

## **Ghana: Poverty Reduction Strategy Paper Annual Progress Report**

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**Ghana Poverty Reduction Strategy  
2003  
Annual Progress Report**

**March 2004**

**NATIONAL DEVELOPMENT PLANNING COMMISSION**



## ACRONYMS

ADB	African Development Bank
ADR	Alternative Dispute Resolution
AESD	Agricultural Engineering Services Directorates
AG	Attorney General's Department
APR	Annual Progress Report
ART	Anti-Retro-viral Therapy
AS	Audit Service
BADEA	Arab Bank for Economic Development in Africa
BESIP	Basic Education Sector Improvement Programme
BoG	Bank of Ghana
BPEMS	Budget and Public Expenditure Management
CAGD	Controller and Accountant General's Department
CBO	Community Based Organization
CEPA	Centre for Policy Analysis
CEPS	Customs Excise and Preventive Service
CG	Consultant Group
CHPS	Community Health Planning and Services
CHRAJ	Commission for Human Rights and Administrative Justice
CIDA	Canadian International Development Agency
CPI	Consumer Price Index
CRMAS	Community Resource Management Areas
CRT	Criterion Referenced Test
CSOs	Civil Society Organisations
CWIQ	Core Welfare Indicators Questionnaire
CWSA	Community Water and Sanitation Agency
DACF	District Assemblies Common Fund
DANIDA	Danish Aid Agency
DAs	District Assemblies
DFID	Department for International Development (UK)
DHS	Demographic and Health Survey
DMTDP	District Medium Term Development Plan
DP	Development Partners
DPCU	District Planning Coordinating Unit
DPMG	District Poverty Monitoring Group
DSW	Department of Social Welfare
DWST	District Water and Sanitation Team
EFA	Education For All
EMIS	Education Management Information System
ESP	Education Strategic Plan
EXIM	Export Import
FCUBE	Free Compulsory Universal Basic Education
FOB	Free On Board
GACC	Ghana Anti-Corruption Coalition
GBB	Government Book of Business
GCB	Ghana Commercial Bank
GDHS	Ghana Demographic and Health Survey
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GET FUND	Ghana Education Trust Fund
GHDS	Ghana Health and Demographic Survey
GHS	Ghana Health Service
GIDA	Ghana Irrigation Development Authority
GLSS	Ghana Living Standards Survey
GoG	Government of Ghana
GPRS	Ghana Poverty Reduction Strategy
GSS	Ghana Statistical Service
GTZ	German Technical Assistance
HIRDP	High Impact Rapid Delivery Programme

HIPC	Heavily Indebted Poor Country Initiative
HIV	Human Immunodeficiency Virus
HMIS	Health Management Information System
HRD	Human Resource Development
ICCES	Integrated Community Centres for Employable Skills
ICT	Information and Communication Technologies
IDA	International Development Agency
IGR	Internally Generated Revenue
ILO	International Labour Organization
IMF	International Monetary Fund
ISODEC	Integrated Social Development Centre
ITTU	Intermediate Technology Transfer Unit
KfW	Kreditanstalt für Wiederaufbau
KIA	Kotoka International Airport
LAP	Land Administration Project
LPG	Liquefied Petroleum Gas
LTU	Large Taxpayers Unit
M&E	Monitoring and Evaluation
MCT	Ministry of Communication and Technology
MDAs	Ministry(ies), Department(s) and Agency(ies)
MDBS	Multi Donor Budget Support
MDGs	Millennium Development Goals
MLGRD	Ministry of Local Government and Rural Development
MMR	Maternal Mortality Ratio
MOE	Ministry of Education
MOEYS	Ministry of Education Youth and Sports
MOF	Ministry of Finance
MOFA	Ministry of Food & Agriculture
MOFEP	Ministry of Finance and Economic Planning
MOH	Ministry of Health
MOTI	Ministry of Trade and Industry
MOWCA	Ministry of Women and Children Affairs
MPSD	Ministry of Private Sector Development
MRT	Ministry of Roads and Transport
NDAP	National Decentralization Action Plan
NGP	National Governance Program
NIPMG	National Intra-Agency Poverty Monitoring Group
NTR	Non Tax Revenue
OVC	Orphans and Vulnerable Children
PEM	Public Expenditure Management
PFM	Public Financial Management
PLWHA	People Living With HIV/AIDS
PPB	Public Procurement Board
PRGF	Poverty Reduction and Growth Facility
PRSC	Poverty Reduction Support Credit
PSD	Private Sector Development
PSI	Presidential Special Initiative
PSIA	Poverty and Social Impact Assessment
PURC	Public Utilities Regulatory Commission
PWDS	Persons With Disabilities
REDP	Rural Enterprise Development Program
SEA	Strategic Environmental Assessment
SHEP	Self Help Electrification Project
TIN	Tax Identification Number
TOR	Tema Oil Refinery
TPD	Transaction Price Databases
UNICEF	United Nations International Children Educational Fund
VCT	Voluntary Counselling and Testing

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## **EXECUTIVE SUMMARY**

### **Introduction**

The Ghana Poverty Reduction Strategy (GPRS) is the key development policy framework for the country. The implementation of the GPRS, which began in 2002, has been geared towards achieving the medium term priorities of the Government. With an increased awareness of the importance of the GPRS, it has been used to inform all key policy and budgetary decisions both at the national and the district levels.

The Annual Progress Report (APR) provides a framework for the systematic review of the GPRS programmes and projects implementation and their impacts on the socio-economic development of the country for the year.

Given the significant resources required to fund the GPRS, the Government has prioritised the GPRS through the Medium Term Priorities (MTPs), which have been used to inform the budget. The APR uses MTP's and the relevant 52 indicators identified in the GPRS M&E Plan as its main frame of reference. The APR also comments on the status of the GPRS-based triggers and targets for assessing performance in the Donor support programmes such as the Poverty Reduction Support Credit (PRSC), the Multi Donor Budget Support (MDBS), the Poverty Reduction and Growth Facility (PRGF), and for meeting the floating HIPC completion point. In addition the APR provides an assessment of our performance in achieving the Millennium Development Goals. While the triggers and targets may be specific to funding programmes they are essentially monitoring tools for assessing the GPRS implementation process, so monitoring them are as important to the Government of Ghana as they are to the relevant Development Partners.

The primary sources of information for this report are the sector ministries, departments and agencies. The report also uses data from earlier surveys of the Government Statistical Service (GSS) as well as two new surveys conducted by the GSS in the first quarter of 2003 - the Core Welfare Indicators Questionnaire (CWIQ2) Monitoring Survey, and the Ghana Demographic and Health Survey (GDHS) conducted later in the year.

Although progress has been made in establishing the GPRS M&E system, there still remain challenges that need to be addressed. There is the need to facilitate the harmonization of data and other information collected as part of the M&E exercise. Data inconsistency and availability from different sources was viewed as a major challenge in the monitoring exercise.

The dissemination activities of the GPRS to the public have improved through the development of a GPRS communication strategy, which is being implemented. Additionally, there is active participation of the Ministries, Department and Agencies through the establishment of National Intra-Agency Poverty Monitoring Groups based on the GPRS thematic areas. These groups are inter-sectoral and include both government and non-government representatives selected for their knowledge of the thematic area. The poverty monitoring groups have held a series of meetings, which have helped to deepen the involvement of MDA's in the GPRS M&E process. Members have had the opportunity to comment on the APR and provided significant input to baselines, targets & indicator achievements.

Policy makers are increasingly looking for evidence to support decisions and to evaluate the impact of resources, which have been utilized. This support for evidence-based policy decision-making has also been demonstrated by growing enthusiasm of key stakeholders in the poverty and social impact assessment studies. Five studies have been commissioned as follows and a summary of the findings of four of the studies that have been completed is presented in the technical appendices section:

- a. Energy Sector Reform in Ghana: Electricity Tariffs;
- b. Tackling Vulnerability and Exclusion In Ghana;
- c. Assessment of the Distributional Impact and Effects of Ghana's Petroleum Pricing Policy;
- d. Economic Transformation of the Agricultural Sector; and
- e. Enhancing Capacity for Pro-Poor Decentralization.

The APR provides evidence on the impact of government programmes and projects in the five thematic areas of the GPRS, namely: Macroeconomic Stability; Production & Gainful Employment; Human Resources Development and the Provision of Basic Services; Vulnerability and Exclusion and Good Governance. It also describes the policies, programmes and projects of the GPRS within each thematic area, and presents evidence on their progress. In assessing progress, the APR uses input, output or outcome indicators to assess the extent to which the programmes and projects have been implemented. The report is summarized below by thematic area.

### **Macro-Economic Stability**

The macroeconomic indicators reveal that macro-stability has favourably been on track. The favourable macroeconomic environment has been attributed to improved fiscal management, increased cocoa production and higher world prices for cocoa and gold. The 5.2% growth rate of GDP in 2003 exceeded the target of 4.7% set at the beginning of the year and the GPRS target of 4.9%. This relatively high growth rate was largely attributed to growth in agriculture specifically in the cocoa sector. The growth in the food crop sub-sector in 2003 of 5.3% was marginally above the growth experienced in 2002. Thus real per capita food crop growth rate increased marginally. The growth in agricultural production may also have been cause or effect of the unprecedented growth in credit to agricultural sector. Credit to the sector grew at 51% in 2003 after dipping to 9% in 2002 compared with the 21% growth rate in 2001.

The growth in domestic revenue has been significant since 2000. As a percentage of GDP the growth of domestic revenue increased constantly between 2000 and 2003 exhibiting a smooth steady rise.

In 2003 the debt burden decreased from a domestic debt/GDP ratio of 29.1% in 2002 to 22.6%. This reduction in domestic debt, an important policy objective of the GPRS, had spill over effects on other sectors of the economy. For example, it contributed partly to the reduction in inflation and the decline in interest rates. In spite of institutional bottlenecks, the reduction in the domestic debt yielded some relief to the private sector through the growth of credit to the sector from -11% in 2001 to 37.5% in 2003.

The overall budget deficit was 4.9% of GDP against a target of 4.3%, a decline from 6.8% in 2002.

In 2003 budget the target was to reduce inflation from 15.2% at the end of 2002 to 9.0% at the end of 2003. However, the 90.4% increase in petroleum prices in February 2003 led to a

revision of the inflation target from 9.0% to 22%. By the end of 2003 inflation rate was 23.6%. There was an increase in the food price inflation from 15% in 2002 to 21.5% at the end of 2003.

In nominal terms the cedi was fairly stable against the US dollar depreciating by 4.7 per cent by December 2003. It depreciated by 22.5 per cent and 13.0 per cent against the euro and the pound sterling respectively.

## **Policy Actions**

The favourable macroeconomic environment was the result of a number of macro measures put in place by the government including efforts to reduce and restructure the domestic debt, improve public expenditure management, improve fiscal resource mobilisation, and pursue price and exchange rate stability.

### Reducing And Restructuring The Domestic Debt:

The Government undertook several measures to reduce and restructure the domestic debt including using ₵144 billion of HIPC savings for domestic debt payment. In terms of restructuring the GoG Index Linked Bond and the Cocoa bills introduced since 2002 continued to be implemented in 2003.

### Improving Public Expenditure Management:

Several activities were undertaken by Government in 2003 to improve public expenditure management. These include:

- Strengthening budget control systems, and training MDA Budget Committees and members of the Budget Development unit on the need for the Budget to be driven by the priorities of the GPRS. Expenditure Initiation Forms were introduced as a basis for requesting for release of funds for all expenditures except wages. This was to ensure that MDAs conformed to their planned programmes and activities.
- As part of the process of modernising the PEM Regulatory Framework, the Financial Administration Bill was passed into law at the end of December 2003.
- Strengthening budget execution and reporting by submitting monthly reports with no more than 8 weeks lag. Reports on cash expenditures and commitments by MDAs classified by function were published monthly in the government gazette, following implementation of a new reporting system.
- The implementation of a Budget and Public Expenditure Management System in MFEP and CAGD continued in earnest in 2003.
- Regulatory and oversight body to implement new procurement code was established.

### Improving Fiscal Resource Mobilization:

The Government instituted two programmes to improve fiscal mobilization:

- Revenue collection institutions & DAs for tax collection were strengthened and the implementation of the Tax Identification Number (TIN) and the Large Taxpayers Unit (LTU) is being launched in 2 phases.
- Proper accounting for Non Tax Revenues collections to improve collection of non-tax revenues.

### Pursue Price and Exchange Rate Stability:

A Monetary Policy Committee (MPC) was established. The Committee uses the prime rate to signal the market expectations of inflation and hence interest rate. The independence of the Bank of Ghana in its pursuit of monetary policy has been reinforced in the new Bank of Ghana Law.

### **Recommended Policy Initiatives for Macro-Economic Stability**

The government is committed to and has succeeded in maintaining macro-economic stability. Without losing control over macro-stability the government will simultaneously pursue more ambitious growth policies, which will propel the economy to a higher growth rate than hovering around 5%. The government will also continue to reduce the debt burden by increasing revenue collection through further improvements in the efficiency of the revenue collecting agencies.

The government will use TOR Debt Recovery Fund, which is expected to yield 1.2 trillion cedis to partly fund the subsidies for the delayed petroleum price adjustments. The government also plans to close the unplanned financing gap through fiscal adjustments which consist of curtailing discretionary expenditures but protecting poverty reduction expenditures, reducing net domestic debt repayments from 2.2% of GDP to about 1.5%, and finding more sources of revenue (non-tax revenue) through accelerated divestiture and increased dividends from state-owned companies.

Government expenditures generally reflected the GPRS priorities. However these expenditures as published do not clearly show the extent to which the poor benefited, especially the deprived areas of Northern, Upper east and Upper West and Central Regions. A more detailed breakdown of expenditure will be provided to forge a closer link between budget allocations and beneficiary targets.

The areas of budget formulation, execution and reporting still need upgrading and the link between the budget and GPRS would be strengthened further. The Budget and Public Expenditure Management System will be expanded to six other MDAs by November 2004.

As part of the Public Financial Management Reform Programme the Ministry of Finance and Economic Planning will operationalise the Financial Administration Act, the Internal Audit Agency Act and the Public Procurement Act as well as enhance the activities of the External Audit Act. The government expects timely disbursement of pledges by Development Partners and will encourage donors that are not party to the MDDBS to join.

The Bank of Ghana will work to diffuse the inefficient institutional structures in the financial sector to allow for a well-functioning financial sector which impacts on growth and thus helps to reduce poverty.

The unemployment rate is a critical macro indicator of welfare but is not routinely reported on. Government will work hard to ensure that labour market information be made available more frequently.

### **Production and Gainful Employment**

The Production and Gainful Employment thematic area focuses on policies designed to reduce poverty and stimulate growth by (i) the development of the rural economy through

modernising agriculture; (ii) sustained environmental protection through re-afforestation; (iii) enhancing infrastructural development; and (iv) creating an enabling environment for private sector activities and development. The effects of the policy actions in the four areas as well as new policy initiatives are discussed below:

### Modernised Agriculture

*Provision of irrigation facilities:* An additional 1200ha of land has been irrigated in 2003. The total land area under irrigation is currently estimated at 0.08%, which indicates that the percentage of land irrigated has doubled since 2002.

*Rural Sector Farm and Non-Farm Growth:* The farm gate price of cocoa was increased to 69% of FOB in the 2003/2004 cocoa-season to accelerate economic growth in the rural areas.

*Mechanised Agriculture:* The farmer-tractor ratio improved from 1:180,000 to 1:150,000, and farmers had greater access to mechanised tillage, harvesters and processing equipment.

### Environmental Protection Through Re-Afforestation

*Re-afforestation:* Indicators in this area suggest that progress is being made in decreasing the rate of deforestation per year from 65,000 to 50,000 hectares. Good progress towards reforestation targets is also being made with respect to replanting in forest reserves and urban areas, with 1300 hectares of urban area planted while 25,691 hectares of degraded forest reserves were planted.

*Land Reform:* There has been some progress in land reform with respect to the issuing of Land Title certificates to individuals, and the establishment of 2 customary land administration units in 2003.

### Infrastructural Development

*Information and Communication Technology:* Good progress has been made in this area, the provision of fixed phone lines has increased from 200,000 in 2002 to 283,000 in 2003 and 257 schools have been provided with ICT in 2003 compared with no schools being provided for in 2002.

*Energy:* The implementation of the energy sector reform resulted in a number of actions including automatic price adjustments in electricity and full cost recovery, in the price of petroleum products. With respect to boosting energy for industrial development, progress has been minimal.

*Roads - Motorable Feeder Roads:* The length of motorable feeder roads is 32,601 kilometres of which 36% are in good condition, 26% fair, and 38% in poor condition. There were considerable improvements in the routine and periodic maintenance of feeder roads achieving 88.8% of targets in 2003 compared to 53.8% in 2002.

## Strengthening The Private Sector:

There has been some profound progress in the area of reduced trade-related administrative barriers. The clearance time at customs in Tema and Takoradi ports has reduced from 2 days to one day. In addition, time spent on business registration procedures has been decreased by 34%.

## **Policy Actions**

### Rural Development Based on Modernised Agriculture

*Irrigation:* By 2003, 713 out of 1309 boreholes, dugouts, water storage, stream diversions, stream and tube well pumping facilities, which were under construction had been completed. Rehabilitation of Tono and Vea dams in the Upper East region were completed at a cost of c950 million.

*Mechanization:* The Agricultural Engineering Services Directorate (AESD) has rehabilitated 100 universal tractors; initiated the process of importing 200 tractors from India; awarded contracts for the local manufacture of silos, mill threshers for rice and maize graters and pressers for cassava and palm kernel processing. These programmes have been funded by a total of c48.2 billion from the HIPC savings.

*Acquisition of land for commercial farming:* In 2002, very little progress was made with respect to releasing/acquiring land for commercial use. In 2003, MOFA in conjunction with Ministry of Lands and Forestry initiated a project to help in the acquisition of land for commercial farming.

*Aquaculture:* Despite the increase in area under fish farming, the indicator on quantity of fish produced shows no progress from 2002 to 2003 thus one might infer that the policy measures put in place in 2003 have not yet translated into improved output.

*Access to Improved Inputs (Crops and Livestock) and Services:* To improve access to inputs for livestock and crop production several projects including credit for livestock and rice farming, animal vaccines, mass cocoa spraying, ostrich farming and improved seedlings were undertaken in 2003.

*Promotion of the production of high value crops:* Not much progress has been achieved in the promotion of the production of high value crops, even though several projects were embarked upon in 2003 such as the introduction of new varieties of exportable fruits such as pineapple, screening of planting materials and the development of production guides.

*Improvement in Rural Sector Farm and Non-Farm Growth:* The government policy of increasing the farmers' share of the FOB price of cocoa culminated in the increase of farmers' share of the FOB price to 69%. Policies of providing insecticides and the mass spraying of cocoa farms were also introduced. The policy initiatives resulted in increased output by cocoa farmers of 496,793 metric tonnes during the 2002/2003-crop season.

*Facilities to reduce post harvest losses:* There has been some progress in this area. About 218 out of 253 sub-projects comprising drying floors, cooling plants, crop processors, storage facilities have been completed since 2002.

### Infrastructure Development

*ICT For Development:* To increase telephone access outside the urban centres, the Ghana Telecom initiated a programme to roll out an additional 400,000 fixed-lines within 3 years. This is intended to support extension of broadband connectivity to towns with Senior Secondary Schools and Training Colleges to facilitate extension of computer literacy facilities in the schools. As of November 2003, the cumulative number of fixed-lines in the country was 283,000 indicating that 83,000 additional lines had been installed during the year. A total of 257 schools were equipped with ICT.

*Energy:* The activities and measures for ensuring a reliable supply of high quality energy include implementation of cost recovery pricing for energy, continuation of the rural electrification programme, promotion of energy efficiency, and supporting development of renewable energy. The implementation of the automatic price adjustment mechanism to keep the energy sector viable has been put in place and implemented on quarterly basis by PURC to reflect changes in market prices. There was an 18% increase in prices for end users in 2003. Cross subsidisation for LPG, kerosene, pre-mix marine gasoline for artisan fishermen is being implemented.

*Roads:* The activities to be undertaken in the context of the GPRS are the construction of major highways, enhancing access to markets through improved farm and feeder roads and enhancing access to urban markets. With regard to the major highways projects, construction, maintenance and reconstruction started on all the three major trunk roads radiating from Accra. These are Accra-Kumasi, Accra-Yamoransa and Accra-Aflao roads. To reduce the cost of bringing agricultural production to the market, a number of feeder road projects were undertaken during 2003. About 15,200km of road as a routine was maintained in 2003 while about 4,278 km of feeder roads were either re-gravelled, rehabilitated or underwent spot improvement.

### Strengthening the Private Sector:

Measure to remove key regulatory and administrative barriers for investment were introduced, reducing the time to start a business from 129 to 85 days. The modernisation of customs continued in earnest with the installation of GCNET at the ports.

### **Policy Initiatives: Production & Gainful Employment**

Crop production is largely rain-fed and traditional techniques of production tend to dominate. To improve production the government will encourage private commercial farming based on proper mechanised and irrigation systems. The Ministry of Trade, industry and PSI will encourage the establishment of industrial estates and clusters emphasizing agricultural machinery development.

There will be an intensification of infrastructural development, especially in feeder roads rehabilitation, construction and maintenance to provide market access to rural agriculture.

For the re-forestation of degraded lands will be an early commencement of the Phase II of the Natural Resource Management Programme at the Ministry of Lands and Forestry

The Ministry of Mines has been detached from Energy and currently the budget is too small for the activities geared towards poverty alleviation. The government will assess the feasibility of using a percentage of the Mineral Development Fund as seed money outside GoG expenditures to finance poverty reduction projects and the Ministry's activities will be highlighted in the GPRS update. Again, the activities of the Ministry of Tourism are not fully captured in the GPRS and will also be fully integrated in the GPRS during the update for the 2006-2008.

Data collection has been a major problem and it is recommended that MDAs are resourced to maintain units, which will be required to provide quarterly information in a standard framework.

The Ghana Statistical Service is the government agency mandated to provide quality data. The Service lacks the capacity for data collection. There is a need to strengthen and deepen the involvement of the Service in major government-sponsored data collection projects. For example, the Service could have been involved in the PSIA's in the data collection components, and the analysis left to independent consultants.

To be able to continually monitor the progress of the implementation of the GPRS, the CWIQ could be conducted annually, but with a reduced sample size.

Currently, the Ministry of Food and Agriculture captures data for only food crops. There is a need to expand the coverage of the Annual Survey to include non-food crops. The capacity to capture additional data is required. In the area of processing of agricultural produce, the Ministry of Trade, Industry and Presidential Initiatives has not achieved much. The emphasis has now being shifted to the Rural Enterprise Development Programme, which involves the establishment of three enterprises each in all the 110 districts.

### **Human Resource and Provision of Basic Services**

The Human Resources and Provision of Basic Services thematic area focuses on policies in (i) access and quality education; (ii) access to health care; (iii) provision of potable drinking water; and (iv) provision of sanitary environment. The effects of the policy actions in the four areas as well as new policy initiatives are discussed below

#### Education

Most of the policy measures in education implemented in 2003 were expected to impact positively on primary school enrolments and reduce the gender gap in enrolments, especially in the most deprived regions.

