-------------|-----------------------|-----------|
|   |                                     |  | 2003           | 2004          | 2005          | 2006 and Beyond | TOTAL       | DOMESTIC                      |          | EXTERNAL     |               | TOTAL          | GAP**       | LEAD                  | OTHER     |
|   |                                     |  |                |               |               |                 |             | GOG                           | HIPC*    | ONGOING      | NEW           |                |             |                       |           |
|   |                                     | IMPROVE SPATIAL ACCESS TO URBAN MARKETS BY CONSTRUCTING OR REHABILITATION: ONE GOOD ROAD LINKING RURAL-URBAN MARKETS IN EVERY REGION                       | 62             | 63            | 66            | 62.2            | 253.2       |                               |          |              | 62            | 62             | 0.0         | MORT                  |           |
|   |                                     | INCREASE SPATIAL ACCESS TO MARKET THROUGH IMPROVEMENTS IN FARM ROADS TO MARKET THROUGH RE-GRAVELLING, SPOT IMPROVEMENT AND UPGRADING OF FEEDER ROADS       | 98.85          | 90.14         | 64.35         | 89.04           | 342.38      |                               |          |              | 98.85         | 98.85          | 0.0         | MRT                   |           |
|   |                                     | ENERGY PROVISION TO BOOST INDUSTRIAL PRODUCTION:<br>1. TAKORADI THERMAL PLANT<br>2. SOLAR ENERGY<br>3. WEST AFRICA PIPELINE<br>4. BUI DAM<br>5. SHEP 3 & 4 | 50             | 51.6          | 64            | 183             | 348.6       | 7.411                         |          | 32.59        |               | 40.001         | 10.0        | MOE                   |           |
|   |                                     | DEVELOPING NATIONAL IDENTIFICATION SYSTEM  | 10             | 5             | 10            |                 | 25          |                               |          |              |               |                | 10.0        | MEPRC                 |           |
| <b>SUB-TOTAL</b>  |                                     |  | <b>315.17</b>  | <b>355.54</b> | <b>372.95</b> | <b>369.34</b>   | <b>1413</b> | <b>15.198</b>                 | <b>0</b> | <b>32.99</b> | <b>237.01</b> | <b>285.208</b> | <b>30.6</b> |                       |           |
| <b>III. HUMAN DEVELOPMENT AND PROVISION OF BASIC SERVICES</b> | ENHANCED SOCIAL SERVICES: EDUCATION | PROVIDING MODEL SENIOR SECONDARY SCHOOL IN ALL DISTRICTS WITH EMPHASIS ON DEPRIVED AREAS   | 5.5            | 5.5           | 5.1           |                 | 16.1        | 6.25*                         |          | --           | ----          | 6.25           | -0.8        | MOE                   |           |
|   |                                     | MAINSTREAMING PRESCHOOL IN DEPRIVED AREAS  | 13.2           | 17.0          | 20.0          | 0.0             | 50.23       | 13.186                        |          | ----         | ----          | 13.186         | 0.0         | MOE                   | NGOS, DAS |

|               |   |   | ESTIMATED COST |       |       |                 |        | FINANCING FOR 2003 - MILL. \$ |       |          |       |       |       | IMPLEMENTING AGENCIES |           |
|---------------|---|---|----------------|-------|-------|-----------------|--------|-------------------------------|-------|----------|-------|-------|-------|-----------------------|-----------|
| THEMATIC AREA | PROGRAMME OBJECTIVES                    | PROGRAMME ACTIVITIES  | 2003           | 2004  | 2005  | 2006 and Beyond | TOTAL  | DOMESTIC                      |       | EXTERNAL |       | TOTAL | GAP** | LEAD                  | OTHER     |
|               |   |   |                |       |       |                 |        | GOG                           | HIPC* | ONGOING  | NEW   |       |       |                       |           |
|               |   | INCREASE GIRLS GROSS ENROLLMENT FROM 72% TO 74%<br>3.2. REHABILITATION AND CONSTRUCTION OF CLASSROOMS WITH EMPHASIS ON DEPRIVED AREAS | 37.12          | 42    | 42    | 0               | 121.12 |                               |       | 37.125   |       | 37.12 | 0.0   | MOE                   |           |
|               |   | National Functional literacy Programme  | 17.6           | 16    | 0     |                 | 33.6   | 1.6                           |       |          | 16    | 17.6  | 0.0   | MOE                   |           |
|               |   | COMMUNICATIONS:<br>1.PROVIDING ICT FOR SCHOOLS<br>2. INCREASED TELEPHONE ACCESS   | 8              | 8     | 8     |                 | 24     | 0.32                          |       |          |       | 0.32  | 7.7   | MOE                   | MOCT      |
|               |   | Provide support to vocational and technical schools   | 3.788          | 4.89  | 5.76  | 7.9             | 22.338 | 3.788                         |       | ----     |       | 3.788 | 0.0   |                       |           |
|               |   | SUPPORT COMMUNITY-BASED VOCATIONAL APPRENTICESHIP   | 3.6            | 4.3   | 5.9   |                 | 13.8   | ----                          |       | ----     | ----  | 0     | 3.6   | MMDE/NVIT             | ICCES/OIC |
|               | ENHANCED SOCIAL SERVICES: HEALTH        | PROVIDING MODEL HEALTH CENTER IN EVERY DISTRICT   | 3              | 4     | 5     | 92              | 104    |                               |       |          |       |       | 3.0   | MOH                   |           |
|               |   | PHASING OUT CASH AND CARRY  | 2              | 3     | 4     | 19              | 28     |                               |       |          |       |       | 2.0   | MOH                   |           |
|               | Health Sector Programme Support         | Health System performance; Fighting communicable diseases Child health, Productive health   | 39.85          | 48.16 | 48.77 | 99.85           | 236.63 | 3.2                           |       |          | 36.6  | 39.85 | 0.0   |                       |           |
|               | PROMOTING WOMEN'S ACCESS TO MICROCREDIT | PROMOTE WOMEN'S ACCESS TO CREDIT, PROMOTE AND STRENGTHEN WOMEN'S MICRO ENTERPRISE   | 3              | 3     | 3     |                 | 9      |                               |       |          |       |       | 3.0   | MOWA                  |           |
|               | ENHANCED SOCIAL SERVICES: SANITATION    | INCREASED ACCESS TO SAFEWATER IN RURAL AREAS  | 20.49          | 30.7  | 39.69 | 0               | 90.88  | 4.49                          |       |          | 20.49 | 16    | 0.0   | MOWH                  |           |