Analysis of the Gross Primary Enrolment Ratio (GPER) nation-wide shows that GPER increased from 79.5% in 2001/2002 to 81.1% in 2002/2003 academic year. There was a tremendous leap in the gross primary enrolment rates in the three deprived regions far in excess of the nation-wide growth rate. For example the GPER in the Upper West Region increased by 6.5 percentage points from 63.1% in 2001/2003 academic year to 69.6% in the 2002/2003 academic year exceeding the GPRS target for 2005 projected at 63%.

The analysis of GPER with regard to progress towards the achievement of gender parity in education points to similar trends. The national GPER for girls increased from 77% in 2001/2002 to 77.7% in 2002/2003 while the Upper West Region registered a rate of 70.3% in 2002/2003 up from the 63% rate for 2001/2002. This leap in the GPER for the deprived regions of the country and especially for girls reflects the tremendous effort of government in reducing the regional and gender disparity in access to education in the country.

With regard to improving quality of education the situation is mixed. The pass rate for Criteria Reference Test (CRT) still remain very low given that only 9% of pupils in public schools were able to achieve masterly scores in Maths and 12% mastery scores in English in 2001/2002 academic year and the national PTR is falling rather than increasing towards its target. However, there was some appreciable increase in the proportion of trained teachers in primary schools from 69.9% in 2001/2002 to 73.5% in 2002/2003 academic year. Among the factors affecting quality of education is the large number of trained teachers who go on study leave annually and teacher attrition.

### **Policy Actions**

Most of the policy actions in education implemented in 2003 were expected to impact positively on primary school enrolments and reduce the location and gender gaps in enrolments by enhancing access across regions and gender.

#### Enhancing access to education

To improve access to primary education, a total of 685 3-unit classroom blocks were constructed in 2003. An amount of 39 billion cedis from HIPC fund and 14.9 billion cedis contribution from the GETfund was disbursed during the year towards construction of an additional 440 six-unit classroom blocks.

To ensure equity in access to quality education at the SSS level, the Ministry of Education selected 31 senior secondary schools located in deprived districts for upgrading to model schools in 2002. A total amount of 48 billion cedis was disbursed to implement the project. Information available in 2003 show that works on the first batch of 31 schools is progressing steadily.

The following teacher retention schemes were implemented in 2003.

- Measures were put in place to reduce the number of trained teachers on study leave with pay. A total of 5,000 teachers went on study leave in the 2003/2004 academic year, compared to a higher figure of 6,033 in the 2001/2002 academic year.
- Distance Education and Sandwich programmes were implemented as a strategy for reducing the number of teachers applying for study leave. The number of teachers enrolling for these programmes increased from 750 in 2001/2002 academic year to 3,618 in 2003/2004 academic year. This is additional to the 4,500 students mainly teachers admitted into the Cape Coast University and Winneba distance education programmes, which received an allocation of 839.3 million cedis from the GETFund.
- Incentive packages were provided for teachers in deprived areas. These included:
  - 5,000 radio cassette players
  - 5,000 sets of cooking utensils
  - 14, 400 bicycles

- To ease the perennial accommodation problems faced by teachers who are posted to deprived districts, a total of 56-teacher accommodation units were constructed in 2003, with 23% located in the three Northern regions.
- One initiative adopted for ensuring teacher retention involves the sponsorship of teacher trainees by districts. The beneficiaries of the district teacher-training programme are required to return to the districts after training. The teachers are bonded to teach in the districts for at least three years after being sponsored.
  - 2000/2001: 76% of teacher trainees admitted to the programme
  - 2002/2003: 91% of teacher trainees admitted to the programme
  - 2003/2004: All teacher trainees to be sponsored under the district programme

### Reducing gender disparity in education

In the 2003/2004 academic year, an amount of ₵8.885 billion from the GET fund was allocated to the Ministry of Education, Youth and Sports to provide scholarships for pupils in basic schools. The fund has not yet been disbursed. However, the proposed formula for disbursement in 2004 is expected to lead to more girls accessing financial support and reducing drop out rates among them as the distribution criteria favours girls.

### **Recommended Policy Initiatives**

The analysis clearly shows increases in GPER nationally and reduction in disparity across regions and gender in line with the objectives of the GPRS. The monitoring of quality of education indicators however shows mixed results. Government will continue to pursue the current policies to ensure more equity in access. Special attention will be paid now to quality issues in the next round of GPRS implementation. Teacher retention is key to ensuring quality education and reducing school drop out. Impact assessment of the teacher retention schemes will be conducted regularly to ascertain the differential impact of the different schemes being implemented.

### **Health**

The indications are that both infant and childhood mortality rates have increased in the last past years. Infant mortality increased from 57 per 1000 live births in 1998 to 64 per 1000 births in 2003, an increase of about 12.3%. The increase in childhood mortality was smaller—from 108 per 1000 live births in 1998 to 118 per 1000 live births in 2003. There are many reasons that may account for the observed increases in infant mortality and childhood mortality. These include lack of access to clean water and sanitation; poor access to health services (including immunization coverage); child malnutrition; and lack of money to cover health expenses. The phenomena requires a more detailed analysis of the 2003 DHS mortality data and further studies by the Ghana Statistical Service.

Coupled with increases in infant and child mortality, is the emerging phenomenon of child malnutrition. The level of child malnutrition as measured by the proportion of children underweight has increased by 10.5 percentage points in the last five years. Analysis by region reveals that child malnutrition increased in all the regions, except the three northern regions; and prevalence is above the national average in the Ashanti (46%), Greater Accra (40.4%) and Western (36.9%) regions.

In the area of Water and Sanitation, the available data indicates that progress towards increasing access to safe water to the rural population is steadily on course. The proportion of

rural population with access to safe water increased from 40.0% in 2000 to 46.6% in 2003. However, reported cases of guinea worm, a water-borne disease increased from 5,545 in 2002 to 8,000 in 2003 suggesting the need to increase access and improve on the quality of water accessible to the rural population, which is a function of the type of water delivery system.

Trend in access to safe sanitation remains very low with a national average of just over 55 percent. Access to adequate sanitation in the three northern deprived regions is around 20 percent or lower.

### **Policy Actions**

The government's effort to enhance the delivery and increasing access to health services continued in 2003. Measures undertaken include the provision of at least one model health centre in each district; replacing the cash and carry system; increasing the coverage of exemptions; carry out rapid delivery programmes to reduce under-five and maternal mortality; and improving access to safe water, especially in Guinea worm endemic areas.

#### Provision of one model health centre in each district

In 2003, fifteen Health Centres and two District Hospitals (Bimbilla and Begro) were completed for use through the support of the OPEC Fund and Ghana Government. An additional fifteen health centres, which started under the Saudi Phase II, are expected to be completed by January 2004. Work on upgrading three Health Centres at Juabeso, New Edubiase and Nkwanta was also initiated and will be completed by June 2004

#### Replacing the cash and carry system

In line with Government policy of replacing the 'cash and carry' system with an Insurance Scheme, Parliament passed the National Health Insurance Act during the year under review. With regard to implementation of the scheme, 45 districts have been piloting the scheme. Out of the 45 districts

- 10 are managing benefits and claims
- 15 are at the stage of registration of members and collection of contributions
- 7 are coding streets and houses
- 8 are sensitising their communities
- 5 have started their stakeholder consultations.

In addition an amount totalling 41.6 billion cedis of HIPC funds was released to 108 districts, including 12 sub-metros in Kumasi, Accra and Sekondi-Takoradi to facilitate the implementation of 120 District Mutual Health Insurance Schemes.

#### Increasing coverage of Exemption

Recurrent budget spent on exemption increased from 12.8 billion cedis in 2002 to 24 billion cedis in 2003. An additional amount of 17.2 billion cedis was provided by the Government to cover exemptions in the deprived Northern regions and the Central region.

The Ministry of Health in collaboration with UNICEF are currently implementing a high Impact and Rapid Delivery Programmes to reduce under-five and maternal mortality in all districts in two deprived regions (Northern and Upper East regions).

### Improving access to safe water

In order to improve access to safe water and sanitation the following activities were undertaken in rural and peri-urban communities with emphasis on guinea worm endemic areas.

- 1290 new boreholes were constructed
- 115 boreholes were rehabilitated
- 61 new hand-dug wells were constructed.
- 65 small community/town pipe systems were completed.

### **Recommended Policy Initiatives**

It is essential to review health sector priorities to take into account the recent increases in infant and childhood mortality rates in the country. Due to the observed positive correlation between child malnutrition and under-five mortality, child nutritional programmes will be strengthened and expanded.

The full implementation of the National Health Insurance Scheme will be accelerated to ensure that poor people have access to quality health services.

Access to adequate sanitation remains very low in the country. Sanitation issues will be given special attention in the next phase of the GPRS implementation.

### **Governance**

The key areas of focus under governance in the GPRS are Security and the Rule of law; Decentralisation and Public Sector Reform.

### Security and Rule of Law

As a result of the changes that have taken place in the police service including recruitment of new personnel, increase in logistics, creation of neighbourhood watch committees and increased patrol, the police have reported a reduction in the crime rate across the country. The effort to extend the coverage of policing across the country included the provision of 470 new vehicles and communication equipment. This has greatly expanded the fleet of patrol vehicles from a low figure of 100 in 2000 to close to 700 by the end of 2003.

The Women and Juvenile (WAJU) Unit extended its presence beyond the regional capitals. It opened new offices in Tema (regional), a District office in Swedru and has established WAJU desks in Dansoman and Odorkor. The expansion of the Unit is bringing help closer to more women and children who suffer all forms of abuse at the sub-regional levels.

The activities of civil society organisations have heightened awareness about issues of corruption and have created a vigilante disposition in the public services. To gain firm ground for the discharge of its anti-corruption responsibilities, the Ghana Anti-Corruption Coalition undertook a major restructuring exercise. It acquired a permanent office, installed ICT equipment and strengthened its staff situation by recruiting an Executive Secretary and the full staff complement. It also undertook a follow-up survey to its initial Anti-Corruption study and published and disseminated the proceedings of its 5<sup>th</sup> Governance Workshop.

## Decentralisation

The capacity building efforts within the district assemblies are helping to improve service delivery and increase the efficiency in resource use. District Assemblies are becoming more proactive and more responsive to the needs of their local communities.

An equally important activity aimed at improving efficiency of the DAs is the preparation of district composite budgets. During the course of the year the Ministry of Local Government initiated action in 3 pilot districts, Dangme East, Dangme West and Akuapem North, to prepare composite budgets.

A new area of cooperation that has developed between civil society and district assemblies is that of budget advocacy. Civil society organisations such as the Centre for Budget Advocacy (ISODEC) have worked very closely with many district assemblies to bring citizen voice into the budget formulation process both at the district and national levels.

## Public Sector Reforms

The leadership of the Civil Service made up essentially of Chief Directors is currently being developed to become more forward-looking and performance oriented. The chief directors have been made to enter into performance contracts with the Public Services Commission for purposes of improving service delivery and performance orientation based on clearly defined output targets and for enhancing skills and capacity. A system of regular monthly meetings of chief directors has been institutionalised.

Reorganisation of the Structure of the Civil Service was one of its first points of entry. In this direction, it focused on improving the capacity of the leadership of the Civil Service. Old Chief Directors were reassigned new portfolios and new ones were hired.

The National Development Planning Commission has improved its monitoring and evaluation responsibilities. The dissemination of the 2002 APR improved public understanding of the GPRS and helped to secure public interest in monitoring the implementation of the strategy.

## **Policy actions**

Policy actions under good governance in support of Security and Rule of Law and Decentralisation for GPRS and Decentralised Government and Public Sector reforms in 2003 are as follows:

*Support to the police:* As part of the efforts to extend the coverage of policing across the country, 470 new vehicles and some communication equipment were procured for the Police service in 2003 leading to an increase in the fleet of police patrol vehicles from as low as 100 in 2000 to about 700 by end of 2003.

*Strengthening the AG'S office:* In order to deepen the rule of law, the Ministry of Justice and Attorney Generals department, undertook a number of activities including the following:

- Organisation of Legal Aid Clinics by the Legal Aid Board in all regions to give advice to the poor
- Handling of 4500 cases in court for the poor

- Laying of the foundation by the Legal Aid Board for the publication and distribution of brochures on legal aid in seven Ghanaian languages

Also training programmes in Performance Management, Alternative Dispute Resolution, Court Automation, Case Management and Change Management were organized for some key staff of the Judicial Service.

*Campaign Against Corruption:* The Ghana Anti-Corruption Coalition in a bid to strengthen its capacity to discharge its anti corruption responsibilities undertook a major restructuring exercise. It recruited an Executive Secretary and a fulltime of staff, acquired a permanent office and installed ICT equipment. Also an accountability office in the Office of the President to provide advice on ethical compliance issues to political appointees has been established.

*Support to Parliament:* Parliament being one of the key governance institutions had thirty-five Parliamentarians trained in computing and change management under the National Governance Programme, The NGP also provided the Office of Parliament with ICT equipments and user licenses, library software and technology for the proposed parliamentary radio station.

*Decentralisation:* The capacity of the District Assemblies have been enhanced through activities including the following:

- A draft National Decentralization Action Plan (NDAP) prepared and initiated consultations with stakeholders on it.
- A presidential Advisory Committee has been set up to provide the necessary policy guidance
- Morale of the District staff in the local government system has been raised with the passage of the local government Service Bill.
- The preparation of composite budgets in three districts.

## **Recommended Policy Initiatives**

### Security and Rule Of Law

To promote a faster pace towards good governance, greater dissemination of information about policies, programmes and services will be mounted to inform the public about their rights, their obligations and the nature of services available.

Similarly, public forums to discuss issues of governance in relation to justice, accountability and security will be intensified. In this sense, public forums such as the Peoples' Assembly, which involves the President interacting with ordinary citizens and which are replicated at the regional and in some instances, the district level, will be made a regular feature of the governance programme. Also, good governance enhancers such as the 'Meet the Press' series, which afford the media the opportunity to listen to and discuss issues with incumbent ministers, will continue. Indeed, more use will be made of the mass media as well as already existing civil society groups in rural and urban areas, including professional associations to discuss such matters.

It is noted that enhancement of governance should go beyond law and order. Other governance institutions are playing significant roles in expanding public space for dialogue, promoting administrative justice, upholding human rights and facilitating smooth transitions

in the political order. As a policy goal, the governance indicators will be revised in future to present a more comprehensive representation of all the other players.

### Decentralisation

Many communities are becoming more empowered to demand accountability from public office holders at the District assembly level. These are all positive spin-offs from the support to district assemblies, which will be sustained to deepen citizen participation in decision-making and ensure equity in resource allocation.

### Public Sector Reform

The main thrust of public sector reform will be the adjustment of central government structures and organisation to make the central machinery of government more efficient, effective, and private sector-friendly. Government's capacity to facilitate and set the development agenda will be strengthened to pave the way for private sector and other social partners to fully contribute to the national development effort.

### **Programmes and Projects for the Vulnerable and the Excluded**

Progress has been made in the creation of opportunities for the vulnerable and excluded including the assertion of rights; access to services and to decent livelihood; and improvement in the quality of live of the victims of HIV/AIDS.

### Increased Resources for the protection of the rights of Women and Children

As many as 500,000 women improved their income earning opportunities through receiving a total of €10 billion from the Women's Development Fund administered by the Ministry of Women and Children's Affairs. The Ministry has also created 50,000 new jobs for women across the country. In pursuit of its role in protecting the rights of children and reducing vulnerability, the Ministry of Women Affairs successfully undertook a programme of returning trafficked children from coastal communities around the Volta Lake to their homes. It also assisted mothers to withdraw their children and enrol them in schools and supported these women with over C825million as part of its micro-finance programme.

### Utilisation of Legal Aid Services

In 2002, the Legal Aid Board provided legal assistance to about 4225 persons. The number has increased to above 5000 in 2003. The bulk of these cases were handled in court and some are yet to be completed because of the nature of the court process. A lot of these cases were also concluded through the ADR process.

### *HIV/AIDS*

The policy objective here is the prevention of the spread of HIV/AIDS and the improvement of the quality of life of people living with HIV/AIDS and Orphans of AIDS victims. The specific interventions by the Ghana Aids Commission in 2003 were as follows:

- Information, Education and Communication
- Advocacy
- Peer Education
- Voluntary Counselling and Testing

- Capacity Building for CSO
- Care and support for PLWHAs
- Training and technical support for beneficiary groups

The Ministry of Health in collaboration with the Ghana AIDS Commission and other civil society organisations mounted programmes during the year to increase awareness of the risk of the epidemic in the general population. The results of the Ghana Demographic and Health Survey (2003) shows that general awareness of AIDS is nearly universal among men and women in the reproductive ages in Ghana and 96 per cent of women and 98 per cent of men are conscious of a range of contraceptives for avoiding contracting AIDS.

Many more Voluntary Counselling and Testing (VCT) centres were opened in a number of hospitals and clinic to assist PLWHAs with advice and drug therapy. The Ministry of Health also implemented a programme for the prevention of mother to child transmission in 19 sites and provided Anti-Retro-viral Therapy (ART) to AIDS patients in Korle Bu Teaching Hospital, Komfo Anokye Teaching Hospital, Atua Government Hospital and St. Martin De Porres Hospital, Agomenya. Of the 62000 persons that need treatment less than 1 per cent (550) receive treatment. In spite of these efforts the sero-prevalence rate of HIV/AIDS increase in sentinel sites from 3.4 to 3.6 per cent in 2003. The disease is deepening the susceptibility of the poor to lead a normal life.

### **Policy Actions**

Three polices areas were monitored on vulnerability namely: Attainment of Social Justice, Prevention and control of spread HIV/AIDS and recognizing the rights of persons with Disability.

*Attainment of Social Justice:* This focused on the utilization of legal aid service, NGO founding for Legal Aid and Increased resources for the protection of the rights of women and children.

The Legal Aid Board's offices were computerized and networked with assistance from USAID.

Support to Women and Children: The Ministry of Women and Children's affairs established a Women's Development Fund with an initial capital of c¢21 billions.

Recognizing the rights of persons with Disability: A Disability Bill has been developed and is being discussed. The Department of social Welfare was also able to provide 653 PWD with employable skills in 2003 compared to 593 in 2002. Also 108 of the trained PWD were assisted to be self-employed in 2003 compared to 80 in 2002.

*HIV/AIDS:* To prevent the spread of HIV/AIDS and improve the quality of life of PLWHA and Orphans of HIV/AIDS, four sentinel sites namely: Atua Hospital, St. Martin's Hospital, KATH and Korle Bu are providing ART and 19 sites are providing prevention of mother to child transmissions to prevent HIV transmission to children.

### **Recommended Policy Initiatives**

The logistics situation and service conditions of staff of the Legal Aid Board and the Department of Social Welfare will be improved to help expand their services especially to the vulnerable and the excluded. Rights of the destitute and prisoners with no access to legal services will remain violated if the welfare and legal services do not reach them in adequate measure.

An aspect of the provision of social assistance to vulnerable and excluded groups which seems to have been taken for granted is the mainstreaming of assistance to such groups. The fact that these are crosscutting issues calls for far greater collaboration between agencies in the social sector as well as economic sectors than is currently the case. The Poverty Monitoring Groups will play the unique role of cross-fertilisation to promote poverty reduction and rights protection of the vulnerable and excluded.

It is important to continue to improve coordination between the various interest groups working on the anti-HIV/AIDS campaign, in order to ensure a harmony of messages. Recent allegations and counter-allegations by the Ghana AIDS Commission and NGOs working on HIV/AIDS raise serious questions about the Anti-HIV/AIDS Campaign. The Commission would strive to find new ways of monitoring and evaluating the activities of its partners in the Campaign to avoid the dissipation of scarce resource through fraudulent deals. The overarching need to reduce the spread of the virus and to offer support to the infected as rapidly as possible and the objective of seeking cooperation with other social partners compelled the GAC to enter into partnership with groups of dubious credentials. A more vigorous proposal vetting and organisation screening arrangements will be considered in commissioning groups to participate in providing service to patients. Contracting will also be made more rigorous and sanctions enforced in the event of misapplication of resources.

### **Performance of District Assemblies**

District Assemblies continued to implement poverty reducing programmes and projects in line with their district medium term development plans (DMTDP) and along the objectives of the GPRS. They continue to depend on their traditional sources of funds to execute their medium term development plans, with substantial portions coming from GoG, development partners, the DACF, HIPC relief, and internally generated funds.

The timely release of the DACF by the MOF improved in the year 2003 and definite arrangement were put in place to clear arrears. The financial management of the fund by District Assemblies has improved due to strict supervision by the office of the Administrator of the DACF.

Internally generated funds (IGF) of districts totalled ₵178.7 billion for the year 2003, an increase from the figure of ₵155.1 billion for 2002. This consisted mainly of revenue from fees & fines, rates, lands and licences. There were however marked declines in revenues generated in Volta, Northern and Upper East regions, which need to be investigated by the MLGRD.

Cumulative figures since the start of release of HIPC funds show that notable areas that have received funds are the District Assemblies (20.6%), Education (17.0%), Water (9.7%), Roads (7.87%) and Health (6.47%). The proportion that has been used for Domestic Debt payment is 20.3%.

### **Recommended Policy Initiatives**

*Project Selection, Design & Costing:* A clear-cut approach to project selection will be provided to the Das to ensure that projects are chosen from the District Medium Term Development Plan.

Regional Coordinating Council (RCC) will represent the MLGRD to approve projects at the regional level in order to reduce the length of the approval process. The RCC will then be better informed to carry out its monitoring and coordinating role.

*Funds Transfer and Communication flow:* The communication process and audit processes will be significantly improved. There will be a single point of contact to check and clarify funds, which are due and have been transferred to the Districts.

*Micro Credit Support:* Funds will be channelled through a local Rural Commercial Bank and the bank paid a management fee, to manage the process on behalf of the DA. A Project Coordinator from the DA should be identified to manage the relationship to ensure that Micro Credit poverty reduction objectives achieved.

### **HIPC Completion Point, the Poverty Reduction Support Credit (PRSC) and the Multi-Donor Budget Support (MDBS)**

Government received support from both bilateral and multilateral donors in support of the GPRS. The HIPC Initiative was to provide debt relief in support of poverty reduction and the World Bank's PRSC programme was also to support the implementation of the GPRS. As mentioned elsewhere 9 bilateral donors agreed last year to severally provide development assistance through budget support. This gave birth to the Multi-Donor Budget Support (MDBS) Initiative. Releases from the 3 major donor support programmes were made contingent upon a set of agreed GPRS-based performance triggers and targets. The performance of government with respect to these triggers and targets are summarized in the Technical Appendices. But for a few unanticipated implementation difficulties, all the triggers and targets were met. For instance, it is clear from Technical Appendix 1 that the triggers that government was expected to meet prior to reaching the HIPC completion point have either being fully met or in some cases have exceeded the targets and the government needs to be applauded for these efforts.

## **1 INTRODUCTION**

### **1.1 BACKGROUND**

The Ghana Poverty Reduction Strategy (GPRS) is the operational development policy framework for the country. The implementation of the GPRS, which began in 2002, has been geared towards achieving the Medium Term Priorities of the government.

The Annual Progress Report (APR) of the GPRS provides a framework for the systematic review of the programme and project implementation and their impacts on the socio-economic development of the country for the year. The APR provides a platform for the monitoring and evaluation of the achievements of the GPRS targets as well as the outcomes and impacts of government policies through a set of indicators. The APR also identifies weaknesses that are likely to hinder the achievement of the goals and objectives of the GPRS and, proposes policy recommendations to help address the concerns.

With an increased awareness of the importance of the GPRS, it has been used to inform all key policy and budgetary decisions both at the national and the district levels. The GPRS now is at the core of the national planning process. The budget formulation process has been enhanced, through the linkage of the MTEF and the GPRS and the use of the Annual Progress Report as a major input in the preparation of the annual budget. This process is to be strengthened in the coming year. Once the Annual Progress Report has been approved by Cabinet and endorsed by parliament, the APR will be disseminated widely as part of the ongoing GPRS dissemination process. This APR will be used to inform:

- The Medium Term Expenditure Framework (MTEF) process for the preparation of the next annual budget, to ensure that resources are refocused appropriately;
- Any revisions to the 2004 annual budget;
- The process of updating the GPRS, which is to begin in the fourth quarter of 2004; and
- Future HIPC allocations to the District Assemblies.

Given the significant resources required to fund the GPRS, the Government has prioritised the GPRS through the Medium Term Priorities (MTPs), which have been used to inform the budget. The APR uses MTP's and the relevant 52 indicators identified in the GPRS M&E Plan as its main frame of reference. The APR also comments on the status of the GPRS-based triggers and targets for assessing performance in donor support programmes such as the Poverty Reduction Support Credit (PRSC), the Multi Donor Budget Support (MDBS), the Poverty Reduction and Growth Facility (PRGF), and for meeting the floating HIPC completion point. In addition the APR provides an assessment of the country's performance in achieving the Millennium Development Goals. While the triggers and targets may be specific to funding programmes they are essentially monitoring tools for assessing the GPRS

implementation process, so monitoring them are as important to the Government of Ghana as they are to the relevant Development Partners.

The 2003 APR builds on that of 2002 and provides:

- Data on baselines and targets including some that were not available for reporting in the 2002 APR;
- An update on the GPRS core indicator achievements during the year;
- The linkage between the 2003 Annual Budget and the GPRS;
- An update on GPRS Medium Term Priority programmes and projects implemented in 2003;
- The status of triggers and targets of the Poverty Reduction Strategy Credit (PRSC), the Multi Donor Budget Support (MDBS); the HIPC completion point; and the Millennium Development Goals (MDG);
- The status of the poverty and social impact analysis (PSIA);
- The summary of progress and developments with respect to monitoring & evaluation; and
- Recommended policy initiatives.

## **1.2 GPRS MONITORING AND EVALUATION**

The need for monitoring & evaluating the impact of the government policies through the implementation of programs and projects has become even more critical as Ghana searches for ways to maximise the use of its limited resources. Policy makers are increasingly looking for evidence to support decisions and to evaluate the impact of resources utilised. This support for evidence-based policy decision-making has also been demonstrated by growing enthusiasm of key stakeholders in the on-going poverty and social impact studies and National Intra-Agency Poverty Monitoring Group meetings.

While the monitoring and evaluation plan of the GPRS was established in 2002, its implementation began in 2003. Work is still being undertaken to strengthen data collection and analysis processes in order to provide an effective evaluation of the GPRS implementation on a timely basis.

## **1.3 DATA COLLECTION PROCESS AND CHALLENGES**

The primary sources of information for this report were the sector ministries, departments and agencies. Although progress has been made in establishing the GPRS M&E system, there still remain challenges that need to be addressed. Through participation in the poverty monitoring group sessions, members have identified the urgent need to facilitate the harmonization of data and other information collected as part of the M&E exercise. Data inconsistency and availability from different sources was viewed as a major challenge in the monitoring exercise. Other challenges include:

- Problems related to accuracy and timeliness of data coming from primary and secondary sources;
- Lack of motivation of staff in the MDA's and Districts to institutionalise the collection and provision of data;
- In-frequent national outcome/impact surveys by GSS due to inadequate resources; and
- The challenge of reporting on several indicator/trigger achievements for a number of programs i.e. GPRS MTPs, PRSC, MDBS, HIPC and MDGs.

The report also uses data from earlier surveys of the GSS as well as two new surveys conducted by the GSS in the first quarter of 2003 - the Core Welfare Indicators Questionnaire (CWIQ2) Monitoring Survey, and the Ghana Demographic and Health Survey (GDHS) conducted later in the year.

### **1.3.1 National Core Welfare Monitoring Survey**

The second round of the national Core Welfare monitoring survey using the Core Welfare Indicator Questionnaire (CWIQ) was undertaken between February and April 2003 to provide information at the district level. The CWIQ survey was administered to 49,000 households, of which 67% were rural and 37% urban, with 51.3% of total sample population being female and 48.7% male.

The survey which is qualitative in nature covered income or consumption poverty, education, health, nutrition, access to safe water & sanitation as part of the set of core indicators. It also includes indicators on disability, vulnerability and social exclusion. Data is also provided on other key non-income indicators of poverty such as access to basic infrastructure services and levels of unfulfilled basic needs.

The results of the survey provide a comprehensive baseline for assessing the outcome and impact of GPRS in the future since it essentially reflects the situation at the beginning of the full implementation of the GPRS.

### **1.3.2 Ghana Demographic and Health Survey 2003**

The 2003 Ghana Demographic and health Survey (GDHS) was carried out from late July to late October 2003 on a nationally representative sample of more than 6,600 households. All women age 15-49 and all men age 15-59 in these households were individually interviewed, in addition to the data collected from interviews, the individuals were also tested for the human immunodeficiency virus (HIV). All women age 15-49 and children under age 5 were also tested for anaemia.

The 2003 GDHS collected data on fertility levels, marriage, sexual activity, fertility preferences, awareness and use of family planning methods, breastfeeding practises, nutritional status of women and young children, childhood mortality, maternal and child health and awareness regarding AIDS and other sexually transmitted diseases. New features present in the 2003 GDHS that were not present in previous demographic health surveys include collection of information on female and male circumcision, malaria and mosquito nets usage, haemoglobin and HIV testing. Data from the GDHS enhances the information available on the HIV/AIDS epidemic, infant mortality rate and child malnutrition in Ghana.

## **1.4 GPRS M&E INSTITUTIONAL ARRANGEMENTS**

The M&E institutional arrangements have been designed to facilitate active participation of stakeholders to ensure that policy recommendations are relevant and actually contribute to policy formulation and resource allocation that are geared toward the reduction of poverty and wealth creation.

The following initiatives have been established and are operating in support of NDPC's GPRS Monitoring & Evaluation activities:

- National Intra-Agency Poverty Monitoring Groups (NIPMG) chaired by representatives of MDA's;
- GPRS Strategic Environment Assessment;
- GPRS Dissemination Committee; and
- PSIA Technical and Advisory Committees.

#### 1.4.1 National Intra-Agency Poverty Monitoring Group (NIPMG)

The GPRS M&E plan proposed the establishment of poverty monitoring groups at the national, regional and district levels. Five groups based on the GPRS thematic areas have been established at the national level currently. These groups are inter-sectoral and include both governmental and non-governmental representatives selected for their knowledge of the thematic area, (PPMED's, Development Agency staff, Ghana Statistical Service and knowledgeable researchers). A process is underway to fully include civil society representation.

**Table 1.1 NIMPG Group and Composition**

NIPMG	Composition
Macro-Economic Stability	<ul style="list-style-type: none"> <li>▪ Chair: Min of Finance &amp; Economic Planning, Secretary: GSS</li> </ul> Ministry of Finance & Economic Planning, Bank of Ghana, Ministry of Trade & PSI, Revenue Agency Governing Board, GSS, CIDA
Production & Gainful Employment	<ul style="list-style-type: none"> <li>▪ Chair: Min of Food &amp; Agriculture Secretary: Tourism</li> </ul> Ministry of Food and Agriculture, Mines, Trade & PSI, Energy, Land and Forestry, Private Sector Development, Roads & Transport, Ports & Harbours, Environment and Science, Communications and Technology, Tourism, CIDA
Human Resource Development & Basic Services	<ul style="list-style-type: none"> <li>▪ Chair: Min of Health Secretary: Min of Education</li> </ul> Ministry of Education, Youth and Sports, Health, Works and Housing, Women and Children Affairs, Ghana Aids Commission, GSS, Community Water & Sanitation, World Bank
Governance Vulnerable & Excluded	<ul style="list-style-type: none"> <li>▪ Chair: Audit Service Secretary: NCWD</li> </ul> Ministry of Justice, Audit Service, Parliamentary Affairs, Electoral Commission, CHRAJ, PURC, WAJU, Interior, Public Service Commission, Office Parliament, Local Government and Rural Development, Ministry of Women and Children Affairs, National Commission on Children, Ghana Prison Service, Social Welfare, Ministry of Manpower Development and Employment, DFID & DANIDA

Some of the main functions of the poverty monitoring groups include the following:

- Highlighting the importance of monitoring and evaluating the GPRS within the relevant MDAs
- Providing data towards an update of the selected indicators and policy interventions.
- Reviewing and validating data, as well as policy recommendations.

The monitoring groups have held a series of meetings since the inauguration of the NIPMG in mid 2003. Deliberations at these meetings have helped to deepen the involvement of MDA's in the GPRS M&E process. Members have had the opportunity to comment on the APR and provided significant input to baselines, targets & indicator achievements. These

meetings have been useful starting points having provided fora to discuss results of data collected, as well as the validation of analysis contained in this APR.

#### **1.4.2 Civil Society Organizations**

A lot of support has been received for the Poverty Monitoring Groups at the national level. There is however the need to strengthen the process by including civil society, who have a crucial role to play in the process. By having access to monitoring and evaluation results, civil society organizations can generate participatory review of the poverty reduction efforts that should increase accountability and transparency of public resource allocation and utilization.

The inclusion of CSO's in the process is to be undertaken during the second quarter of 2004, by concluding the interactions with key representatives of the Civil Society Organizations. Given the number of CSO's and their differing interests, forums will be held to ensure that an effective mechanism is established to enable effective representation of CSOs in the M&E process.

#### **1.4.3 Regional Poverty Monitoring Groups**

To deepen the GPRS M&E process, the M&E institutional arrangements will be rolled out to the regions over the coming year. This will be done by expanding the Regional Planning Coordinating Units (RPCUs) to play additional role as the regional poverty monitoring groups. The Regional Poverty Monitoring Groups membership will expand the RPCU and will include among others the Regional Heads of the Ghana Statistical Services (GSS), the regional representative of the relevant MDAs, representatives of NGOs and CSOs, the Regional Representative of the NDPC and a representative of the Regional House of Chiefs.

The role of the regional poverty monitoring groups will include:

- Receive, collate and evaluate data from District level M&E for onward transmission to the national level;
- Evaluate, recommend and support M&E capacity building for the District Assemblies;
- Review data to ensure accuracy and consistency
- Facilitate dissemination of relevant feedback to all districts and stakeholders;
- Ensure that gender based analysis is undertaken in all districts;
- Hold bi-annual workshops to involve all DAs within the region for cross District GPRS review and policy recommendations; and
- Provide bi-annual regional poverty status reports and make recommendations for policy review

### **1.5 GPRS DISSEMINATION**

A comprehensive communication strategy was developed at the end of the third quarter of 2003, to inform and educate all stakeholders about the GPRS. The strategy was based on a communication needs assessment conducted at the national, district and community levels. The strategy has the following objectives:

- To effectively create the awareness about the goals, objectives, benefits as well as the monitoring and evaluation process of the GPRS

- to solicit stakeholder support and sense of ownership
- to regularly inform stakeholders about the progress of GPRS and
- to create forums to solicit feedback

The implementation of the communication strategy, which targets various stakeholders at the National, Regional, District and the Community levels, has begun. To facilitate dissemination of the GPRS, a simplified version was prepared and translated into local languages.

## 1.6 POVERTY AND SOCIAL IMPACT ANALYSIS

As part of the process of determining the impact of the socio-economic policies on the poor, poverty and social impact analysis (PSIA) studies are being undertaken. The PSIA's are targeted at various social issues aimed at analysing the distributional impact and outcome on the welfare of the poor as a result of new policy reforms. The findings of these studies will aid evidence-based policymaking. It is hoped that the transparent conduct of these PSIA's and its results will stimulate and provoke public debate on policies.

The National Development Planning Commission (NDPC) with the support of Development Partners has commissioned five *Poverty & social impact analysis* (PSIA) studies to find out, ex-ante as well as post facto, the impacts of certain policy reforms carried out under the GPRS.

The aims of the PSIA's that have been commissioned are contained in the Table 1.2 below.

**Table: 1.2 Poverty & Social Impact Analysis Studies commissioned by the NDPC**

	STUDY	AIMS OF THE STUDY
1	Energy Sector Reform in Ghana: Electricity Tariffs	<ul style="list-style-type: none"> <li>▪ Effectiveness of current subsidy to protect the poor</li> <li>▪ Effects of tariff increases on residential consumers</li> <li>▪ Affordability of current tariffs</li> </ul>
2	Tackling Vulnerability And Exclusion In Ghana	<ul style="list-style-type: none"> <li>▪ The nature and extent of vulnerability and social exclusion in Ghana</li> <li>▪ The conditions, events and underlying trends that present risks to individuals and households and exclude them from effective participation in mainstream economic, social and political activities</li> <li>▪ Deepen the understanding of coping mechanisms and strategies of individuals and households when risks materialise and how these could be strengthened and enhanced.</li> </ul>
3	Assessment of the Distributional Impact and Effects of Ghana's Petroleum Pricing Policy	<ul style="list-style-type: none"> <li>▪ To analyse the distributional impact of current petroleum pricing reforms on the welfare of different stakeholder groups, particularly the vulnerable and excluded</li> <li>▪ To assess the effectiveness of the targeting mechanism under the prevailing regime</li> <li>▪ To bolster the existing capacity for evidence-based policy making, national ownership and sustainable pro-poor policy formulation</li> </ul>
4	Economic Transformation of the Agricultural Sector	<ul style="list-style-type: none"> <li>▪ The extent to which the Economic Transformation of the Agricultural Sector will compound or mitigate the constraints facing smallholder / subsistence farmers</li> <li>▪ Trade-offs between production-oriented and poverty-oriented agricultural policies</li> <li>▪ Allows for poor farmers to access and benefit from</li> </ul>

		<ul style="list-style-type: none"> <li>mechanisms to increase production</li> <li>▪ The Impact on food security and vulnerability</li> <li>▪ Whether guidelines for the allocation of HIPC funds sufficient to meet aims of growth and poverty reduction</li> </ul>
5	Enhancing Capacity for Pro-Poor Decentralisation	<ul style="list-style-type: none"> <li>▪ Are decentralization measures designed to improve poverty reduction strategies at the local level</li> </ul>

PSIA Technical Committees have been established made up of representatives from the various stakeholder organizations. The committees are providing support to the Researchers undertaking the studies. A Steering Committee, made up of Ministers and Heads of institutions, have oversight responsibility for the studies. The Steering Committee will also spearhead the effort to get recommendations from the studies implemented.

**Table 1.3 Technical Committees for PSIA**

Poverty & Social Impact Analysis Studies	Membership of Technical Committee
Energy Sector Reform in Ghana: Electricity Tariffs	Ministry Of Energy, Energy Commission, PURC, MOFEP, Consumers Association, VRA, ECG, NED NDPC & World Bank
Tackling Vulnerability And Exclusion In Ghana	Ministry Of Manpower & Employment; Dept of social Welfare; Ministry of Women & Children; MOFEP; NADMO; Min. of Food & Agric; DFID & NDPC
Assessment of the Distributional Impact and Effects of Ghana's Petroleum Pricing Policy	Ministry of Energy; Energy Commission; Ministry Of Environment and Science; CSIR (STEPRI); Office Of The President; TOR; PURC; Consumers Association; UNDP, NDPC
Economic Transformation of the Agricultural Sector	Ministry Of Food And Agriculture; GEPC; MOFEP; NADMO; CSIR; NDPC, DFID
Enhancing Capacity for Pro-Poor Decentralisation	MLGRD; MOFEP; Management Services Division- Head of Civil Service; NALAG; Office Of The President, GTZ/KFW, NDPC

## 1.7 STRENGTHENING THE M&E PROCESS

To strengthen the M&E process it is important that the results of the process are disseminated widely and made relevant to various stakeholders. Thus a key factor to consider in the coming year will be establishing an effective feedback loop that allows the M&E results to be fed back to the various stakeholders. The feedback will be targeted at decision makers at the national level through the Cabinet, MDAs and Parliament and to the regional and district levels through the Regional Poverty Monitoring Groups.

Thus the following additional activities are planned:

- Review workshops will be organized for a selected group of stakeholders to canvass ideas to improve the M&E process. The feedback issue is even more critical at the regional and district levels where most people feel left out in the process.
- To promote the culture of evidence-based policy making, orientation sessions will be held for policy decision makers in the MDAs
- To augment the efforts to date and to coordinate the national M&E efforts, the Technical Committee proposed in the M&E plan will be established and the initial committee will be made up of senior representatives from NDPC, More, GSS, MLGRD, and Coop.

- Results of the M&E process will be disseminated widely to policy makers, program managers, program beneficiaries, development partners, the media, CSOs and research community;
- Beyond broad dissemination, a well-established process to feed M&E results back to policy makers is crucial if results are to be used in formulating policy. Since key policy decisions are made at the time of budget formulation, key M&E results should be available then. Thus in addition to the 2003 APR, the third quarter GPRS M&E Quarterly Bulletin for 2004 will be completed in time to be used in the preparation of the 2005 Annual Budget.

## 1.8 GPRS CORE INDICATORS

The next table provides a comprehensive list of the core indicators for monitoring and evaluating the GPRS. The table provides targets, indicator levels for 2002 and the status for 2003. This list has been extended from the original 52 core indicators, to include an additional seven indicators for Agriculture and two indicators for the Environment. The new indicators are:

### Agriculture

- Percentage of post harvest losses
- Tonnes of silo space established
- Extension officer farmer ratio
- Area under fish farm
- Percent of arable land under irrigation
- Number of dugouts constructed
- Level of Mechanisation: tillage, harvesters & processing equipment

### Environment

- Rate of deforestation
- Hectares of degradable forest reserve planted

The additional indicators were selected based on following factors:

- The availability of data
- The extent to which they provided a balance between input, output and outcome indicators
- The views of stakeholders
- The links of the indicator to the Medium Term Priorities of the GPRS

**Table 1.4 Summary of Progress - GPRS Core Indicators**

Indicator	Target	Indicator Level 2002	Status 2003	Progress toward target
1. Real per capita GDP growth rate	2.1%	1.8%	2.6%	-
2. Food price inflation	15%	22%	21.5	Target not achieved
3. Growth of Domestic revenue	N/A	28.8%	56.2%	-
4. Growth of credit to agriculture	N/A	9.04%	51.12%	-
5. Timely disbursement of budgeted MDA allocation	N/A	N/A	N/A	-
6. Proportion of total resources going to key GPRS sectors	64.75	79.6	74.78	Achieved
7. Area of degraded lands & water bodies reclaimed through reforestation	N/A	N/A	N/A	-
8. Rate of deforestation		65,000ha per yr	50,000ha per yr	-
9. Ha of degradable forest reserve planted	60,000ha		25,691 ha	On track
10. People with access to non wood fuel	N/A	N/A	43.4%	-
11. Number of small scale agro-processing firms	N/A	N/A	N/A	-
12. Real per capita agriculture growth rate	1.9%	1.8%	3.5%	Improvin g
13. Real per capita food crop growth rate	2.2%	2.6%	2.7%	Improvin g
14. Length of motorable feeder roads			32,601 km (36% good, 26% fair, 38% poor)	Improvin g
15. Number of functioning employment centres	N/A	N/A	N/A	
16. Number of community resource management areas established	N/A	2	1	-
17. Lifeline pricing for electricity sector developed and implemented	N/A	In Place	In Place	Achieved
18. Feeder roads contract time lags	N/A	N/A	N/A	
19. Percentage of post harvest losses	15-20%	Cereals: 25-30% Perishables: 35%-40%	20-25% 35-38%	Modest progress
20. Tones of silo space established	35mt	35mt	35mt	No progress
21. Extension officer farmer ratio	1:4000	1:4500	The ratio remains 1 to 4500 because human resource management directorate did not receive the go ahead to recruit additional extension agents and agricultural officers	No progress
22. Area under fish farm	450ha	350-400ha	450ha	Target

Indicator	Target	Indicator Level 2002	Status 2003	Progress toward target
23. Percent of arable land under irrigation	0.12%(3,000ha)	0.04%(11,000h)	An additional 1200ha of land irrigation in 2003, total land area under irrigation is currently estimated at 0.08	achieved Good progress
24. Number of dugouts constructed	262	237	713 out of 1309 (boreholes, dugouts, water storage, stream diversion, stream & tube well pumping)	
25. Farmer access to mechanized tillage Access to harvesters Access to processing equipment	15% 5% 30%	Less than 5% Less than 2% 20%	8% in 2003 2% in 2003 24% in 2003 made up of: 1. Cassava processing 2. Palm oil processing equipment 3. Rice Threshers and mills 4. Tomato processing equipment	Good progress -
26. Number of current land cases concluded	Reduced by 35,000 (2008)	60,000 currently in court	N/A	-
27. Child malnutrition (emphasis on poorest regions)	20	26	35.8	Not on track
28. Infant mortality rate	50/1000	57/1000	64/1000	Not on track
29. Gross enrolment ratio in pre-school and basic schools (primary / JSS)	88.5	79.5	81.1	On track
30. Survival rate to P6 and JSS 3	N/A	N/A	N/A	-
31. Reduction in the reported cases of Guinea worm	0	5,545	8,000 (44.3% increase since 2002)	Not on track
32. Percent of rural household with access to safe water - GSS-CWIQ	54	49.5 (1997)	63.0	Exceeded
33. Percent of households with access to adequate toilet facilities (flush or KVIP)	-	16.8 (1997)	33.1%	-
34. Percent of deprived basic schools (primary/JSS) improved, with emphasis on the 3 Northern regions	30% - 2004	20%	685 classrooms block constructed in 2003. 420 of 685 (61.3%) of classrooms constructed were located in the 3 Northern regions	Exceeded
35. Percent of trained teachers in pre-schools and basic school (primary/JSS)	70.6	69.6	-	-
36. Immunization coverage (DPT3)	90	87.9	91.1	Exceeded
37. Proportion of supervised deliveries	55	44.3	47.1	On track
38. Number of new functional water systems Boreholes		622 65	1290	

Indicator	Indicator Level 2002	Target	Status 2003	Progress toward target
Wells Pipes	29		61 65	-
39. Percent of total government expenditure on health increased from 5.7% 2000 to 7% by 2004	7		11.8	Exceeded
40. At least 10% increase in the amount budgeted for exemption fees	12.8 Billion		Increased to 24 Billion. 17.2 billion was provided as additional money by the Government to increase coverage to the deprived Northern and central regions	On track
41. The number of functional Water and Sanitation Boards; District Water and Sanitation Committees; Community Water and Sanitation Committees	N/A	N/A	N/A	N/A
42. Incidence of poverty	39% - (2000)	32%	N/A	-
43. Incidence of extreme poverty	27%	21%	-N/A	-
44. HIV AIDS Prevalence	3.8%	3.6%	3.6%	Exceeded target
45. Accessibility of services (disaggregated to services, region, districts)			Some data is available from the 2003 CWIQ, but not enough to establish levels	-
46. Access of extreme poor to services (disaggregated to services, region, districts)			Some data is available from the 2003 CWIQ, but not enough to establish levels	-
47. Drug Based treatment available for people with AIDS			4 Sentinel Sites are providing ART for PLWHA and 19 sentinel site are implementing a programme for the prevention of mother to child transmission	On track
48. Adequate security and protection for women and children	5,516 cases handled by WAJU		6,298 cases handled by WAJU. WAJU established in all Regions, Desk office in Odorkor and Dansoman and a District Office in Swedru	On-track
49. Budgets available to institutions caring for vulnerable and Excluded			167,969,866 cedis secured so far	-
50. Appropriate indicators developed to monitor change in well being of vulnerable and excluded, across the entire GPRS			PSIA currently on going and indicators are being developed	On track
51. Level of perceived corruption in key GPRS functional areas			No survey conducted yet	-
52. Government Expenditure Reports published			Report published monthly in gazette	On track
53. Local safety and security institutions in place: police/citizen ratio	1:925 By 2004	1:1142	1:1,121 Police /citizen ratio	On track
54. Dissemination of Parliamentary debates on poverty and development			Dissemination occurred through interaction with unit committee members, mass and print media.	On track
55. Utilization of Legal Aid Services		4225	4500 cases – Utilization by poor increasing but not	On track

Indicator	Target	Indicator Level 2002	Status 2003	Progress toward target
56. Functioning Electronic Tracking System			adequate	On track
57. Composite budget developed and submitted		Yet to be implemented	2 MDAs Established in MOFEP & CAGD	On track
58. Parliamentary Committee on Poverty Reduction established	Committee to be set up in 2002	Ad hoc Committee established and discussed the GPRS Document	3 pilot districts. Action was initiated 3 pilot districts - Dangme East and West and Akuapem North	Achieved
59. Democratic effectiveness of the District Assemblies	Increase DACF to 7.5% of Tax Revenue	5%	Ad hoc Committee in place and met in November 2003. Efforts are being made to make it a Standing Committee DACF increased to 7.5%. All DAs meet regularly as enshrined in the LIs.	Achieved
60. Policy Feedback from M&E system		2002 Annual Progress Report, Communication Strategy, Quarterly Bulletin, 2002 APR was used to influence 2004 budget	2003 APR prepared.	On track

## 1.9 SECTIONS OF THE REPORT

The report is structure as follows:

- Section I provides an overview of the key activities supporting the monitoring and evaluation processes of the GPRS;
- Section II analyses the extent to which 2003 Annual Budget reflected the poverty reduction development strategies of the GPRS;
- Section III analyses the Macroeconomic thematic area and deals with the overarching macroeconomic indicators that are seen as essential for poverty reduction in the country.
- Section IV is on Production and Gainful Employment, which deals mainly with modernization of agriculture, infrastructure development, energy and the development of small-scale agro-processing.
- Section V reviews policies, projects and activities relating to education, health, water & sanitation, and HIV/AIDS under the Human Resource Development and Basic Services thematic area;
- Section VI is on Governance and it deals with security and rule of law, decentralization, corruption and support for parliament;
- Section VII focuses mainly on the protection and human rights of the Vulnerable and the Excluded;
- Section VIII is on Performance of the District Assemblies;
- Section IX provides the progress of the Millennium Development Goals;
- Section X provides a summary of the policy recommendations.