|   |  |  |                |        |        |                 |        | FINANCING FOR 2003 - MILL. \$ |       |          |       |         |       | IMPLEMENTING AGENCIES |       |
|---|--|--|----------------|--------|--------|-----------------|--------|-------------------------------|-------|----------|-------|---------|-------|-----------------------|-------|
|   |  |  |                |        |        |                 |        | DOMESTIC                      |       | EXTERNAL |       |         |       |                       |       |
| THEMATIC AREA   | PROGRAMME OBJECTIVES   | PROGRAMME ACTIVITIES   | ESTIMATED COST |        |        |                 |        | GOG                           | HIPC* | ONGOING  | NEW   | TOTAL   | GAP** | LEAD                  | OTHER |
|   |  |  | 2003           | 2004   | 2005   | 2006 and Beyond | TOTAL  |                               |       |          |       |         |       |                       |       |
| <b>SUB-TOTAL</b>  |  |  | 157.13         | 186.56 | 187.26 | 218.75          | 749.7  | 26.584                        | 0     | 37.125   | 73.09 | 134.114 | 18.5  |                       |       |
| <b>IV. PROGRAMMES FOR THE VULNERABLE &amp; THE EXCLUDED</b> | ATTAINMENT OF SOCIAL JUSTICE & EQUITY AND RESPECT FOR HUMAN RIGHTS                           | RIGHTS OF PROTECTION FOR WOMEN AND CHILDREN  | 3.2            | 2.8    | 2.9    |                 | 8.9    | ----                          |       | ----     | ---   | 0       | 3.2   | MMDE/DWS              | MWCA  |
|   | PREVENTING THE SPREAD OF HIV & PROVIDING CARE FOR PEOPLE LIVING WITH HIV/AIDS (PLW HIV/AIDS) | AWARENESS CREATION AND SUPPORT FOR PLWHIV/AIDS   | 7.9            | 10     | 12.56  | 79.5            | 109.96 | 0.44                          |       |          | 7.44  | 7.88    | 0.0   | MOH                   | DWS   |
|   | IMPROVE THE QUALITY OF LIFE OF THE PHYSICALLY HANDICAPPED                                    | STRENGTHEN THE WORK OF THE DEPARTMENT OF SOCIAL WELFARE AND COMMUNITY DEVELOPMENT, THE CAPACITY OF CHILD CARE PROVIDES, EQUIP THE DISABLED WITH EMPLOYABLE SKILLS, PROVIDE CARE AND SUPPORT FOR THE "KAYA YEI" | 5              | 5      | 5      |                 | 15     |                               |       |          |       |         | 5.0   | MMDE                  |       |
| <b>SUB-TOTAL</b>  |  |  | 16.1           | 17.8   | 20.46  | 79.5            | 133.86 | 0.44                          | 0     | 0        | 7.44  | 7.88    | 8.2   |                       |       |