## **2. THE LINKS BETWEEN THE GPRS AND THE 2003 BUDGET**

### **2.1 INTRODUCTION**

In the 2002 Annual Progress Report (APR) the extent to which the 2002 Annual Budget reflected the policy thrust of the GPRS was discussed. This part of the 2003 Annual Progress Report looks at whether the 2003 budget reflected the thrust of GPRS. This will give an indication of whether government is persistent in its poverty reduction strategy and whether resources are allocated appropriately.

The assessment of the consistency of the budget with the GPRS will be from the perspective of:

- a) The distribution of total discretionary expenditure;
- b) Sectoral distribution of Government of Ghana's (GoG) resources;
- c) Distribution of donor allocations and;
- d) The distribution of expenditures by item of expenditure: personnel emoluments (item 1), administration (item 2), service (item3), and investments (item 4).

### **2.2 DISCRETIONARY BUDGET FOR 2003 AND THE MEDIUM TERM PRIORITIES?**

A comparison between the GPRS 2003 sector targets and the 2003 budget outturns by sectors shows a clear link between the budget and the GPRS. There was very close correspondence between the GPRS targets and the budget allocations in the sector allocations. However the link between GPRS projects and programmes and the Budget is not easily discernible.

Table 2.1 shows the distribution of total discretionary expenditure and Table 2.2 the distribution of GoG only expenditure to each sector for the 2001-2003 period. As shown in Table 2.1 the broad sector shifts in resource allocations show a clear linkage between the GPRS targets and the 2003 budget outturns. Budget allocation to Administration declined in 2003 from 19.79% in 2002 to 14.84% in 2003 as expected and was very close to the GPRS target of 14.2%. Allocation to the Social Service sector has increased consistently since the beginning of the implementation of the GPRS and was 38.67% slightly higher than the GPRS target of 38.1%. This consistent increase in resource allocation to the Social Services sector translated into an increase in resources going to the vulnerable and excluded, and also increases in spending on education and health underscoring the importance of social service access and delivery as the core of the GPRS.

Infrastructure's share of discretionary expenditure increased from 11.64% in 2001 to 17.2% in 2002 and then declined to 15.5% in 2003 much lower than the 17.2% projected by the GPRS. On the other hand the Public Safety sectors allocation increased from 9.67% in 2002 to 11.52% in 2003 and exceeding the GPRS target of 11.1%. The increased allocation to the public safety sector reflects the importance of upholding the rule of law, public order and safety as major pillars of the GPRS.

The sector that did not receive its expected share of resources was the Economic Services sector. The sector's allocation declined by almost 50 percent from 18.02% in 2002 to 9.06% in 2003. Whereas this allocation is somewhat in line with the GPRS target of 9.07% that target needs to be reviewed. It is worth noting that allocations to agriculture, which is a sub-sector of the Economic Services sector, have declined tremendously and the agricultural sector's share is almost half of what it used to be in 2001. To the extent that the poor relies on

agriculture and related activities, the decline in the share of resources to agriculture has negative implications for the poor.

While the government's policy of providing relief and safety nets to the poor and vulnerable through increased allocation to Social Services has crowded out resources to the economic services sector which supports wealth creation and sustained poverty reduction. There is therefore the need to augment the resources to agriculture and economic sectors in the next and subsequent years to enhance growth and sustain poverty reduction.

	<b>2001</b>	<b>2002</b>	<b>GPRS 2003 Target</b>	<b>2003 Budget outturns</b>
Administration	34.86%	19.79%	14.2%	14.84%
o/w Ministry of Local Government Rural Development	3.31%	2.35%		2.75%
o/w Ministry of Finance	2.20%	3.15%		2.23%
o/w General govt Services	21.19%	5.07%	-	-
Economic	14.99%	18.02%	9.7%	9.06%
o/w Ministry of Food & Agriculture	7.17%	4.69%		3.91%
Infrastructure	11.64%	17.20%	17.2%	15.53%
Social	30.18%	34.71%	38.1%	38.67%
o/w Ministry of Education <sup>1</sup>	22.44%	24.14%		26.85%
o/w Ministry of Health	6.67%	9.38%		10.89%
Public Safety	7.94%	9.67%	11.1%	11.52%
Utilities	-	-	2.7%	2.69%
Revenue Agencies	-	-	-	3.08%
Contingency	0.39%	0.62%	6.9%	4.62%
<b>Grand Totals</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

*Source: Appropriation Act and Budget Statements of 2001, 2002, 2003*

**Table 2.2: Distribution of Total GOG Expenditure 2001-2003**

	<b>2001</b>	<b>2002</b>	<b>2003</b>
Administration	41.5%	25.8%	<b>16.4%</b>
o/w Ministry of Local Government Rural Development	2.4%	1.7%	<b>1.8%</b>
o/w Ministry of Finance	2.9%	4.0%	<b>1.9%</b>
o/w General govt Services	27.8%	8.3%	0
Economic	5.3%	6.8%	5.4%
o/w Ministry of Food & Agriculture	1.4%	2.3%	1.7%
Infrastructure	4.4%	3.7%	3.8%
Social	37.2%	47.4%	45.8%
o/w Ministry of Education <sup>1</sup>	28.4%	35.3%	33.4%
o/w Ministry of Health	0.0%	10.3%	11.2%
Public Safety	11.0%	15.3%	14.8%
Utilities	-	-	3.6%
Revenue Agencies	-	-	4.1%
Contingency	0.5%	1.0%	6.1%
<b>Grand Totals</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*Source: Appropriation Act and Budget Statements of 2001, 2002, 2003*

<b>Table 2 3: Expenditures in Priority Areas as % of Total Expenditure</b>			
	<b>2001</b>	<b>2002</b>	<b>2003</b>
Economic services	14.99	18.02	9.06
Social Services	30.18	34.71	38.67
Infrastructure	11.64	17.2	15.33
Public Safety	7.94	9.67	11.53
<b>TOTAL</b>	<b>64.75</b>	<b>79.6</b>	<b>74.78</b>

Source: Ministry of Finance and Economic Planning

As indicated in Table 2.3 the expenditures on the priority sectors as a percentage of total expenditures have increased although there was an apparent decline from 79.6% to 75% between 2002 and 2003. The reasons are that in 2002 no separate allocation was made for utilities and Revenue Agencies and that Contingencies was increased as a cushion to possible shock.

Alleviation of poverty requires infusion of resources not only to the broad priority sectors, but should be directed into programmes and projects in the areas known to be poor. Table 2.4 shows GoG poverty reduction expenditures from various sources including HIPC, DACF, and the Road Fund in 2003. This constituted about 29% of total government expenditures in 2003 and exceeded the planned expenditures of 25.8% for the year. The poverty related expenditures were made in such sectors as Basic Education, Primary Health Care, Agriculture, Rural water, Feeder Roads and Rural Electrification. They constituted large proportions of expenditures made in their respective sectors, ranging from 40% for feeder roads to 99% of total agriculture expenditure earmarked for poverty-focused agriculture.

Although actual recorded poverty expenditures as shown in Table 2.4 were higher than planned in 2003, 68% of the poverty related expenditures consisted of personnel emoluments, which might have mitigated the impact of the better services for the poor because of the low non-salary component of the expenditures.

While the link between the GPRS and the budget was not as strong as expected in 2003, this realisation has influenced the 2004 Budget resulting in an increase in poverty related expenditures in 2004 budget by 27 percent and a one-to-one link between budget expenditures and the MTP programmes and projects.

Table 2.4: POVERTY REDUCTION EXPENDITURES BY SECTOR AND SOURCE

PLANNE D 2003	PE	TOT2-4	HIPC	GETF	DACF	RDFUND	COCOAR	TOTAL
<b>SECTOR</b>								
BASIC EDUCATION	1569.87	109.02	78.88	58.8	94.7	0	0	1911.27
PRIMARY H. CARE	523.29	94.1	132.6	0	76.22	0	0	826.21
POVERTY FOCUSED AGRIC	87.95	33.54	20.4	0	0	0	0	141.89
RURAL WATER	7.12	4.51	82.96	0	14.44	0	0	109.03
FEEDER ROADS	4.45	17.53	40.8	0	20.2	144	1.5	241.98
RURAL ELECTRICITY	1.21	8.34	40.8	0	41.57	0	0	91.92
OTHER POVERTY	388.07	144.39	147.56	0	17.9	0	0	697.92
<b>TOTAL POVERTY EXPENDITURES</b>	<b>2581.96</b>	<b>411.43</b>	<b>544</b>	<b>58.8</b>	<b>265.03</b>	<b>144</b>	<b>1.5</b>	<b>4020.22</b>
<b>ACTUAL 2003</b>								
<b>% of sector expenditures</b>								
<b>SECTOR</b>	<b>PE</b>	<b>TOT2-4</b>	<b>HIPC</b>	<b>GETF</b>	<b>DACF</b>	<b>RDFUND</b>	<b>COCOAR</b>	<b>TOTAL</b>
BASIC EDUCATION	2,086.45	27.08	155.81	34.54	91.93	0	0	2395.81
PRIMARY H. CARE	544.62	19.18	205.77	0	65.63	0	0	835.2
POVERTY FOCUSED AGRIC	83.06	12.64	27.75	0	0	0	0	123.45
RURAL WATER	4.64	2.88	27.15	0	9.81	0	0	44.48
FEEDER ROADS	5.63	0.012	80.1	0	11.61	190.38	1.5	302.732
RURAL ELECTRICITY	0	4.1	25.78	0	24.48	0	0	54.36
OTHER POVERTY	330.5	79.79	185.29	0	112.55	0	0	708.13
<b>TOTAL POVERTY EXPENDITURES</b>	<b>3054.9</b>	<b>145.68</b>	<b>707.65</b>	<b>34.54</b>	<b>316.01</b>	<b>190.38</b>	<b>1.5</b>	<b>4464.162</b>

Sources: Ministry of Finance and Economic Planning and 2004 Budget Appendix

Notes: PE—personnel emoluments, HIPC—Highly Indebted Poor Country, DACF—District Assembly Common Fund, RDFUND—Road Fund, COCOAR—Cocoa Road Rehabilitation

### 2.3 DONOR RESOURCES AND GPRS PRIORITIES?

As shown in Table 2.5 donor resources to sectors of the economy in 2003 were in broad conformity with the GPRS sector distribution. Despite relative increases in allocations to the Ministry of Finance, projected allocations to the Administration sector as a whole declined while Infrastructure and Social Service sector allocations went up.

Allocations to the Public Safety sector by donors continues to rise, reflecting the understanding of the need to uphold the rule of law and order and security from crime and protection of life and property.

**Table 2.5: Distribution of Total Donor Expenditure: 2001-2003**

	2001	2002	2003
Administration	17.5%	10.4%	9.9%
O/w Ministry of Local Government Rural Development	5.7%	3.4%	5.5%
O/w Ministry of Finance	0.5%	1.8%	3.3%
O/w General govt Services	3.8%	0.0%	0.0%
Economic Services	40.2%	35.4%	20.3%
O/w Ministry of Food & Agriculture	22.3%	8.5%	10.7%
Infrastructure	30.5%	38.2%	51.5%
Social Services	11.8%	15.0%	16.7%
O/w Ministry of Education	6.9%	6.8%	6.7%
o/w Ministry of Health	4.9%	8.0%	9.9%
Public Safety	0.0%	1.0%	1.6%
Utilities	-	-	-
Revenue Agencies	-	-	-
Contingency	-	-	-
<b>Grand Totals</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100%</b>

*Source: Appropriation Act and Budget Statements of various years*

#### *Distribution of Total Expenditures by Type of Expenditure*

Table 2.6 shows that although the sector allocations may broadly reflect GPRS priorities, personnel emoluments, which constitute 43.7%, still dominate expenditures. Allocation for Investment declined.

There is the need to maintain an appropriate balance between expenditures on overheads (i.e. personnel emoluments and administrative expenses) on the one hand and expenditures on services and investment on the other. An increase in investments that results in employment creation could contribute to poverty reduction substantially and should therefore be a better proposition.

The low priority given to investments by GoG reveals that the linkage between the 2003 budget and the GPRS is not as strong as expected. For example, the investment expenditures of individual MDAs are not close to cost estimates for the medium-term priority projects and programmes of the GPRS. For 2003 the budgeted investment was only 64% of the estimated cost of funding the MTPs for 2003. The ratio of domestic financed investments to total investments was only 14.5% with the rest being foreign financed. Thus despite the decline in dependence on donor funds, it still accounts for a greater part of the nation's investment expenditure thus rendering development efforts extremely susceptible to the vagaries of donor resource flows. To the extent that donor funds continue to form a greater proportion of investment expenditure and to avoid the possibility of

development agenda being susceptible to resource inflows, the MDBS needs to be strengthened and more donors encouraged to join.

<b>Table 2.6: Utilization of Discretionary Payments ¢billion</b>			
	<b>2002</b>	<b>2003 Actual</b>	<b>% 2003</b>
ITEM	¢ bn	¢ bn	
Personal Emoluments	4197.1	5661.3	<b>43.7</b>
Administration and Service	1452.4	1762.9	<b>13.6</b>
o/w Service	372.7	662.7	<b>5.1</b>
Investment	1951.2	3600.7	<b>27.8</b>
o/w domestic financed	299.6	524.9	<b>4.0</b>
o/w foreign financed	1651.5	3075.7	<b>23.7</b>
Utility price subsidies	449.9	272.5	<b>2.1</b>
HIPC financed Expenditure	175.1	866.3	<b>6.7</b>
Others	545.3	797.3	6.1
<b>Total</b>	<b>8771</b>	<b>12961</b>	<b>100</b>

Source: 2004 Budget, Appendix Table 2

## 2.4 CONCLUSIONS

A closer examination of the details of the 2003 budget suggests that while sectoral allocations reflect the broad priorities of the GPRS, the link between GPRS projects and programmes and budget expenditures cannot be clearly discerned. There was no direct link between the GPRS projects and programmes. Although the link between the 2003 budget and the GPRS was not particularly strong, it was an improvement on the 2002 budget. This apparent weak link was improved upon in the formulation of the 2004 budget which saw a better alignment with the GPRS and the MDA budgets better reflecting the GPRS priorities as will be evident in the 2004 APR.

Donor funding is critical and any disruptions in donor financing will undermine the implementation of key development programmes and projects. But while in the long term over reliance on donor funding might have to be reduced, domestic financing of investment in the short run appears to entail the risks of being expensive and having a crowding out effect on private investment. This will mean that in the short run, reliance on external sources of financing investment might continue but a switch to grant funding or concessionary loans need to be encouraged.

### **3. MACRO-ECONOMIC STABILITY**

#### **3.1 INTRODUCTION**

This section focuses on the Macroeconomic Stability thematic area. The focus of macro-stability in the medium term is to ensure prudent fiscal and monetary policy management to achieve price stability, maintain interest rate levels that are conducive to both savings and investments, and to ensure stable yet competitive exchange rates and a fiscally sustainable debt burden. The GoG with its development partners have defined a number of macroeconomic targets and measures, which fall under broad policy objectives. In line with the Medium Term Priority (MTP) in the GPRS, the Highly Indebted Poor Country's' (HIPC) Initiative, the Multi Donor Budgetary Support (MDBS) initiative, the Poverty Reduction and growth Facility (PRGF) and the Poverty Reduction Support Credit (PRSC) process, various policy objectives have been set to achieve macro-stability.

The macro-economic indicators reveal that macro-stability has favourably been on track. The favourable macroeconomic environment has been attributed to improved fiscal management, increased cocoa production and higher world prices for cocoa and gold. The 5.2% growth rate of GDP in 2003 is largely attributed to growth in agriculture specifically in the cocoa sector and stable conditions that facilitated production generally. One would expect this growth to lead to increases in incomes and employment especially in the cocoa growing areas. The growth in incomes and employment coupled with increased expenditures to various sectors directed to poverty reduction are expected to affect poor households very favourably.

#### **3.2 TRENDS IN MACRO STABILITY INDICATORS**

Tables 3.1 and 3.2 present the performance of selected macroeconomic and financial indicators for the period 2000-3. Generally, the indicators point out that macro stability is on track.

##### **Real GDP/Per Capita Growth**

The GDP growth rate in 2003 was 5.2% exceeded the budget projection of 4.7% for the year, and is better than the GPRS target of 4.9% for the medium term. An important contributor of this growth was the increased growth in agriculture from 4.4% to 6.1%. Growth in the industrial sector also showed an improvement from 4.7% in 2002 to 5.1% in 2003 fuelled by increased construction activity recording a 6.1% growth rate as against 5.0% in 2002. The growth of the service sector in 2003 remained at 4.7%. With an assumption of a stable population growth of 2.6%, per capita growth rate improved from below 2% since 2001 to 2.6% in 2003. While per capita growth still remains low the increase will nonetheless impact favourably on the conditions of the poor.

**Table 3.1: Ghana: Selected Economic and Financial Indicators, 2000 - 2008**

Economic / Financial Indicators	2000	2001	2002	2003		2004		2005	2006	2007	2008
				Prog 1	Est.	Prog 1	Rev Proj	Proj.	Proj.	Proj.	Proj.
				(Annual %tage change unless otherwise specified)							
<b>National Income &amp; prices</b>											
Real GDP	3.7	4.2	4.5	4.7	5.2	5.0	5.2	5.0	5.0	5.0	5.0
Real GDP Per Capita	1.2	1.6	1.9	2.1	2.6	2.4	2.6	2.4	2.4	2.4	2.4
Nominal GDP	31.9	40.2	28.3	33.6	35.4	18.9	18.9	13.5	11.3	11.4	11.4
GDP deflator	27.2	34.6	22.8	27.6	28.6	13.3	13.0	8.1	6.0	6.1	6.1
Consumer Price Index (Annual Avg)	25.2	32.9	14.8	26.4	26.7	8.6	10.8	6.0	5.0	5.0	5.0
Consumer Price Index (End of period)	40.5	21.3	15.2	22.0	23.6	7.0	7.7	5.0	5.0	5.0	5.0
<b>External Sector</b>											
Exports (fob)	-3.5	-3.6	10.2	10.7	20.1	4.0	8.1	7.0	6.2	3.9	4.3
Imports (fob)	-15.2	2.6	-4.1	17.5	20.1	5.3	10.7	8.5	6.1	4.4	4.9
Export volumes	1.0	-1.3	-2.1	-4.8	-6.8	6.6	10.8	6.2	6.3	3.4	3.4
Import volumes	-26.0	10.0	-6.8	5.2	6.9	7.8	5.4	11.4	6.6	4.1	4.5
Terms of Trade	-16.6	4.8	9.4	4.1	14.8	-0.2	-7.0	3.3	0.4	0.2	0.5
Nominal effective exchange rate (avg)	-46.3	-24.0	-11.7	...	...	...	...	...	...	...	...
Real effective exchange rate (avg)	-35.5	0.6	-0.6	...	...	...	...	...	...	...	...
Cedis per USD (avg)	5,431	7,179	7,944	...	8,682	...	...	...	...	...	...
<b>Government Budget</b>											
Domestic Revenue (excluding grants)	42.9	43.5	27.5	58.4	56.2	24.6	32.3	13.6	9.9	10.9	9.8
Total expenditure	39.6	65.5	2.4	50.1	52.5	11.8	17.0	4.5	7.3	10.0	8.4
Current expenditure	48.9	50.5	28.8	37.7	34.2	6.0	15.1	-5.7	5.0	9.1	8.4
Capital expenditure and net lending	24.1	95.7	-38.7	90.3	104.5	25.2	20.7	26.0	11.0	11.4	8.3

Economic / Financial Indicators	2000	2001	2002	2003		2004		2005 Proj.	2006 Proj.	2007 Proj.	2008 Proj.
				Prog 1	Est.	Prog 1	Rev Proj				
				(Annual %age change unless otherwise specified)							
<b>Money &amp; Credit</b>											
Net domestic assets 2/	49.1	13.5	22.9	-7.2	-18.6	1.9	2.3	1.2	-0.7	0.0	0.7
Credit to government 2/	57.7	0.0	30.7	0.0	-8.2	-7.9	11.4	-5.7	-6.0	-5.8	-4.8
Credit to public enterprises 2/ 3/	20.9	11.0	-9.5	2.8	11.2	0.6	-2.5	0.4	0.4	0.4	0.4
Credit to the private sector 2/ 3/	29.7	14.2	18.2	17.9	16.4	19.1	17.7	12.1	10.9	6.5	6.9
Broad money (excluding foreign currency deposits)	33.4	48.4	49.6	25.1	40.9	18.9	19.2	13.0	12.4	11.7	11.1
Reserve money (excluding foreign currency deposits)	52.6	31.3	42.6	24.6	33.4	18.8	20.5	12.9	12.3	11.7	11.1
Velocity (GDP/end-of-period broad money)	5.1	4.8	4.1	4.4	4.0	4.4	4.0	4.0	4.0	3.9	4.0
Treasury Bill yield (in %age; end of period)	42.0	28.9	28.1	...	22.5	...	...	...	...	...	...
<b>Investment &amp; Savings</b>				(In %age of GDP unless otherwise specified)							
Gross investment	24.0	26.6	19.7	22.3	23.2	23.0	23.1	23.8	24.0	24.1	24.2
Private	14.8	13.8	13.6	13.6	14.0	13.8	13.8	14.2	14.6	14.7	15.0
Public	9.2	12.8	6.1	8.7	9.2	9.2	9.3	9.6	9.5	9.5	9.3
Gross national saving	15.6	21.3	20.2	21.9	24.9	22.0	23.5	22.9	23.1	23.2	23.1
Private	14.3	16.1	19.0	16.3	19.2	14.2	15.7	12.6	12.5	12.7	12.7
Public	1.3	5.1	1.2	5.6	5.7	7.8	7.8	10.3	10.6	10.5	10.4
<b>Government Budget</b>											
Total revenue	17.7	18.1	18.0	21.4	20.8	22.4	23.1	23.2	22.9	22.8	22.4
Grants	2.1	6.9	3.1	4.8	4.7	3.8	4.3	3.5	3.2	2.9	2.7
Total expenditure	27.7	32.7	26.1	29.3	29.4	27.6	28.5	26.2	25.3	25.0	24.3
Overall balance (excluding grants) 4/	-10.0	-14.6	-8.1	-8.0	-8.2	-5.2	-5.4	-3.1	-2.4	-2.2	-1.9
Overall balance (including grants) 5/	-9.7	-9.0	-6.8	-4.3	-4.5	-1.7	-1.5	-0.8	-0.5	-0.4	-0.7
Domestic primary balance	2.6	3.8	2.0	1.8	2.2	2.3	1.7	1.9	1.3	1.3	0.9
Divestiture receipts	1.2	0.0	0.0	0.7	0.6	0.5	0.5	0.0	0.0	0.0	0.0
Net domestic financing	8.5	2.3	4.8	0.0	-0.1	-2.2	-1.4	-2.6	-2.5	-2.0	-1.7

Economic / Financial Indicators	2000	2001	2002	2003		2004		2005	2006	2007	2008
				Prog 1	Est.	Prog 1	Rev Proj	Proj.	Proj.	Proj.	Proj.
				(In %age of GDP unless otherwise specified)							
<b>External Sector</b>											
Current accounts balance 6/	-8.4	-5.3	0.5	-0.4	1.7	-1.0	0.4	-0.9	-0.9	-0.9	-1.1
NPV of external debt outstanding											
(in % of exports of goods & services)	...	...	...	143.5	178.7	78.6	115.7	116.2	116.6	117.9	118.3
(in % of government revenue)	...	...	...	258.6	357.1	124.3	198.4	191.4	189.5	184.2	180.5
External debt service due, including to the Fund	11.2	8.5	7.8	6.1	5.9	4.9	6.0	5.0	4.3	3.9	3.6
(in % of exports of goods & and non-factor services)	23.0	18.9	18.4	16.8	16.8	14.1	14.1	13.3	11.9	11.2	10.2
(in % of government revenue)	56.5	34.1	37.1	24.2	24.2	18.8	18.8	17.2	15.1	14.1	12.5
				(in Millions of USD unless otherwise specified)							
Current Account balance 6/	-419	-283	30	-28	126	-89	34	-81	-91	-104	-131
Overall balance of payments	-123	17	40	202	502	-63	-103	-56	-22	5	5
Change in external arrears (decrease - )	27	34	-61	0	0	0	0	0	0	0	0
Gross International reserves (end of period)	264	344	635	1095	1427	1284	1541	1747	1972	2106	2232
(in months of imports of goods & services)	0.9	1.2	1.9	3.2	3.9	3.5	3.9	4.2	4.5	4.6	4.6
Nominal GDP (in billions of cedis)	27,153	38,071	48,862	65,262	66,158	77,620	78,650	89,243	99,341	110,633	123,275

Table 3.2: Selected Macroeconomic Stability Indicators

	2001	2002	2003 Target	2003 Actual
<i>Real GDP Growth rate</i>	4.2	4.5	4.7	5.2
Real Per capita GDP growth rate	1.6	1.9	2.1	2.6
Real Agric growth rate (%)`	4.0	4.4		6.1
Real Per capita Agric growth rate	1.4	1.8	1.9	3.5
Food crop growth rate	5.0	5.2	4.8	5.3
Real Per capita Food Crop growth rate	2.4	2.6	2.2	2.7
Food Price Inflation	16.7	22	15	21.5
Growth of Domestic revenue	43.5	27.5	58.4	56.2
Growth of domestic revenue as % of GDP	18.16	18.42		21.28
Growth of Credit to Agriculture	20.83	9.04		51.12
Proportion of total resources going to key GPRS sectors *	64.75	79.6		74.78
Domestic Debt to GDP ratio	26.8	29.1		22.6

\*Key GPRS sectors: Economic services, Social Services, Infrastructure and Public Safety

Source: various Budget Statements

### Trends In Inflation

In 2003 budget the target was to reduce inflation from 15.2% at the end of 2002 to 9.0% at the end of 2003. However, the 90.4% increase in petroleum prices in February 2003 led to a revision of the inflation target from 9.0% to 22%. By the end of 2003 inflation rate was 23.6% slightly above the revised rate. There was an increase in the food price inflation from 15% in 2002 to 21.5% at the end of 2003. These inflationary pressures may have affected the poor negatively and the distributional effect of the increase in the price of petroleum products is being assessed through a PSIA, which is currently underway.

### External Developments

The strength of the cedi in relation to the major currencies broadly reflected the strengths of those currencies on the international market. In nominal terms the cedi was fairly stable against the US dollar. On the inter-bank market, it depreciated by 4.7 per cent by December 2003. The relative strengths of the euro and the pound sterling on the international markets, and the fact that Ghanaian traders use more of those currencies for importation from Europe resulted in higher depreciation of the cedi against those currencies at 22.5 per cent and 13.0 per cent respectively.

The accumulation of international reserves exceeded \$1 billion in 2003 for the first time in Ghana's history, due to bumper cocoa crop, together with strong international prices for cocoa and gold and strong private remittances from abroad. The reserves can cover 3.9 months of imports.

External debt service declined from 7.8% of GDP in 2002 to 5.9% in 2003 and in percentage of exports of goods and non-factor services declined from 18.4% in 2002 to 16.8% in 2003.

### Government budget

#### *Budget Deficit*

Table 3.1 shows that the overall budget deficit was 4.5% of GDP against a target of 4.3%, a decline from 6.8% in 2002.

Net domestic financing declined from 4.8% of GDP in 2002 to 0.1% net repayment, exceeding the target of zero financing for 2003.

#### *Domestic Revenue Trends*

The growth of domestic revenue has been significant since 2000, exceeding 40% in 2001. In 2002 there was a decline to 27.5%. However the rate of growth doubled to 56.2% in 2003. As a percentage of GDP, the growth of domestic revenue showed a smooth and steady growth.

#### **Trends In Domestic Debt**

In 2003 total domestic debt, exclusive of revaluation stock, decreased by 298.2 billion cedis. The debt burden decreased from a domestic debt/GDP ratio of 29.1% in 2002 to 22.6% in 2003. This reduction in domestic debt, which is one of the important policy objectives of the GPRS, had spill over effects on other sectors of the economy and contributed partly to the reduction in inflation. As a result of the easing inflationary pressures, the Monetary Policy Committee reduced the Treasury bill rate. The 91-day Treasury bill rate fell from 35.3% in June 2003 to 18% at the end of the year.

Due to the existence of structural and institutional bottlenecks, the reduction in the domestic debt did not automatically create the opportunity for commensurate increase in access by the private sector to credit. In spite of this constraint the reduction in the domestic debt yielded some relief to the private sector through the growth of credit to the sector from -11% in 2001 to 37.5% in 2003.

#### **Real Agricultural/Per Capita Growth Rate**

The 5.2% growth rate in GDP was attributed to a satisfactory agricultural growth of 6.1% as against a 4.4% growth in 2002. This strong performance of the Agriculture Sector was propelled by the strong recovery of the cocoa sub-sector, which improved, from a decline of 0.5 per cent in 2002 to a remarkable 16.4 per cent positive growth in 2003. This performance is mainly attributed to the cumulative favourable impact of the continued mass spraying exercise initiated by the Government in 2001. Growth in the other remaining sub-sectors similarly exceeded their 2002 levels. The growth in agricultural output in 2003 was more than double the growth in population meaning an increased per capita agriculture growth

#### **Real Food Crop/Per Capita Growth**

The growth in the food crop sub-sector in 2003 of 5.3% was marginally different from the growth experienced in 2002. Thus real per capita food crop growth rate increased marginally. The growth in the food crop sector is dependent on the weather. Thus the need to pursue modernised agriculture with emphasis on irrigation.

#### **Credit to Agriculture**

After a decline in the growth of credit to the agricultural sector in 2002 to only 9% from a 21% growth in 2001, credit to the sector picked up again in 2003 reaching 51%. Increased credit is one of the policies of the GPRS to enhance agricultural production. While the 6.1% growth in the agricultural sector has be partly explained other factors including mass spraying of cocoa farms, the increased credit to the sector and increasing access to financial services by the private operators could also be a contributory factor.

### 3.3 POVERTY REDUCTION IMPACT

To reduce poverty in Ghana, the GPRS aims to improve real GDP growth to 5.0% and per capita income from 1.4% in 2001 to 2.4% in 2005. The growth of 5.2% exceeded the GPRS target. This growth was fuelled by the growth in agriculture of 6.1%. A majority of the rural households derive the bulk of their income from the sector. Thus the good agricultural performance meant household incomes improved in the agricultural community.

The growth in agriculture was attributed to increased cocoa production. The year 2003 also witnessed increases in cocoa producer prices, reaching 69% of f.o.b. This meant that the incomes of cocoa farmers increased in 2003, contributing substantially to poverty reduction in the cocoa producing areas. Thus the distribution of the increased GDP growth was skewed towards the cocoa growing areas benefiting households in Ashanti, Brong-Ahafo and Western regions. The poverty endemic areas did not benefit much from the growth of the economy.

Results of the 2003 CWIQ were used to investigate the relationship between growth and economic conditions of households and the levels of unemployment. At the micro level using the 2003 CWIQ data one can discern changes in economic conditions of households in different regions of the country and on rural and urban households. (Tables 3.3 and 3.4)

In spite of the weaknesses in the 2003 CWIQ data<sup>1</sup> one can glean something interesting from the data. The proportion of households, which indicated they were worse off at the beginning of 2003 than in 2002, was greater than those whose economic conditions improved irrespective of the region and whether the location was urban or rural. But the degree of deterioration of economic conditions, measured by the difference between the worse now and better now was less serious for Ashanti, Brong-Ahafo, Northern and Upper East regions. The relatively better performance of Ashanti and Brong-Ahafo can partly be explained by the performance of the cocoa sector, while good food crop yields and infusion of government poverty reduction expenditures may explain the conditions in the Northern and Upper East regions.

#### Employment

Employment is a way of increasing incomes. But instruments for tracking trends in employment are not available on annual basis. Thus, one has to rely on data from CWIQ surveys, which tend to understate the extent of unemployment. While from the two CWIQ surveys unemployment increased between 1997 and 2003 from 3.9% to 5.4% respectively, and was worse for females than males, unemployment among the urban poor declined, with a greater decline for males from 12.5% to 6.4%. Among the four poverty endemic areas, the Northern and Central regions experienced declines in unemployment rates while the Upper West, and Upper East experienced increases.

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<sup>1</sup> It must be emphasised that the 2003 survey was conducted during the first quarter of 2003 and thus the results cannot be generalised for the whole year. Secondly, the energy price shocks of February 2003 and the discussions that it engendered might have impacted on peoples' perception of their economic conditions. Thirdly the definition of unemployment used relies on an individual's own assessment of whether he/she is unemployed, rather than the standard ILO definition

<b>Table 3.3: Welfare Indicators 2003</b>					
<b>Household economic situation compared to one year ago</b>					
	<b>Total</b>	<b>Rural</b>	<b>Rural Poor</b>	<b>Urban</b>	<b>Urban Poor</b>
worse now	51.5	51.6	52.2	51.4	53.1
better now	27	28.9	26.9	24.6	26.4

		<b>WR</b>	<b>CR</b>	<b>GR</b>	<b>VR</b>	<b>ER</b>	<b>AS</b>	<b>BA</b>	<b>NR</b>	<b>UE</b>	<b>UW</b>
worse now	51.5	48.6	49.7	58	68.7	57.9	40.6	47	45.9	45.9	59.3
better now	27	27.5	27.6	16.3	13.1	27.5	36.7	35.7	29.9	26	26.3
Difference	26.5	21.1	22.1	41.7	55.6	30.4	3.9	11.3	16	19.9	33

*Source: Ghana Statistical Service, 2003 CWIQ data*

<b>Table 3.4: Unemployment Rates</b>					
<b>2003 CWIQ</b>	<b>Total</b>	<b>Rural</b>	<b>Rural poor</b>	<b>Urban</b>	<b>Urban poor</b>
Unemployed	5.4	3.5	4.1	7.6	7
Male	5.1	3.3	4.4	7.4	6.4
Female	5.6	3.7	4.1	7.8	7.6
Underemployed	13.6	14.9	8.9	12.1	10.7
Male	14.3	16	9.5	12.2	9.5
Female	13	13.9	8.4	12	11.7
<b>1997 CWIQ</b>					
Unemployed	3.9	2.2	2.6	7	9
Male	4.7	2.3	3.1	9.2	12.5
Female	3.2	2.2	1.3	5.2	7

<b>2003 CWIQ</b>	<b>Total</b>	<b>WR</b>	<b>CR</b>	<b>GR</b>	<b>VR</b>	<b>ER</b>	<b>AS</b>	<b>BA</b>	<b>NR</b>	<b>UE</b>	<b>UW</b>
Unemployed	5.4	4.9	3.1	8.8	4.4	3.7	6.5	3	2	13.2	4
Male	5.1	4.6	3.1	9.2	3.9	3.2	5.6	2.3	1.7	14.4	4.5
Female	5.6	5.1	3	8.4	4.8	4.1	7.2	3.6	2.3	12.1	3.6
Underemployed	14	14.3	12.1	13.2	12.6	16.4	17	15	6.7	13.2	8.4
Male	14	14.6	11.6	13.4	12.9	18	18	17	7.5	14.1	9.5
Female	13	14	12.6	13	12.4	15.1	16	13	5.9	12.3	7.5
<b>1997 CWIQ</b>											
Unemployed	4.6	4.8	3.2	7.8	3.9	4.9	7	3	2.9	0.4	0.5
Male	5.5	7.1	4	10.1	4.7	3.5	7.2	4.1	3.9	0.3	0.6
Female	4.1	2.7	2.6	5.8	3.3	5.8	6.8	2.2	2	0.5	0.3
Underemployed	1.1	1.2	1.4	2	2.4	0.9	0.5	0.6	0.4	0.1	0.5
Male	1.5	1.5	1.8	2.8	2.6	1.7	0.8	0.8	0	0.3	0.8
Female	0.8	0.9	1.2	1.3	2.2	0.4	0.3	0.5	0.7	0	0.3

*Source: Ghana Statistical Service, 1997 and 2003 CWIQ dat.*

### 3.4 MACRO-STABILITY POLICY DEVELOPMENTS

The favourable macroeconomic environment was the result of a number of macro measures put in place by government. These fall under the following broad objectives:

- Reduce and restructure the domestic debt,
- Improve Public Expenditure Management,
- Improve fiscal resource mobilization and
- Pursue price and exchange rate stability.

Table 3.5 provides a summary of the policy objectives and the various measures adopted to achieve macro stability.

#### **Reduce and Restructure the Domestic Debt**

The Government undertook several activities to reduce and re-structure the domestic debt including paying-down the domestic debt including the use of HIPC savings, and developing medium and long-term instruments.

##### *HIPC Savings and Development of Medium and Long Term Instruments*

Disbursements of HIPC funds amounted to ₺850.79 billion by the end of the year, out of which ₺144 billion (representing 17% of disbursements) was used for domestic debt payment. As at the end of 2003, 225 billion cedris of domestic interest payments had been financed through HIPC savings. With regard to restructuring the debt, the GoG Index Linked Bond and Cocoa bills introduced since 2002 enabled the government shift away from 90-day to medium and long-term credit regimes.

**Table 3.5: Policy Objectives of MTP, HIPC, PRSC-2, MDBS**

<b>Policy Objective</b>	<b>Measure/Activity/Triggers</b>	<b>Status</b>
<b>MTP</b>		
Reduce and restructure the domestic debt	Pay down the domestic debt	€144 billion was paid to reduce domestic debt
	Develop medium and long term instruments	GoG index linked bond Cocoa Bills continued
Improving Public Expenditure Management	Review, refinance and strengthen implementation of MTEF and PUFMARP	Financial information project that will house the BPEMS operating system is 65% completed due to lack of funds
<b>HIPC</b>		
	Preparation of a full PRSP and satisfactory implementation for at least one year as evidenced by the joint staff assessment of the country's annual progress report	The GPRS was finalised in February 2003 and the Executive Board at the conclusion of the 2003 Article IV consultation, endorsed it in May 2003
	Macro-economic stability- Continued maintenance of macro-economic stability as evidenced by satisfactory implementation of the PRGF-supported programme	Macro economic stability for 2003 has favourably been on track: GDP growth rate of 5.2%, Agricultural growth rate of 6.1%, budget deficit of 3.4%, cedi depreciation rate of 4.7% against the dollar, decreased domestic debt-GDP ratio of 22.6%, growth of domestic revenue of 56.2%.
	Use of budgetary savings in priority areas and monitored. Information published in time for an annual public hearing as an input to annual progress report on GPRS.	Budgetary Savings has been used in priority areas
Public Expenditure management	Electronic expenditure reporting system installed in MoF, CAGD and at least two key sector ministries	The reporting system has been installed at MFEP and CAGD
<b>PRSC2</b>		
Reduce domestic debt and create room for private sector credit and scope for financing poverty expenditures	Implement 2003 domestic debt reduction to release resources for funding growth and poverty reducing activities	Outstanding stock of Government securities fell from 17% of GDP in 2002 to 16.1% of GDP in 2003
Strengthening Public Expenditure Management		
(a) <i>Modernize PEM Regulatory Framework</i>	Begin Implementation of the Financial Administration Bill enacted by Parliament and table Central Internal Audit Bill	The Financial administration Bill was passed into law at the end of December
(b) <i>Strengthen Budget Formulation</i>	Standardize activities to simplify MTEF and adopt measures to align functional classification of Budget with GFS	Health and Education ministries limited their outputs considerably. Linkages of MTEF & GPRS were enhanced as budget volumes included summaries of MDA objectives and related GPRS MTP and expenditure by GPRS thematic areas, MTP and sources of fund
	Conduct PER	PER was done on the roads sector. Document is almost ready for printing

<b>Policy Objective</b>	<b>Measure/Activity/Triggers</b>	<b>Status</b>
	Further increase compared to 2003 budget, in poverty reduction budgeted expenditures as share of domestically financed expenditures (including HIPC)	A 27% increase in 2004 over 2003 budget in poverty reduction expenditures
<i>(c) Strengthen Budget execution and reporting</i>	Prepare monthly (commitment and expenditure) budget execution report reconciled with BoG, with no more than 8 weeks lag. Expand BPEMS to cover 3 main MDAs in Accra (Education, Health and Roads and Highways) Disseminate budget information in simplified format to broader audience (e.g. radio, pamphlets etc.)	Monthly reports are submitted with no more than 8 weeks lag Implementation of a budget and Public Expenditure Management System in MFEP and CAGD continued Budget Highlights produced for press, printed in the Daily Graphic, posted on the internet, Regional peoples Assembly conducted and an exhibition for the public at Foyer of the Parliament House.
<b>MDBS</b>		
<i>(d) Strengthening Public Expenditure Management</i>	Further increase compared to 2003 budget, in poverty reduction budgeted expenditures as share of domestically financed expenditures (including HIPC)	A 27% increase in 2004 over 2003 budget in poverty reduction expenditures
<i>(c) Transparency and value for money in Public Expenditure</i>	Begin implementation of the new Procurement Bill enacted by Parliament by establishing and ,making operational Public Procurement Institutions	Regulatory and oversight body to implement new procurement code has been established

## Improving Public Expenditure Management

To improve public expenditure management several activities were undertaken by Government. These included:

- Strengthening budget control systems and training of MDA Budget Committees and members of the Budget Development unit on the need for the Budget to be driven by the priorities of the GPRS. Expenditure Initiation Forms were introduced as a basis for requesting for release of funds for all expenditures except wages. This was to ensure that MDAs conformed to their planned programmes and activities.
- As part of the process of modernising the PEM Regulatory Framework, the Financial Administration Bill was passed into law at the end of December 2003.
- Strengthening Budget Execution and reporting included submission of monthly reports with no more than 8 weeks lag. Reports on cash expenditures and commitments by MDAs classified by function have been published monthly in the government gazette, following implementation of a new reporting system.
- Implementation of a Budget and Public Expenditure Management System in MFEP and CAGD continued. Among the activities towards the implementation of BPEMS are:
  - A computer-based financial management information system to underpin the new expenditure reporting system is being implemented on a pilot basis starting with MoF and Controller and Accountant-General's Department (CAGD); the Ministry of Health will be added in April and Roads and Transport and Education in May 2004. It is envisaged by the end of November 2004, the BPEMS would have been extended to Ministries of Interior, Local Government, Communications and Works and Housing. There is no timetable yet for the remaining ministries.
  - Re-design of accounting and budgeting forms for use by the remaining MDA sites for subsequent entry into the system at designated sites;
- Customisation of the Public Sector Budgeting Module to enable it perform activity based budgeting;
  - Completion of an Interim Data Centre to cater for the day-to-day operations of the servers until the Financial Information Centre is completed; and
  - Regulatory and oversight body to implement new procurement code has been established

While the government has fulfilled several obligations under the various programmes, the full implementation of the PUFMARP program in general and the BPEMS component in particular has been delayed with its unfavourable implications for improved expenditure monitoring and financial management due to technical difficulties,

Preliminary assessment of the success of the public expenditure management reforms indicates that Ghana has achieved 7 out of 16 Public Expenditure Management (PEM) benchmarks in 2003 compared with 1 out of 15 in 2001, and has improved on 8 of these indicators.

## **Improve Fiscal Resource Mobilization**

The Government has instituted two programmes to improve fiscal mobilization:

- Revenue collection institutions & DAs tax collection units have been strengthened and the implementation of the Tax Identification Number (TIN) in all revenue agencies is now functional. In addition the Large Taxpayers Unit (LTU) is being launched in 2 phases.
- There has been an improvement in collection of non-tax revenues through proper accounting for Non Tax Revenues collections. NTR accounts have been opened for all Ministries, Departments and Agencies at the Bank of Ghana and all MDAs are expected to transfer all their collections including those from the regions and districts into these accounts on a regular basis. As a result of these measures, NTR lodgement into the consolidated fund in 2003 exceeded the 2002 lodgement by 44 per cent.