|                           |   |  |        |        |        |                 |        | FINANCING FOR 2003 - MILL. \$ |       |          |       |         |       | IMPLEMENTING AGENCIES |       |
|---------------------------|---|--|--------|--------|--------|-----------------|--------|-------------------------------|-------|----------|-------|---------|-------|-----------------------|-------|
| ESTIMATED COST            |   |  |        |        |        |                 |        | DOMESTIC                      |       | EXTERNAL |       |         |       |                       |       |
| THEMATIC AREA             | PROGRAMME OBJECTIVES                                    | PROGRAMME ACTIVITIES   | 2003   | 2004   | 2005   | 2006 and Beyond | TOTAL  | GOG                           | HIPC* | ONGOING  | NEW   | TOTAL   | GAP** | LEAD                  | OTHER |
| V. GOVERNANCE             | PROVISION OF SECURITY AND STRENGTHENING THE RULE OF LAW | EQUIPPING & TRAINING THE POLICE<br>STRENGTHENING THE CAPACITY OF THE ATTORNEY GENERAL'S OFFICE<br>ENHANCING SUPPORT FOR PARLIAMENT | 15     | 15     | 15     |                 | 45     | 0.194*                        |       | -----    | ----- | 0.194   | 14.8  | MMDE/DSW              |       |
|                           | ACCELERATE THE IMPLEMENTATION OF DECENTRALIZATION       | STRENGTHEN THE CAPACITY OF THE DA AND DEEPEN DA ASSOCIATION WITH CIVIL SOCIETY   | 7      | 5      | 5      |                 | 17     |                               |       |          |       | 0       | 7     | MLGRD                 |       |
| SUB-TOTAL                 |   |  | 22     | 20     | 20     | 0               | 62     | 0                             | 0     | 0        | 0     | 0.194   | 21.8  |                       |       |
| MONITORING AND EVALUATION |   |  | 0.23   | 2.5    | 2.5    | 2.53            | 7.76   | 0.07                          |       |          | 0.16  | 0.23    | 0     | MEPRC                 |       |
| TOTAL                     |   |  | 544.13 | 625.82 | 650.69 | 694.58          | 2515.2 | 43.972                        | 100   | 70.115   | 329.6 | 443.687 | 100.0 |                       |       |

\*HIPC FUNDS PROJECTED TO BE \$100 MILLION TO BE ALLOCATED LATER

### APPENDIX C: MATRIX OF SUPPLEMENTARY PRIORITY PROGRAMMES

| THEMATIC AREA                                  | PROGRAMME OBJECTIVES                                | PROGRAMME ACTIVITIES   | MILLIONS OF DOLLARS |             |             |              |
|--|---|--|---------------------|-------------|-------------|--------------|
|  |   |  | 2003                | 2004        | 2005        | TOTAL        |
| PRODUCTION AND GAINFUL EMPLOYMENT              | 1. MODERNIZED AGRICULTURE                           | 1. Mechanization<br>2. Irrigation<br>3. Fishing hatcheries etc                 | 27                  | 26.5        | 30.6        | 84.1         |
|  | 2. NATIONAL IDENTIFICATION SYSTEM                   | Developing data-base for unique identification                                 | 10                  | 5           | 5           | 20           |
| HUMAN RESOURCES DEVELOPMENT AND BASIC SERVICES | 3. PROVISION OF EMPLOYABLE SKILLS TO THE DISABLED   | Training in handicrafts, weaving, typing                                       | 5                   | 5           | 5           | 15           |
|  | 4. INFORMATION COMMUNICATION TECHNOLOGY FOR SCHOOLS | Provision of computers and internet facilities to schools in local communities | 8                   | 8           | 8           | 24           |
| <b>TOTAL</b>                                   |   |  | <b>50</b>           | <b>44.5</b> | <b>48.6</b> | <b>143.1</b> |

**APPENDIX D: MATRIX OF THE COST OF PRIVATE SECTOR  
COMPONENTS OF PROGRAMMES**

| <b>Programme/Objective</b>  | <b>2002</b>    | <b>2003</b>    | <b>2004</b>    | <b>TOTAL</b>    | <b>REMARKS</b>        |
|---|----------------|----------------|----------------|-----------------|-----------------------|
|   | \$MILLION      | \$MILLION      | \$MILLION      | \$MILLION       |                       |
| 1. Textiles and Garment Manufacturing for Exports.                      | 0.694          | 0.674          | 0.674          | 2.042           |                       |
| 2. Large scale cassava Processing                                       | 66             | 0.347          | 0.347          | 66.694          |                       |
| 2.Ensuring effective management of urban liquid and solid waste Systems |                | 213.5          | 314.5          | 528             |                       |
| 3. Home ownership schemes   | 404            | 260            | 380            | 1044            |                       |
| 4. Increasing productivity in the industrial and service sector         | 300            | 300            | 300            | 900             | GHANA INVESTMENT FUND |
| <b>TOTAL</b>  | <b>770.694</b> | <b>774.521</b> | <b>995.521</b> | <b>2540.736</b> |                       |