## **Pursue Price And Exchange Rate Stability**

A Monetary Policy Committee (MPC) has been established and it meets every two months. The Committee uses the prime rate to signal the market expectations of inflation and hence interest rate. In response to policy initiatives of the MPC, interest rate declined in the latter part of 2003 (from 27.0% through 24.0% to 21.5% by December 2003).

Furthermore the independence of the Bank of Ghana in its pursuit of monetary policy has been reinforced in the new Bank of Ghana Law. The law only allows government to borrow not more than 10% of the previous years revenues, thus limiting the extent of government borrowing.

### **3.5 RECOMMENDED POLICY INITIATIVES**

The government is committed to and has succeeded in maintaining macro-economic stability and intends in 2004 to maintain the macro-economic stability achieved in 2003. To strengthen the government's continued effort to stabilize the economy, the following policy measures will be undertaken.

First, without losing control over macro-stability the government will simultaneously pursue more ambitious growth policies, which will propel the economy to a higher growth rate than hovering around 5%. Second, the government will continue to reduce the debt burden by increasing revenue collection through further improvements in the efficiency of the revenue collecting agencies. Third, the government will use an optimum mix of appropriate fiscal and monetary policies to deliver on inflation and other macroeconomic targets and continue to strengthen public expenditure management.

Notwithstanding these efforts there are a few challenges that the government will face in 2004 including the delayed petroleum price adjustments. The challenges will be managed carefully so as not to disturb the macro objectives of 2004. The government plans to use the TOR Debt Recovery Fund, which is expected to yield 1.2 trillion cedis to partly fund the subsidies for the delayed petroleum price adjustments. The government also plans to close the unplanned financing gap through fiscal adjustments which consist of curtailing discretionary expenditures but protecting poverty reduction expenditures, reducing net domestic debt repayments from 2.2% of GDP to about 1.5%, and finding more sources of revenue (non-tax revenue) through accelerated divestiture and increased dividends from state-owned companies.

Government expenditures generally reflected the GPRS priorities. However these expenditures as published do not clearly show the extent to which the poor benefited, especially the deprived areas of Northern, Upper east and Upper West and Central Regions. A more detailed breakdown of expenditure will be provided to forge a closer link between budget allocations and beneficiary targets.

The areas of budget formulation, execution and reporting still need upgrading and the link between the budget and GPRS would be strengthened further. The Budget and Public Expenditure Management System will be expanded to six other MDAs by November 2004.

As part of the Public Financial Management Reform Programme the Ministry of Finance and Economic Planning will operationalise the Financial Administration Act, the Internal Audit Agency Act and the Public Procurement Act as well as enhance the activities of the External Audit Act. The government expects timely disbursement of pledges by Development Partners and will encourage donors that are not party to the MDAs to join.

The Bank of Ghana will work to diffuse the inefficient institutional structures in the financial sector to allow for a well-functioning financial sector which impacts on growth and thus helps to reduce poverty.

The unemployment rate is a critical macro indicator of welfare but is not routinely reported on. Government will work hard to ensure that labour market information be made available more frequently.

## **4. PRODUCTION AND GAINFUL EMPLOYMENT**

### **4.1 INTRODUCTION**

The Production and Gainful Employment thematic area focuses on policies designed to reduce poverty and stimulate growth by (i) the development of the rural economy through modernising agriculture, (ii) sustained environmental protection through re-forestation (iii) enhanced infrastructural development, and (iv) creating an enabling environment for private sector activities and development.

Following discussions with representatives from Ministries, Departments and Agencies (MDA's) in the *Production and Gainful Employment* thematic area, the indicators and targets corresponding to the programmes and activities of the Medium Term Priorities (MTP's) were revised and updated where appropriate. The indicators and targets for Agriculture, Energy, Lands and Forestry and Roads and Transport in particular, have been substantially revised to reflect the concerns and comments of stakeholders.

### **4.2 OUTCOME/IMPACT INDICATORS**

Table 4.1 summarises the status of impact indicators for the four areas of agriculture modernisation, environmental protection through re-forestation, infrastructural development and strengthened private sector.

**Table 4.1: PRODUCTION AND GAINFUL EMPLOYMENT INDICATORS**

Sector	Indicator	Target	Indicator Level 2002	Indicator Level 2003	Progress Towards Target
Food security	% of post harvest losses	15-20%	Cereals: 25-30% Perishables:35-40%	20-25%	Modest progress
	Tones of silo space established	35mt	35mt	35mt	No progress
	Extension of officer farmer ratio	1:1200	1:2200	The ratio remains 1 to 2200	No progress
Fisheries	Quantity of fish produced per unit area of pond per cycle	3 tonnes /ha/yr	2.5tonnes/ha/yr	2.5tonnes/ha/yr	On track
	Area under fish farm	450ha	350-400ha	450ha	Target achieved
	No of hatcheries constructed	4	3	3	No progress
Provision of Irrigation facilities	Quantity of fingerlings produced per unit area of fish cycle			150,000	Baseline in 2003
	Percent of arable land under irrigation	0.12%(33,000ha)	0.04%(11,000ha)	currently estimated at 0.08%	Good progress
	Number of dugouts constructed	262	237	713 out of 1309(bore holes, dugouts, water storage, stream diversion, stream and tube well pumping) were completed	
Improve rural Sector farm and non farm growth PRSC2	Farm gate price of Cocoa	69% of FOB		The farm gate price of cocoa was raised to 69% of FOB	Target met
	Increased exports of cash crop: Cocoa			Exports of cocoa increased by 11%	Good progress
	Farmer access to mechanized tillage	15%	Less than 5%	8% in2003	Good progress
Increased Mechanization in Agriculture	Access to harvesters	5%	Less than 2%	2% in 2003	No progress
	Access to processing equipment	30%	20%	24% in	On track
	Farmer tractor ratio	1:90,000	1:180,000	Currently the ratio stands at 1:150,000	
LANDS AND FORESTRY	No of hectares planted(MTP indicator)	40,000ha/2008	17,000ha	30,326ha	Good progress
	Rate of deforestation		65,000 per year	50,000 per year	Good progress
	Number of CRMAS* established (GPRS indicator)	1	2	1	No progress
	Ha of urban areas planted	20,000ha/2008		1300ha	Some progress
	Ha of degraded forest reserve planted	60,000 /2008		25,691ha	On track
	Amt. of permanent employment	100,000/job		95,000 jobs	On track

Sector	Indicator	Target	Indicator Level 2002	Indicator Level 2003	Progress Towards Target
	generated.	1,300,000 parcels of land /2008		1131 certificates issued in 2003	Target appears too ambitious
Land Administration	No. of titled and registered allodial titles to stools, skins and tendambas clans	50 (2008)	15	No progress	
	Number of current land cases concluded	Reduced by 35,000(2008)	60000 currently in court	Alternative Dispute Resolution commences in 2nd Quarter	Not much progress
	Number of customary land administration units established	50 established(2008)	7 established	2 established (Gbawe., Wassa Amenifi)	On track
	Number of regional land courts established	10(2008)	1	In proposal stage	
Information & Communication Technology					
Providing ICT for schools	No. of schools provided for	514/2005	0	257	Good progress
	No. of fixed telephone lines installed	400,000/2005	200,000	283,000	Some progress
Energy					
Enhanced infrastructural development/ ensure reliable supply of high quality energy services	Ratio of energy demand to energy supply	-	-	0.73	
	People with access to non-wood fuel energy(over 68% of total energy consumed in Ghana is from wood fuels)			43.4%	
	Households with electricity			50.6%	
	Total electricity power generated(megawatts)			1,652	
	Lifeline pricing for electricity sector developed and implemented			Done	Target met
	Phase out budget subsidies to petroleum sector			Process to remove subsidies in place ( Price of Petroleum products increased by 90.4% in 2003)	
<b>PRSC-2</b>					
	Reduce system loss	26%/2002		N/A	
Enhanced access to markets through improved feeder roads	Length of motorable feeder roads			32,601.8 kms	Good 36% Fair 26% Poor 38%

Sector	Indicator	Target	Indicator Level 2002	Indicator Level 2003	Progress Towards Target
Private Sector Development /Trade and Industry Strengthen the Private Sector	Improve access and increase volume of credit at affordable prices				In progress
	Reduce bottle necks to private sector development		Institutional and legal bottlenecks removed		In progress
	Promote entrepreneurship in agro-business		No. of graduate of tertiary institutions venturing into self employment		
<b>PRSC2</b> Improve the investment climate	Implement first year tranche of approved time- bound implementation plan to remove key regulatory and administrative barriers			1.Business Registration and approval reform initiated 2.Land reform initiated in 2003 3.Taxation and Customs Administration reform initiated in 2003	
Improve Trade facilitation	Increased export growth		Increased export growth	2003:US\$2,31million	
	Reduced trade related administration barriers		Reduced administration time	Clearance time at customs reduced at Tema and Takoradi from 2days to one day	Good progress
	Increased private investment		Foreign Direct investment		
Improve investment climate			Reduced Time for Business registration	Time decreased by 34%	
				Final draft document submitted	
<b>MDBS</b> Improve the investment climate	Approval by Cabinet of medium term private sector development strategy with action plan and monitoring and evaluation matrix				
To provide processing equipment to micro and small – scale producers	No. of small- scale agro-processing firms established	50(2004)			In progress.

Source: GPRS, MDAs, PRSC, MDBS.

\* CRMAS – Community Resource Management Areas

## Modernized Agriculture

The status of fifteen indicators has been reported here as per Table 4.1. These indicators are not exhaustive. The choice reflects data availability, the views of stakeholders in the sector and the extent to which the indicators are linked with the MTP. These indicators include measures like the percent of post-harvest losses, tons of silo space constructed and the farmer extension ratio.

### Food Security

There was not much improvement in the three measures of food security. The percentage of post harvest losses declined only marginally for both cereals and perishables. Indicator levels in 2003 show that no new silo space was created in 2003. The extension officer-farmer ratio remained at 1 to 2,200. However a total of 107 farmers, agricultural extension agents and students from tertiary institutions have been trained in animal traction technologies at Nyankpala in the Northern Region, Nkwanta in the Volta Region and the Agricultural Research Station of the University of Ghana, Legon,

In terms of people's perception on difficulty with food needs, data from the 2003 CWIQ (Table 4.2) indicate that the poor had greater difficulty, especially the rural poor. In terms of regional distribution, Upper East, Upper West and the Volta Regions were the regions with the greatest difficulty with their food needs.

**Table 4.2: Difficulty with Food Needs**

	Total	WR	CR	GR	VR	ER	AS	BA	NR	UE	UW	R	RP	U	UP
Difficulty with food needs (%)	12.8	9.5	10.3	12.1	21.9	10.8	12.2	5.4	8.7	40.3	23.3	13.8	22.5	11.6	13.7

Source: 2003 CWIQ data.

Notes: R – rural, RP- rural poor, U –urban, UP – urban poor, WR to UW indicate Regions

### Fisheries

There was no increase in the number of fish hatcheries from 2002 to 2003. The area under fish farming increased to the extent that the target for 2004 of 450 hectares was achieved in 2003. Despite this increase, the quantity of fish produced per unit area of pond per cycle showed no increase from 2002 to 2003. Overall there was slight increase in the growth of the fishing sector from 2.8% in 2002 to 3.0% in 2003. It is unlikely that aquaculture contributed much to this growth.

### Provision of irrigation facilities

The percent of land under irrigation was 0.04% in 2002. An additional 1200ha of land has been irrigated in 2003. The total land area under irrigation is currently estimated at 0.08%, which indicates that the percentage of land irrigated has doubled since 2002. The increase in arable land under irrigation can partly explain the increase in food crop production in 2003. However, the increase could also have resulted from factors such as good weather. The PSIA on Modernised Agriculture currently in progress will shed some light on the causal linkages being surmised here.

### Mechanised Agriculture

The farmer-tractor ratio improved from 1:180,000 to 1:150,000, and farmers had greater access to mechanised tillage, harvesters and processing equipment.

There is good progress in terms of irrigation and mechanization, however while the increase in arable land under irrigation and access to tractor may have contributed in part to the increased crop production the causal links have not been established. The results of the PSIA on Modernised Agricultural currently in progress will hopefully shed some light on the link.

#### Rural Sector Farm and Non-Farm Growth

The farm-gate price of cocoa was increased to 69% of FOB for the 2003/2004 cocoa season.

### **Environmental Protection through Re-Aforestation**

#### Re-aforestation

Indicators in this area suggest that progress is being made in decreasing the rate of deforestation per year from 65,000 to 50,000 hectares. Good progress towards reforestation targets is also being made with respect to replanting in forest reserves and urban areas, with 1300 hectares of urban area planted while 25,691 hectares of degraded forest reserves were planted. However, there has not been much progress with respect to establishing Community Resource Management Areas (CRMAS). Only one CRMAS was established in 2003.

#### Land Reform

The Land Administration Project was instituted in April 2003. There has been some progress in this area with respect to the issuing of Land Title certificates to individuals, and the establishment of 2 customary land administration units in 2003. At the present rate the target of 50 land administration units by 2008 will not be achieved. No progress has been made in the proposal to establish regional land courts.

### **Infrastructural Development**

The availability of good, efficient and equitably distributed infrastructure is key to poverty reduction. The provision of ICT permits greater access to information and easier communication. Improved energy sources such as electricity permits the introduction of new technologies and services. The range of production opportunities is expanded making possible the processing of the products of the rural sector. Rural and feeder roads have impact on poverty alleviation. They open up rural areas to wider markets, and provide access to inputs for production. Transport costs are also reduced.

#### Information and Communication Technology

Good progress has been made in this area, the provision of fixed phone lines has increased from 200,000 in 2002 to 283,000 in 2003 and 257 schools have been provided with ICT in 2003 compared with no schools being provided for in 2002.

#### Energy

In this area, the indicators provide information on the ratio of energy demand to energy supply, people with access to non-wood fuel, households with electricity, total power generated in megawatts, development and implementation of lifeline pricing for electricity and budget subsidies to petroleum sector,

On the supply side the available capacity is estimated at 1,484MW (hydro and thermal) while the installed capacity is 2,064 Megawatts. The peak demand ever recorded on the other hand is 1,090

MW. Based on these figures, the ratio of energy demand to energy supply is 73 percent (or .73 to 1). This implies an excess supply of power of about 27 percent. It is important to note that the peak demand only refers to individuals and customers already on the grid, hence it reflects *actual* demand as opposed to *desired* demand.

Information from the 2003 CWIQ survey indicates that overall there was an increase in the percentage of households using non-wood fuel for cooking, however among the rural and urban poor percentages declined in the use of non-wood fuel.

Using the 1997 and 2003 CWIQ data, about 51% of the households in 2003 had electricity compared with 37% in 1997. There was a slight improvement for the rural poor (7.2% in 2003 and 6.2% in 1997) and a decrease for the urban poor.

With respect to life line pricing for the poor (completed in 2002), a Poverty & Social Impact analysis study on “Electricity tariffs and the poor” currently in progress should provide some more information on this indicator.

#### Roads - Motorable Feeder Roads

The feeder road system is to ensure that rural and farming communities transport needs are adequately met. The length of motorable feeder roads is 32,601 kilometres of which 36% are in good condition, 26% fair, and 38% in poor condition.

#### **Strengthening The Private Sector**

Regarding the outcome indicators in this sector, there has been some progress in the area of reduced trade related administration barriers, where clearance time at customs in Tema and Takoradi ports has been reduced from 2 days to one day. Also, time spent on business registration procedures has been decreased by 34%.

#### **4.3 POLICY DEVELOPMENTS/MEASURES/TRIGGERS**

Policy objectives, actions and measures for achieving the desired impact of reducing the incidence of poverty, improving the standard of living in the urban and rural areas under Production and Gainful Employment have been summarised in Table 4.3 and the major ones discussed below.

**TABLE 4.3 : POLICY DEVELOPMENTS MATRIX FOR MTP, HIPC, PRSC, MDBS**

Policy Objective	Activity & Measures	Status
<p><b>AGRICULTURE</b></p> <p>MTP Modernized Agriculture based on rural development</p>	<p>Promote farm mechanization Provide irrigation facilities Acquire land for Commercial farming Rehabilitate fish hatcheries. Improve access to inputs for livestock and crop production. Promote the production of high value crops</p>	<p>The farmer –tractor ratio improved from 1:180,000 to 1:150,000 Total land under irrigation is 0.08% of arable land(target of 0.12 for 2005) Inventory of agricultural land acquired by govt. undertaken Several on-going projects were continued. Not much progress achieved though several projects embarked on</p>
<p>PRSC Improve rural sector Farm and Non-Farm Growth</p>	<p>Review target areas market access, extension services technology etc) to update operational plan Pursue reforms to increase farmer gate prices of cocoa to 69% of F.O.B.</p>	<p>Done Cocoa price increased to 69% of .FO.B.</p>
<p>MDBS</p>	<p>Begin implementation of MOFA Strategic Plan, costed with clear links to GPRS target.</p>	<p>Plan prepared and distributed</p>
<p>MTP Increase environmental Protection through re-forestation</p>	<p>Provide material and financial support for re-forestation of degraded forests, abandoned mining areas and major river banks</p>	<p>The LAP project in progress</p>
<p><b>INFRASTRUCTURAL DEVELOPMENT</b></p> <p>ICT MTP Improve communications for production and human development</p>	<p>Provide information communication technology for schools. Increase telephone access outside the urban centres</p>	<p>257 schools 83,000 telephones installed</p>
<p><b>ENERGY</b></p> <p>MTP Ensure reliable supply of high quality energy services</p>	<p>Implement cost recovery pricing for energy. Continue rural electrification programme. Support development of renewable energy</p>	<p>Done In progress In progress</p>
<p>Energy Provision to Boost Industrial Development</p>	<p>Automatic price adjustment mechanism in place. A strategy for full economic pricing in the electricity sector including lifeline pricing to ensure affordability for low-income users.</p>	<p>Bui Dam, West Africa Gas Pipeline, etc planned Done Done</p>
<p>HIPC</p>	<p>Maintain implementation of tariff adjustment mechanism, with lifeline protection for the poor. Launch power sector reform and implement 1<sup>st</sup> year agreed actions Maintain imp. Of automatic price adjustment( in Petroleum)mechanism to keep sector viable, while providing cross subsidization in favour of the poor</p>	<p>Done In progress In progress</p>
<p>PRSC</p>		

Policy Objective	Activity & Measures	Status
MDBS	Accelerate the programs for deregulation of the petroleum sector. Sustain incremental efforts at achieving and maintaining full cost recover in electricity and water utility pricing as well as improving the efficiency of the utility companies. Pricing formulas for electricity and water continue to be administered by the PURC.	In progress In progress Done
ROADS MTP Enhance infrastructural development to facilitate production and distribution, intraregional trade and access to ports	Develop and rehabilitate major highways including Accra – Kumasi, Accra – Yamoransa and Accra – Aflao – Noepe Construct and rehabilitate one good road linking rural and urban markets in every region Improve farm roads to markets through Regravelling, spot improvements And upgrading of feeder roads.	In progress On course On course
MDBS Improving Performance of Rural Sector in Interest of the Poor	Improve Feeder and Trunk road condition mix index	Condition worsened
Trade Facilitation	Review targeted areas( cargo handling, stevedoring, etc.) and develop implementation plan to improve performance. Reduce length of custom procedures by extending GSMS/GCNet at Takoradi and Tema Ports. Implement computerized risk management system under the destination inspection	Customs procedures reduced to 1-2 days  In progress
Strengthening of Private Sector  MTP	Improve access and increase volume of credit at affordable prices Reduce bottlenecks to private sector development Promote entrepreneurship	Improved access to credit programmes in progress  Activities to reduce bottlenecks in progress Activities in progress
PRSC Improve the Investment Climate	Implement First Year Tranche of approved time-bound Implementation Plan to remove key regulatory and administrative barriers	Automation and computerization of Register General Dept in progress. Time bound plan to remove key regulatory and administrative barrier incorporated into medium Term National Private Sector Development. Strategy
MDBS	Cabinet approval of medium-term Private sector development Strategy	Done

Policy Objective	Activity & Measures	Status
MOTI MTP Development of agro-processing	Providing processing equipments to micro and small- scale producers Promote the development of agri-business zones Facilitating access to credit Encouraging exports of MSEs	Not on course Not on course No information No information
PRSC Improve Trade Facilitation		Activities in progress

### **4.3.1 Rural Development Based On Modernised Agriculture**

The Ministry of Food and Agriculture is the lead Ministry in the implementation of the GPRS policy objective of “Rural Development based on Modernized Agriculture”

Elements of this policy objective include:

- Increased access to irrigation services
- Improved Agricultural Mechanization
- Acquisition of land for commercial farming.
- Aquaculture
- Increasing access to Improved inputs ( livestock and crop) and services
- Promotion of production of High yield varieties
- Encourage the development of Non-Traditional Exports
- Provision of storage facilities to reduce post harvest losses.
- Improvement of market access and extension services

These policies are aimed at increasing productivity and expansion in output of the agricultural sector. Some progress has been made in the implementation of these policies but it is too early to assess their impacts.

#### **Provision of Irrigation Facilities**

By 2003, 713 out of 1309 boreholes, dugouts, water storage, stream diversion, stream and tube well pumping facilities, under construction were completed. Rehabilitation of Tono and Vea dams in the Upper East region were completed at a cost of €950 million, new models of micro irrigation were developed on 80 hectares of land in 3 districts and 80 Water Users Associations in the Upper East region were formed and trained on agronomic and water management practices

#### **Mechanization**

The Agricultural Engineering Services Directorate (AESD) has Rehabilitated 100 universal tractors, initiated the process of importing 200 tractors from India, awarded contracts for the local manufacture of silos, and awarded contracts for the local manufacture of mill threshers for rice and maize graters and pressers for cassava and palm kernel processing. These programmes have been funded by a total of €48.2 billion from the HIPC Fund.

#### **Acquisition of Land for Commercial Farming**

In 2002, very little progress was made with respect to releasing/acquiring land for commercial use. In 2003, MOFA in conjunction with the Ministry of Lands and Forestry initiated a project to acquire land for commercial farming. Activities undertaken in 2003 include an inventory of all agricultural lands acquired by government. The project is expected to end in 2006

#### **Aquaculture**

To rehabilitate fisheries and support aquaculture development, the following projects were undertaken in 2003

- Three dams in the Upper East Region were stocked with 32,000 fingerling of tilapia and catfish
- 20- fishponds at Tono project area have been rehabilitated
- 13 ponds were constructed in the Eastern Region
- 2100 fingerling were produced and used in restocking community dams in the Northern Region, and 1030 fingerlings were distributed to farmers in the Volta Region

Despite the increase in area under fish farming, the indicator on quantity of fish produced shows no progress from 2002 to 2003 thus one might infer that the policy measures implemented in 2003 have not yet translated into improved output

### **Access to Improved Inputs (Crops and Livestock) and Services**

To improve access to inputs for livestock and crop production several projects including credit for livestock and rice farming, animal vaccines, mass cocoa spraying, ostrich farming and improved seedlings were undertaken in 2003.

In an effort to provide ready market for rice farmers, the Ministry through the 'Smallholder Credit Input Supply and Marketing Project' (SCIMP) has provided an amount of ₵7.6 billion to specialized companies and individuals with technical know-how in the purchasing, processing, storage and marketing of locally produced rice.

To serve as a catalyst to assist the private sector to increase the production of grains e.g. rice, maize, tubers, affordable credit to support farmers was provided under the following:

- The Food Crop Development Project (FCDP) through which an amount of ₵4.898 billion was disbursed to 3,391 farmers for the cultivation of 3134 hectares of cereals and legumes while an amount of ₵1.252 billion was disbursed as credit to 76 marketing groups consisting of 611 traders in the Nkwanta, Ejura, Wenchi and Damongo Districts to ensure ready market for farm produce.
- The SCIMP, continued to advance funds to qualified rural and community banks in 38 districts in the Volta, Ashanti, Brong-Ahafo, Western, Eastern and Central Regions for on lending to identified groups.
- In the implementation of the Coconut Development Project, a total of 168 hectares out of the annual target of 340 hectares were replanted for 162 farmers in 29 communities in the 6 participating districts in the Western and Central Region during the period under review.

In 2003 the main activities undertaken include:

- The Animal Production Directorate in collaboration with the Ghana Standards Board (GSB) and the Animal Research Institute (ARI) established feed quality standards to ensure that commercial feed manufacturers produce good quality feed.
- The Ministry facilitated the access to funding through SCIMP for the importation of three incubators for hatching ostrich eggs at Sogakope in the Volta Region and Lashibi in the Greater Accra Region.
- The Ministry procured dairy equipment for dairy farmers and trained 425 dairy farmers, processors and vendors in hygienic milking, handling and processing, thus enabling them to produce yoghurt, flavoured and pasteurised milk, butter and cheese and thereby improving their income.

An amount of ₵253.0 billion was spent to protect cocoa farms against capsid and black pod The exercise which was expected to cover an area of 1.6 million hectares of which black pod control was approximately 750,000 hectares while capsid control was 850,000 hectares. During the period, there were two applications of capsid control while black pod had three applications.

### **Promotion of the production of high value crops**

Not much progress has been achieved in the promotion of the production of high value crops, even though several projects were embarked upon in 2003 such as the introduction of new varieties of exportable fruits such as pineapple, screening of planting materials and the development of

production guides. As at the end of 2003, Production guides were upgraded and Farmers were identified to multiply screened seeds.

### **Improvement in Rural Sector Farm and Non-Farm Growth**

The government policy of increasing the cocoa farmers share of the FOB price culminated in the increase of producer prices five times since 2001 to increase the farmers' share of the FOB price to 69% in 2003/2004 Crop Season in October. This translates into a producer price of ₵9.0 million per metric tonne. The increased producer price of cocoa to 69% of F.O.B impacts on the incomes of the agricultural labour force and consequent improvement in welfare.

Policies of providing insecticides and the mass spraying of cocoa farms were introduced. The policy initiatives resulted in increased output by cocoa farmers of 496,793 metric tonnes during the 2002/2003 Crop season, the country's second highest cocoa production in history surpassed only by the record 580,869 metric tonnes produced in the 1964/65 Crop Season, almost 40 years ago. This significant achievement has restored the country to the position of second biggest producer of cocoa beans in the world.

Despite the high production of cocoa during the 2002/2003 season, the volume of exported cocoa beans in 2003 grew by only 11.4 per cent due to the policy to add more value domestically. As a result cocoa products recorded 54.0 per cent growth in value.

### **Encouraging the Development of Non-Traditional Exports**

Under the Root and Tuber Improvement Project (RTIP) improved cassava planting materials have been supplied to the Ayensu Starch Company Limited (ASCo) under the President's Special Initiative (PSI) on Starch for planting 464 hectares. To increase the export volume of pineapple, observation trials of Maya Gold, MD2 and Cowboy varieties were undertaken. In addition, five pineapple cooperative groups of FARMAPINE have been trained in plastic mulch technique to achieve higher yields and exportable weights of pineapple. There was also successful facilitation of production and supply of 12,860 exportable mango seedlings.

### **Facilities to reduce post harvest losses**

There has been some progress in this area. About 218 out of 253 sub-projects comprising, drying floors, cooling plants, crop processors, storage facilities have been completed since 2002.

### **Improvement of Market Access and Extension services**

Activities in this area for 2003 include:

- A total of 47.7 kilometres of roads in the Upper West Region constructed.
- 516 Km of feeder roads and 124 village and district level markets constructed under VIP
- Improvement at the Kasoa Market in Central Region at a cost of 1 billion cedis
- Research-Extension Liason Committees (RELCs) established in all the 10 regions
- Farmer based organizations (FBO) and EDF committees active in 10 selected districts.

### **Land ownership**

One important indicator, which may provide some information on the trends in poverty, is land ownership. A large percentage of Ghanaians depend on the land for their livelihood, and thus access to land will be an indicator of poverty in the agricultural areas. In an attempt to avoid poverty, households may make distress sale of their land and other assets. Information from the 2003 CWIQ survey indicates as per Table 4.4 that on the average, more people (2.9%) indicated an improvement in land ownership than those who lost out on land (2.6%), with the rural poor being the greatest

beneficiaries of improved land ownership. In terms of regional distribution, apart from the Upper East region, the other three regions with the highest incidence of poverty, a greater percentage of households gained more land than those who became worse off, indicating some improvement in poverty.

**Table 4.4: CWIQ Result on Household Land ownership**

(a) Rural-Urban

	Total	R	RP	U	UP	
<b>Land owned compared to one year ago</b>						
Less now		2.6	3.8	5.1	1.2	2.5
More now		2.9	4.1	7.1	1.4	2.7

(b) Regional Distribution

<b>Land owned compared to one year ago</b>	Total	WR	CR	GR	VR	ER	AS	BA	NR	UE	UW
Less now	2.6	5.7	1.8	0.5	2.8	1.1	1.2	1.6	5.3	12.3	4.4
More now	2.9	5.3	2.5	1.1	2	1.3	1.4	3.1	10.7	2	4.5

### 4.3.2 Environmental Protection through Re-Aforestation

The key MDAs whose activities fall under this policy objective are the Ministry of Lands and Forestry, the Ministry of Environment and Science and to a lesser extent the Ministry of Mines. The objective is to provide material and financial support for reforestation of degraded forests, abandoned mining areas and major riverbanks. Thus the two main policy objectives are re-afforestation and land reform.

As part of the reforestation policy, the Ministry of Lands and Forestry embarked on a Forest Plantation Development Programme in 2003. This project, is being funded with approved budget of 41 billion cedis. In 2003 493.8million cedis from the HIPC Fund was spent on the project. Replanting in forest reserves and urban areas are being undertaken, thus decreasing the rate of deforestation from 65,000 to 50,000 hectares a year.

Land reform is intended to help support socio- economic development by developing a comprehensive national land use plan to tackle issues of weak land administration, the multiplicity of land disputes and inadequate regulatory and policy framework amongst others.

In April 25, 2003 the Ministry of Lands and Forestry, initiated a Land Administration Program to reduce poverty and enhance economic/social growth by developing a sustainable and well functioning land administration system that is fair, efficient, cost effective and decentralized. It is estimated that it would take at least fifteen (15) years to complete the implementation of the Land Administration Program (LAP). The International Development Association, Nordic Development Fund, Canadian International Development Agency (CIDA), and Department support the LAP for International Development (DFID), the German Technical Cooperation (GTZ) and KfW.

Achievements in this area include:

- A stretch of land from Dawhenya to Dawa in the Greater Accra Region and from Winneba through Kwanyarko, Swedru up to Bundumburam in the Central Region has been identified and negotiations with the customary owners commenced in March 2003 with the view to encouraging them to use those lands as equity in new ventures. These lands will form part of the government's land bank project.
- Since May 2003, the Government of Ghana has been taking inventory of stock of public lands to determine those lands suitable for retention and the quantum of compensation payable. Once established to be suitable, those lands would be utilized as land banks.
- Offices of the Land Title Registry are being opened in Sekondi-Takoradi and Koforidua in addition to the existing ones in Accra and Kumasi.
- A public education programme, which aims at educating the Traditional rulers and family heads to release land for investors started in August 2003. It is in the form of consultative meetings and phase one is targeting the three northern regions of Ghana.

### **4.3.3 Enhanced Infrastructural Development**

This section evaluates the progress of policies for fulfilling infrastructure goals. The MDAs whose activities are geared towards this GPRS policy are Ministry of Communication and Technology, the Ministry of Energy, and Ministry of Roads and Highways, Ministry of Works and Housing, Ministry of Ports and Harbours.

#### **ICT for Development**

##### To increase Telephone Access outside the Urban Centres and Provide ICT to Schools

In 2003 Ghana Telecom initiated a programme to roll out an additional 400,000 fixed lines within 3 years. This is intended to support extension of broadband connectivity to towns with Senior Secondary Schools and Training Colleges to facilitate extension of computer literacy facilities in the schools.

As of 2002, the country had a total of 200,000 fixed telephone lines. It is expected that by 2005, this number will increase to at least 400,000. As of November 2003, the cumulative number of fixed lines was 283,000 indicating that 83,000 lines had been installed during the year. The Kofi Annan ICT Centre was completed in 2003 and commissioned in early 2004. In 2003, a total of 257 schools were equipped with ICT. The target for 2005 is 514 schools.

#### **Energy**

The main policy objectives of the sector are:

- Ensure Reliable Supply of High Quality Energy
- Energy Provision to Boost Industrial development
- Expand Supply of Energy Services Economically, while protecting the Poor

##### Ensure Reliable Supply of High Quality Energy

The activities and measures for ensuring reliable supply of high quality energy include:

- implementation of cost recovery pricing for energy,
- continuation of the rural electrification programme,
- promotion of energy efficiency,
- and supporting development of renewable energy.

Automatic price adjustment formula for electricity which is one of the triggers in the energy sector has been developed and being implemented. A National Petroleum Tender Board has been established. To continue the rural electrification programme Phase 3 of the SHEP 3 project was implemented in 2003 and under the first phase of SHEP 4, survey work for the extension of electricity to communities was completed and work on the High voltage, Low voltage and Pole mounted substations was completed in 84 communities. Phase one of SHEP 4 is expected to benefit 190 communities. In SHEP 3 Phase 3, 572 towns were connected.

With regards to renewable energy technology, the Ministry of Energy facilitated the installation of solar PV systems in schools, clinics, homes and for streetlights. Off-grid communities benefited from the installation of 4500 solar PV.

#### Energy Provision to Boost Industrial Development

To increase the availability of energy, to boost industrial growth and production, various energy sources are being considered.

- Bui Dam - A cabinet committee has been set up to oversee the process of constructing the Bui Dam and the tendering process has been initiated;
- Takoradi Thermal Plant –progress is slow;
- Rural Kerosene Distribution Improvement Programme – 700 out of the planned 1800 kerosene surface tanks were distributed to the rural areas in all 110 districts.
- West Africa Gas Pipeline -The performance in this policy area was positive; negotiations are at an advanced stage
- Buipe – Bolga pipeline project. Parliament has approved a \$38.2 million loan agreement between the government and the Export – Import (EXIM) Bank of Korea for the construction of the Buipe Bolgatanga Petroleum Products Pipeline Project. The loan is before Parliament, awaiting approval..

#### Expand Supply of Energy Services Economically while Protecting the Poor

Lifeline protection is under implementation and consumers within the lifeline threshold enjoy concessionary rate. CWIQ data from 1997 and 2003 indicates that 51% of the households in 2003 had electricity compared with 37% in 1997. The rural electrification programme and the lifeline subsidies may account for the increased use of electricity by households. A PSIA on electricity pricing is in progress.

Cabinet approved the Power Sector Reform in 2003. A Power Reform Secretariat has been established. Power reform programme is being implemented on schedule. Other actions carried out as a follow up to the launching of the power sector reform include:

- the development of Public Education and Awareness Strategy,
- the formation of the VRA holding company with a review of the underlying legal framework,
- the restructuring of a large share of the debt obligations of the VRA and ECG to government,
- the preparation of a performance-based management contract with ECG to improve financial management, commercial and technical operations.

The implementation of automatic price adjustment mechanism to keep the energy sector viable has been put in place and implemented on quarterly basis by PURC to reflect changes in market prices. Price formulas for electricity and water continue to be administered by the PURC. There was thus an 18% increase in prices for end users. For the petroleum sector, automatic price adjustments have been delayed. Thus TOR has to be subsidised. The Government will have to transfer TOR Debt Recovery Fund to make up for the under recovery emanating from TOR.

Cross subsidisation from premium to LPG was not implemented, and diesel fuel is being subsidised. A National Petroleum Deregulation Committee has been formed to oversee the de-regulation process.

## **Roads**

The focus of the roads sector under the Ghana Poverty Reduction Strategy is primarily to provide access through better distribution of the road network with special emphasis on high poverty areas in order to reduce road transport disparities between the urban and rural communities. The programmes of the road sector have been strategised to address the observed poverty trends and sustain economic growth through the provision of safe, reliable, efficient and affordable services for all road users. The GPRS has also identified the lack of effective transport system linking member ECOWAS countries, and the need for interconnecting roads to open up the country and introduce competition. Thus in addition to the maintenance of trunk and feeder roads, there has been some emphasis on non-maintenance expenditure involving large infrastructural projects in the form of major highway construction. Good infrastructure raises productivity and lowers costs as it has been estimated that a 1% growth in infrastructure development leads to a 1% growth in GDP.

### Impact of Roads on Poverty

From Table 4.5 a linkage of poverty with poor road condition can be established. Poor Regions tend to have poor roads. The Government's priority with regards to roads in the Ghana Poverty Reduction Strategy is to focus more attention on the four regions where the incidence of poverty is high. In this connection the priority of the Ministry of Roads and Transport is at least to increase investment in feeder roads in the three northern regions and also in the Western and Eastern regions where a bulk of cocoa are produced to help address those deficiencies.

Table 4.5 :Impact of Roads Conditions on Poverty

Region	Area (sq. km)	% below poverty line	Length in poor conditions	% of poor roads
Upper East	8,842	88.2	1620.70	65.0
Upper West	18,376	83.9	1662.67	59.4
Northern	70,384	69.2	4234.89	64.1
Brong Ahafo	39,557	35.8	2941.62	39.0
Ashanti	24,389	27.7	3350.33	40.9
Volta	20,570	37.7	1487.70	34.5
Eastern	19,323	43.7	2140.36	47.3
Greater Accra	3,245	5.2	1005.14	33.0
Central	9,826	48.4	1375.07	35.8
Western	23,921	27.3	2644.77	45.0

Roads lengths in poor condition do not include on-going works under Ghana Highway Authority & Department of Urban Roads.

Source: Ministry of Roads and Transport, 2003 Review Report

### Road Condition Mix Index

The trunk road condition mix in 2003 was given as 29.4% in good condition, 29.8% in fair condition and 40.8% in poor condition compared with 26%, 27%, and 47% respectively in 2002. The feeder road condition mix in 2003 was 36% in good condition, 26% in fair condition and 38% in poor condition compared with 33%, 19%, 48% in 2002 respectively.

The condition of the national road network as at end of 2003 indicates a network that is generally poor. A breakdown of the network indicates that the majority of roads in poor condition are the gravel network of trunk (secondary) roads, with only 3% in good condition. Thus for the roads sector

to have the desired impact on poverty the Ministry of Road and Transport may have to revisit its focus of investment on feeder roads only and consider the entire network.

The activities to be undertaken in the context of the GPRS are the construction of major highways, enhanced access to markets through improved farm and feeder roads and enhanced access to urban markets. The specific roads, constructed, rehabilitated and maintained in 2003 and the status are reported in Table 4.6.

#### Construction of Major Highways

With regard to major highway construction, maintenance and reconstruction started on all the three major trunk roads radiating from Accra. These are Accra – Kumasi, Accra – Yamoransa and Accra – Aflao roads.

##### *Accra – Kumasi:*

The Bunso – Anyinam section of the road was completed in 2003. Also 62 per cent and 28 per cent works were completed on the Apedwa – Bunso and Konongo – Anyinam sections respectively.

##### *Accra – Yamoransa*

Works started in December 2003 on the dual carriageway section from Mallam – Kasoa. The remaining section from Kasoa towards Yamoransa is to be constructed in two phases; the first phase of 41km from Kasoa to Ankamu also started in December, 2003.

##### *Accra – Aflao*

Work is progressing steadily on the Tema – Sogakope section. As at 31<sup>st</sup> December 2003, 36 per cent of the physical works had been completed at a cost of ₵60.0 billion.

**Table 4.6: Activities in the Road Sector**

Programme Objectives	Programme Activities	Implementation Status in 2002	Implementation Status in 2003
Enhanced infrastructure Development	Construction of major Highways: Tetteh Quarshie Interchange		45% completed
	Accra-Kumasi ( divided into eight sections)		
	1. Kwame Nkrumah Circle-Achimota(7km)	Kwame Nkrumah Circle-Achimota –GoG awaiting World Bank authorization	Kwame Nkrumah Circle-Achimota - 15 % completed
	2. Achimota-Ofankor(5.7km)	Achimota-Ofankor – tender documents completed, no funding available	Achimota-Ofankor – IDA Funding proposed
	3. Ofankor-Nsawam(17.6km)	Ofankor-Nsawam – no funding as of April 2003	Ofankor-Nsawam – Contract signed on 20 <sup>th</sup> January 2004
4. Nsawam-Apedwa(41.6km)	Nsawam-Apedwa – appraised for possible funding by ADB	Nsawam-Apedwa - Procurement of supervision consultant in progress.	
5. Apedwa-Bunso(23km)	Apedwa-Bunso – 20% complete as of Feb. 2003	Apedwa-Bunso – 62 % completed	
6. Bunso-Anyinam(11km)	Bunso –Anyinam – 30% complete as of Feb. 2003	Bunso –Anyinam – 100% completed	
7. Anyinam-Konogo(85km)	Anyinam-Konongo – funding secured, work expected to start Sept. 2002	Anyinam-Konongo – 28% completed	
8. Konongo-Ejisu-Kumasi(53km)	Konongo-Ejisu-Kumasi – evaluation of tenders in place, work expected to start Sept. 2003	Konongo-Ejisu-Kumasi –contractor mobilizing	
	9. Accra-Yamoransa (divided into two sections)	Accra-Kasoa – evaluation reports & draft tender documents forwarded to World Bank for authorization	Accra-Kasoa – work started in December 2003
	10. Accra-Kasoa	Kasoa- Wineba -Yamoransa - Design for first section of road completed.	Kasoa-Wineba–Yamoransa – The Kasoa-Ankuma(41km) section of the road began in December 2003
	11. Kasoa- Wineba-Yamoransa(98.2km)	Detailed design for 2 <sup>nd</sup> section to be completed by Sept. 2004	
	12. Accra-Aflao-Noepe( divided into three sections)		Contractor mobilizing
	13. Tema-Sogakope (88km)	Tema-Sogakope – work has commenced	Tema- Sogakope – 36% of physical work completed at the end of December2003
	14. Sogakope-Akasti(22km)	Sogokope-Akasti – project yet to be funded by KfW.Funding dependant on GoG fulfilling some conditionalities.	Sogakope-Akasti – Draft contract for design review and supervision submitted to KfW for “No objection”
	15. Akasti-Aflo(56km)	Akasti-Aflao – project in early stages design and review.	Akasti-Aflo – Awaiting “No objection” on proposal
	Construction or Rehabilitation of one good road linking Rural-Urban markets in every region:		
	1. Navrongo-Chuchuliga-Kupuli	1. 2.4% funding (of estimated cost) secured	
	2. Wa-Han-Tumu	2. 15% funding (of estimated cost) secured	2. Gravelling on Wa - Han section completed
	3. Hwidiem-Keyanasi No 1-Atonie-Suyani	3. 36.5% funding (of estimated cost) secured	
	4. Asokwa-Bodwesango-Gyadem-Ofoase-Juaso	4. 11.4% funding (of estimated cost) secured	
	5. Kpando-Worawora-Kete-Krachi	5. 20% funding (of estimated cost) secured	5. 25% of Kpando-Worawora section completed
	6. Twifo Praso-Dunkwa	6. 100% funding (of estimated cost) secured	
	7. Bawdie-Asankragua(34km)	7. Began in December 2002	7. 48% completed
	8. Mpraeso-Adaweso-Donkorkrom	8. No funding secured yet	
	9. Ffulso-Sawla	9. 11.6% funding (of estimated cost) secured	
	10. Amasaman-Obeyeyie-Ayikai-Doblo-Odukponkpehe	10. No funding secured yet	
	Access to market through improvements in farm roads to market through re-gravelling, spot filling	54% of target completed	

Programme Objectives	Programme Activities	Implementation Status in 2002	Implementation Status in 2003
	Construction or Rehabilitation of Trunk Roads		
	1. Wenchi – Sampa (30km)		1. 70% completed
	2. Wenchi – Bamboi	Invitations advertised in national dailies	2. 32% completed
	3. Tamale – Yendi (53km)		3. 27% completed
	4. Abuakwa – Bibiani		4. 7% completed
	5. Axim Junction – Tarkwa (62.4km)	5. Work began in June 2003	5. 9% completed
	6. Jasikan –Brewaniasi (33km)	6. Work began in December 2002	6. 16% completed
	(Dzindzinso-Dodo Papase section -Volta		
	7. Kwahu Tafo- Adawso		7. 15% completed
	8. Bekwai – Kuntunase – Ejisu		8. 54% completed
	9. Ejura – Nkoranza		9. 36% completed
	10. Aframso–Sekyedumase-Nkoranza		10. 19% completed
	11. Mankranso – Tapa (AshR)		11. 76% completed
	12. Bole – Tinga		12. 22% completed
	13. Bolgatanga – Bongo – Feo		13. 5% completed
	14. Wa – Dorumum		14. 30% completed
	15. Ayanfuri – Diaso		15. 50% completed
	16. Bamboi - Bole(53km)	16. work began in December2002	16. 25% completed
	17. Takoradi – Agona Junction	17. work began in July 2002	17. 100% completed
	18. Bibiani – Abuakwa 1 (74km)	18. Work began in June 2003	18. 7% completed
	19. Pantang-Mamfe(30km)		19. ADB’s no objection awaited

### Improving Feeder Roads to Enhance Access to Urban Markets

To reduce the cost of bringing agricultural production to the market a number of feeder roads maintained. Over 15,000 kilometres of feeder roads were routinely maintained (Table 4.7). In addition to covering 15,200km of the routine maintenance works, about 4,278 km of feeder roads were either re-gravelled, rehabilitated or underwent spot improvement.

**Table 4.7: Kilometres of Feeder Roads Improved**

	Target (km)	Achievement (km)	2002 % of target	Target (km)	Achievement (km)	2003 % of target
Routine maintenance	13,700	10,459	76.3	17,100	15,200	89
Periodic maintenance	5,750	2,687	46.7	4,820	4,278	88.7
Total	19,450	10,459	53.8	21,920	19,478	88.8

Source: Ministry of Roads and Transport, 2002, and 2003 Review Reports

Under the small streams bridge development programme, 14 composite bridges, 28 steel bridges and 11 box culvert bridges were constructed to improve access to farm gates and marketing centres in Western and Central regions:

#### Enhanced Access to Urban Markets

The government's programme of improving spatial access to urban markets by constructing and rehabilitation of one good road linking rural and urban markets is on course with a total of 1,092.5kms slated for construction over the 2002-2004 period. In 2003 gravelling on the Wa-Han section of the Wa-Tumu road was completed, while 45% and 25% of the Bawdie-Asankragua and the Kpando-Worawora roads have been respectively completed. Rehabilitation works are expected to continue in 2004.

#### **4.3.4 Strengthened Private Sector**

One of the key objectives of the GPRS 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 prosperity. This is to lead to the creation of wealth at a faster rate in order to reduce poverty in a sustained manner. The Ministries of Private Sector Development and Trade, Industry and PSI perform the function.

The Ministry for Private Sector Development (MPSD) is mandated to cooperate with the various MDAs, NGOs, private sector entrepreneurs and other stakeholders in bringing into fruition the "Golden Age of Business" and thereby achieving the objective of the GPRS. Performance with respect to private sector development was marginal in 2002. There has been substantial progress in this area in 2003

The focus of the Ministry in the realization of the development of a vibrant private sector in the medium-term is in three major areas namely:

- Facilitating private sector access to long term finance at affordable rates;
- Facilitating the reduction of bottlenecks in private sector development; and
- Promoting Entrepreneurship.

To improve access and increase volume of credit at affordable prices and to increase sources of long-term funding for Micro, Small and Medium Enterprises the Ministry of Private Sector Development has facilitated access to credit through the African Development Foundation (ADF), an Italian Credit facility of 10,000,000 Euros and a \$17 million from the SOFITEL BANK of the USA.

The Ministry has established an Institutional and Legal Reform Division to reduce bottlenecks to private sector development as well as facilitate the collaboration between the public and private sector towards the drafting of a number of reform bills (including the Companies Code, the Insolvency Bill, Money Laundering Bill and Insurance Bill.

#### Improved Investment Climate

The time bound implementation plan to remove key regulatory and administrative barriers for investment has been incorporated in the Medium Term National Private Sector Development Strategy (2004 – 2008). Some of these plans have been implemented. They include:

- The modernisation of customs operations;
- The drafting of a development strategy for the financial sector;
- The signing into law of a new Labour Act, amending and consolidating existing legislation and establishing a National Labour Commission with a mandate to address issues related to tripartite dialogue.
- Other barriers reduced include the time to start a business falling from 129 to 85 days.

### Improved Trade Facilitation

A reduction in the turnaround time at the ports is a major factor in improving the business environment. The GCNET is in operation at the Kotoka International Airport (KIA) and the Tema Port. Turn around time at the Tema Port is now between 24 to 48 hours whilst KIA is now 4 hours. The GCNET has been extended to the Takoradi Port and is in the trial phase in other road borders. A programme to install and operate another X-Ray Scanner at the Tema Port has been initiated.

All the four destination Inspection companies have now implemented the Computerized Risk Management System (CRMS). A Destination Inspection Scheme Technical Review Team, which evaluated the scheme, submitted its recommendations to the Ministry of Trade, Industry and PSI on the 15<sup>th</sup> July 2003. Implementation of recommendations, which aim at improving the scheme started on 20<sup>th</sup> July 2003.

The processing of Final Classification and Valuation Reports (FCVRs) by the Inspection Companies now ranges between 2 and 4 days. CEPS offices at Tema Harbour and KIA are linked to the Transaction Price Databases (TPDs) of the Inspection Companies via the Internet.

### Trade

#### (a) Agro-Processing

The Lead Ministry in this sector is the Ministry of Trade, Industry and President Special Initiative (PSI). Some of the activities undertaken to enhance the achievement of the GPRS Policy objective of increasing production and gainful employment through the promotion of agro-processing and other manufacturing activities include :

- 378 entrepreneurs assisted with loans amounting to ₵209,729,000 under various financial schemes being operated by the NBSSI
- Thirteen districts in Northern, Brong-Ahafo and Ashanti Regions have received Logistics, technical and financial support for Soya bean cultivation under HIPC support.
- The Ghana Standards Board (GSB) is accredited to certify fish and fish products exported from Ghana into the European Union (EU) and other foreign markets 1,175 high-risk goods were tested by GSB under the Destination Inspection Scheme to ensure consumer safety.
- Under the PSI on Salt, community sensitisation programmes were organized for all salt producing areas while two workshops on capacity building were organized for 102 industry operators. In addition, six production zones were identified and fifteen production units were registered.

The Ministry indicated in 2002 that it would establish 4 agro-business zones in the Northern and Brong-Ahafo regions. An amount of ₵10 billion was allocated to this activity. Data obtained from the Ministry indicates that this target was not achieved in 2003.

#### (b) ECOWAS AND AGOA

Increased external market access depends on strengthening ECOWAS as a regional market. About 25% of Ghana's non-traditional exports go to destinations within ECOWAS. For Ghana to succeed with an export-based industrial strategy, she will need to work at the ECOWAS level to make tariff harmonization and trade liberalization effective. The US Africa Growth and Opportunity Act (AGO) extends duty-free access to a broad range of Ghana's products, as well as duty-free and quota-free access to apparel assembled in Africa from US or African fabrics/yarns up to 1.5% of US apparel imports increasing to 3.5 percent. Ghana will have to be certified annually on the basis of economic and social policies in order to receive these preferences.

### Small and Medium Scale Industry Growth

In the area of agro-processing the Ministry of Trade, Industry and PSI embarked on the Rural Enterprises Development Programme (REDP), which envisages the establishment of 3 businesses each in all the 110 districts.

The NBSSI implemented several programmes to promote small and medium scale enterprises:

- 400 businesses were incorporated into the formal sector,
- NBSSI facilitated the establishment of 120 new businesses,
- An amount of about 210 million cedis of loans granted to 378 entrepreneurs.

### Gender and Production

The Ministry of Women and Children's Affairs (MOWCA) is mandated to ensure increased participation of women and children in the development of the country. The policy thrust of the Ministry is to enhance women's access and control of productive resources.

In 2003, MOWCA established the Women's Development Fund (WDF) with an initial sum of ₦21 billion out of which ₦10 billion was disbursed to 20,000 women farmers. Financial support was also provided for women engaged in commercial activities, agricultural production and processing. In all, 500,000 women have so far benefited from this fund with 50,000 new jobs created for women throughout the country.

### Manpower and Development

In Skills Development and employment placement, the ministry achieved the following:

- The Skills Training and Employment Placement Programme (STEP) saw a total of 3,500 people throughout the country trained in various skills under the first phase of the programme.
- The National Vocational Training Institute (NVTI) trained and tested about 10,000 students in Technical Vocational Skills in 2003.
- The Opportunities Industrialization Centre trained One thousand youth in various vocational skills.
- The Ministry spearheaded the dissemination of the new labour law.

## **4.4 RECOMMENDED POLICY INITIATIVES**

Some progress has been made in the Production and Gainful Employment area, but additional policy initiatives could be introduced to enhance the sector.

Crop production is largely rain-fed and traditional techniques of production tend to dominate. To improve production the government will encourage private commercial farming based on proper mechanised and irrigation systems. The Ministry of Trade, industry and PSI will encourage the establishment of industrial estates and clusters emphasizing agricultural machinery development.

There will be an intensification of infrastructural development, especially in feeder roads rehabilitation, construction and maintenance to provide market access to rural agriculture.

For the re-forestation of degraded lands will be an early commencement of the Phase II of the Natural Resource Management Programme at the Ministry of Lands and Forestry

The Ministry of Mines has been detached from Energy and currently the budget is too small for the activities geared towards poverty alleviation. The government will assess the feasibility of using a percentage of the Mineral Development Fund as seed money outside GoG expenditures to finance

poverty reduction projects and the Ministry's activities will be highlighted in the GPRS update. Again, the activities of the Ministry of Tourism are not fully captured in the GPRS and will also be fully integrated in the GPRS during the update for the 2006-2008.

Currently, the Ministry of Food and Agriculture captures data for only food crops. There is a need to expand the coverage of the Annual Survey to include non-food crops. The capacity to capture additional data is required. In the area of processing of agricultural produce, the Ministry of Trade, Industry and Presidential Initiatives has not achieved much. The emphasis has now being shifted to the Rural Enterprise Development Programme, which involves the establishment of three enterprises each in all the 110 districts.

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

### **5.1 INTRODUCTION**

The policy objectives and activities under the HRD thematic area are geared towards creating conditions for the development of the human capital of the nation. Priority policy measures under HRD are in the areas of education and health. In the education sector priority measures include enhancing access to education; reducing gender disparities in education; and improving skills through training. In the health sector priority measures include enhancing access to and delivery of health services; increasing access to safe drinking water in rural areas; and improving sanitation.

### **5.2 EDUCATION SECTOR**

The goal of the education sector is the provision of relevant education for all Ghanaians to enable them acquire skills, which will make them functionally literate and productive to facilitate poverty reduction and promote wealth creation. To this end, the main policy objectives of education in the GPRS have been to (a) enhance access to basic education, with special emphasis on gender and geographical equity and (b) to improve the quality of basic education in terms of human, material and financial resources. This section of the report provides a verification review of the policy actions in education in 2003. The verification process consists of tracking and evaluating the status of the various policy measures.

Table 5.1 presents a summary of the status of education indicators monitored in this report.

Table 5.1: Summary of Status of Priority Indicators in the Education Sector

Programme Area	Policy Objectives	Indicator	Target	Indicator Level 2002	Status In 2003	Progress Towards Targets
GPRS MTP	Increased Enrolment	Gross Primary enrolment ratio: National	88.5	79.5	81.1	Not on track
		Gross Primary enrolment ratio for Girls: National	88.5	77	77.7	Not on track
	Enhance Access to Education	Number of classrooms rehabilitated /constructed with furniture provided	-	-	685 3-unit classrooms blocks constructed in 2003	On track
		Share of the three Northern regions in the rehabilitation /construction of primary classrooms		20%	420 of 685 (61.3%) of 3-unit classrooms constructed were located in the 3 Northern regions	Exceeded
		Number of SSS developed upgraded to model sec schools			Work on the first batch of 31 school began and it is progressing steadily	On track
	Quality education	Pupil: Teacher ratio	33.1	32.9	31.3	Not on track
		Pass rate for CRT at mastering level in public schools for Maths / English	6.4% / 11%	9% / 12%	N/A	-
	Reduce gender disparity	Percentage of trained teachers in primary schools	70.6	69.6	73.5	Exceeded
		Incentive schemes for girls in primary schools initiated by the end of PRSC2	-	-	ø8,885 billion of GET Fund provided in 2003/2004 academic year to provide scholarship for girls in basic schools. Other include material support, school feeding and provision of bicycle	On track
	Improve skills training	Increase budgetary resources to vocational / technical schools	-	-	ø18.7 billion of GET Fund allocated for rehabilitation of workshops in vocational schools	On track
		Grants from poverty programmes provided for skills training	-	-	4,800 unemployed received training in various skills lead by MME	On track
PRSC2	Improve efficiency and equity	First year education strategic plan implemented by the end of PRSC 2-	-	-	Completed in 2003	Achieved
		School mapping in 10 additional districts completed by the end of PRSC2			Mapping completed for 5 out of 10 targeted districts. Mapping of the remaining 5 districts to be completed by the end of March	On track
		Increase resources delivered to at least 10 deprived districts by the end of PRSC-2			Actual non-salary recurrent expenditure to 40 deprived districts increased from 73% to 91% in 2003	Achieved
		Teacher retention schemes evaluated and implemented in most deprived districts by end of	-	-	A number of retention schemes were implemented in 2003. Special attention was given to the three Northern	On track

Programme Area	Policy Objectives	Indicator	Target	Indicator Level 2002	Status In 2003	Progress Towards Targets
		PRSC2			regions	
		Execution rate of recurrent non-salary expenditure not less than 75% in 2003	75	63.6	The execution of non-salary recurrent expenditure increased to 91.1%.	Achieved
		Tertiary financing policy in place	-	-	A committee established & university students are contributing 26% of cost of goods and services as academic user fees	On track

Source: MTPs –GPRS- 2003-2005, PRSC. -2001-2004

### 5.2.1 Achievements in the Education Sector

This section evaluates the outcomes of efforts to enhance access to quality education in the education sector in 2003. Table 5.2 provides trends in Gross Primary Enrolment Ratio (GPER). The national GPER showed an increase by 1.6 percentage points from 79.5% in 2001/2002 to 81.1% in 2002/2003 academic-year. However there was a marked improvement in the GPER in the deprived regions. For the three deprived Northern regions, the ratios showed faster growth than the national average. As shown in the Table the GPER in the Upper West Region increased by 6.5 percentage points from 63.1% in 2001/2003 academic year to 69.6% in the 2002/2003 academic year exceeding the GPRS target for 2005 of 63%.

**Table 5.2: Trends in Gross Primary School Enrolment Ratio.**

	2001/2002	2002/2003	Target 2005	Progress
<b>National</b>	<b>79.5%</b>	<b>81.1%</b>	<b>88.5%</b>	<b>Not on track</b>
Northern Region	64.8%	67.7%	70%	On track
Upper East Region	69.5%	72.2%	79%	On track
Upper West Region	63.1%	69.6%	63%	Exceeded

*Source: Ministry of Education, 2003 Performance Report.*

The analysis of GPER with regard to progress towards the achievement of gender parity in education points to similar trends. The national GPER for girls increased from 77% in 2001/2002 to 77.7% in 2002/2003 while the northern regions registered high rates with Upper West registering a rate of 70.3% in 2002/2003 up from 63% rate in 2001/2002. (Table 5.3).

**Table 5.3: Primary Gross Enrolment Ratio for Girls (PGER), 2001/02-2002/03**

	2001/2002	2002/2003	Target 2005	Progress
<b>National</b>	<b>77%</b>	<b>77.7%</b>	<b>88.5%</b>	<b>Not on track</b>
Northern Region	55%	59.1%	70%	On track
Upper East Region	69%	72.1%	79%	On track
Upper West Region	63%	70.3%	63%	Achieved

*Source: Ministry of Education, 2003 Performance Report.*

The leap in GPER generally in the 3 most deprived regions and those of Girls in the regions in particular underscores the tremendous effort of government in ensuring regional and gender equity in access to education in the country.

#### Quality of Education Indicators

The beneficial impact of expanding access to education can be achieved only if education is of good quality and parents/guardians perceive good returns to investment in their children's education. If parents believe that their children are not receiving quality and relevant education, they will not send their children to school. Table 5.4 presents information on selected quality of education indicators. The Table shows that the results of effort towards increasing quality of education is mixed. The pass rate for Criteria Reference Test (CRT) still remains very low given that only 9% of pupils in public schools were able to achieve masterly scores in Maths and 12% mastery scores in English in 2001/2002 academic year and the national PTR is falling rather than increasing towards its target. However, there was some appreciable increase in the proportion of trained teachers in primary schools from 69.9% in 2001/2002 to 73.5% in 2002/2003 academic year. Among the factors affecting quality of education is the large number of trained teachers who go on study leave annually and teacher attrition. Measures taken to address this issue in 2003 are evaluated in the next section of the report.

**Table 5.4 Trends in Quality Education Indicators**

Indicator	2005 Target	2000/2001	2001/2002	2002/2003
Percentage of trained teachers in public primary schools	-----	68.6	69.9	73.5
Pupil teacher ratio (PTR)	33.1		32.9	31.3
Pass rate for CRT at mastering level in public schools:				
---Maths	6.4%	4.0%	9%	n/a
--- English	11%	8.7%	12%	n/a

Source: Ministry of Education, 2003 Performance Report.

## 5.2.2 Policy Measures

The government has recognized the problems confronting the educational sector and the following medium term policy measures were implemented in 2003 to address some of these problems. This section assesses the status of these measures. The assessment is done in line with GPRS policy objectives of enhancing access to education; reducing gender disparities in education; and improving efficiency and equity in education financing.

### Enhancing Access to Education

The GPRS document outlines five key strategies for enhancing access to education in the medium term: rehabilitation/construction of primary school classrooms, development of one model senior secondary school with libraries and science laboratories in each of the 110 districts in Ghana, and implementation of teacher retention schemes.

**Table 5.5: Summary of status of Access Indicators**

Policy Objective	Indicator	Target 2005	Indicator Level 2002	Indicator Status 2003	Progress
Enhance access to education	Number of classrooms rehabilitated /constructed with furniture provided	-	-	685 3 unit classrooms blocks constructed in 2003	On track
	Share of the three Northern regions in the rehabilitation /construction of primary classrooms increased from 20% to 30% in 2004	30%	20%	420 of 685 (61.3%) of classrooms constructed were located in the 3 Northern regions	Exceeded
	Number of SSS developed upgraded to model sec schools		31 schools selected for upgrading	Work on selected schools progressing steadily in 2003	On track
	Teacher retention schemes evaluated and implemented in most deprived districts by end of PRSC2	-	-	A number of retention schemes were implemented in 2003. Special attention was given to the three Northern regions	On track
	First year education strategic plan implemented by the end of PRSC 2-	-	-	Completed in 2003	Achieved

Source: Ministry of Education, 2003 Performance Report.

### Number of classrooms rehabilitated/constructed with furniture

To improve access to primary education, a total of 685 3-unit classroom blocks were constructed in 2003. An amount of 39 billion cedis from HIPC fund and 14.9 billion cedis contribution from the GETfund was disbursed during the year towards construction of an additional 440 six-unit classroom blocks.

Share of the three Northern regions in the rehabilitation/construction of primary classrooms.

Out of the National total of 685 3-unit classrooms constructed in 2003, 420 of them (representing 61.3%) were built in the three deprived Northern regions, already exceeding the HIPC target of 30% in 2004. Out of the National total of 440 six-unit classroom blocks under construction nationwide, 96 projects (representing 21.8%) are in the three deprived Northern regions.

Rehabilitate/develop selected SSS to model school

Data from the 2003 CWIQ indicate that Secondary school enrolment rate of 50.4 % in urban areas and only 28.7% in rural areas. The same survey reported that whereas 82.4% of respondents in urban areas were satisfied with the quality of secondary education, the corresponding proportion for rural areas was 67%. To ensure equity in access to quality education at the SSS level, the Ministry of Education selected 31 senior secondary schools located in deprived districts for upgrading to model schools in 2002. A total amount of 48 billion cedis was disbursed to implement the project. Information available in 2003 show that works on the first batch of 31 schools is progressing steadily.

Teacher retention schemes in most deprived districts

Evaluation of the teacher retention schemes under the FCUBE was completed in 2002. Key findings from the evaluation exercise were as follows:

- general satisfaction with the scheme
- reduction in the number of absenteeism of teachers
- increase morale and motivation among teachers
- attendance at school and meetings more regularly.

On the basis of the results of the evaluation, specific measures were undertaken in 2003 to enhance teacher retention in deprived districts. These measures included:

- ***The implementation of policy and programmes to reduce the number of teachers on paid study leave.***
  - the criteria for paid study leave were revised to favour teachers in deprived districts. A two-year service in a deprived district was introduced as one of the conditions for the granting of study leave with pay. A total of 5,000 teachers benefited from such leave in the 2003/2004 academic year, compared to a higher figure of 6,033 in the 2001/2002 academic year. There are plans to reach a target of 3,000 teachers in 2004/2005 academic year.
  - Distance Education and Sandwich programmes were implemented as a strategy for reducing the number of teachers applying for study leave. The number of teachers enrolling for these programmes increased from 750 in 2001/2002 academic year to 3,618 in 2003/2004 academic year. This is addition to the 4,500 students mainly teachers admitted into the Cape Coast University and Winneba distance education programmes, which received an allocation of 839.3 million cedis from the GETFund.
- ***Provision of material incentives for teachers.***

The incentive packages include:

  - 5,000 radio cassette players
  - 5,000 sets of cooking utensils
  - 14, 400 bicycles

A total of 24,400 teachers have benefited from these incentive packages since 2002. Out of this number, 25% were from the three regions in the North.
- ***Teacher accommodation***

To ease the perennial accommodation problems faced by teachers who are posted to deprived districts, a total of 56-teacher accommodation units were constructed in 2003, with 23% located the three Northern regions.
- ***District Sponsorship of Teacher Trainees Programme.***

One initiative adopted for ensuring teacher retention involves the sponsorship of teacher trainees by districts. The beneficiaries of the district teacher-training programme are required to return to the districts

after training. The teachers are bonded to teach in the districts for at least three years after being sponsored.

- 2000/2001: 76% of teacher trainees admitted to the programme
- 2002/2003: 91% of teacher trainees admitted to the programme
- 2003/2004: All teacher trainees to be sponsored under the district programme

#### First year Education Strategic Plan

The Education Strategic Plan (ESP) is a major initiative designed to provide a strategic framework for the development of the education sector and also provide the basis for the adoption of a sector wide approach to education financing. The plan was completed in 2003. The 2004 Education sector budget has been geared towards the implementation of the ESP, which will facilitate the achievement of the government objective of providing universal primary education by 2015 and gender parity in enrolments by 2005.

#### Reducing Gender Disparities in Education

One key objective of Government in the education sector is to reduce the gender gap in school enrolment. A proposed strategy for achieving this objective in the medium term is to develop scholarship and other incentive schemes to ensure the retention of girls in schools once enrolled. Progress towards this measure is presented below.

Table 5.6: Summary of Status of Reducing Gender Disparities Indicators

Indicator	Target 2005	Indicator Level 2002	Indicator Status 2003	Progress
<b>Incentive schemes for girls in primary schools initiated by the end of PRSC2</b>	-	-	ø8.885 billion of GET Fund provided in 2003/2004 academic year to provide scholarship for girls in basic schools. Others include material support, school feeding and provision of bicycles.	Fund not disbursed.

Source: Ministry of Education, 2003 Performance Report.

#### Scholarship schemes for girls in primary schools

In the 2003/2004 academic year, an amount of ø8.885 billion from the GET fund was allocated to the Ministry of Education, Youth and Sports to provide scholarships for pupils in basic schools. The fund has not yet been disbursed. However, the proposed formula for disbursement in 2004 is expected to lead to more girls accessing financial support and reducing drop out rates among them as the distribution criteria favours girls.

-Proposed formula for disbursement:

Sixty percent to be used for girls in primary schools

Thirty-five percent to be used for girls in Junior Secondary schools.

Five percent for special needs such as the handicapped.

#### -Material Support for girls

5,500 needy girls benefited from school uniforms and bags, exercise books and pens, pencil erasers; 24,169 basic schoolgirls benefited from the distribution of food rations in exchange for school attendance; 888 girls received bicycles, 80% of which were to girls in the three Northern regions (additional 650 to benefit in 2003/2004).

#### Improving Skills Training

One key strategy in the GPRS for reducing poverty and developing human capital is to provide support for vocational and technical skills training. Additional proposals include the provision of

marketable skills to the unemployed youth using the traditional apprenticeship system. The status of these measures during the period under review is presented below.

**Table 5.7: Summary of Status of Improving Skills Training Indicators**

Indicator	Target 2005	Indicator Level 2002	Indicator Status 2003	Progress
Increase budgetary resources to vocational / technical schools	-	-	¢18.7 billion of GET Fund allocated for rehabilitation of workshops in vocational schools	On track
Grants from poverty programmes provided for skills training	-	-	4,800 unemployed received training in various skills lead by MMDE	On track

Source: Ministry of Education, 2003 Performance Report.

Budgetary resources to vocational /technical schools

In 2003, an amount of 18.7 billion cedis from the GETfund was allocated to support skills and training programmes in vocational technical schools. The fund was used mainly for the rehabilitation of workshops in vocational schools.

Grants from poverty programmes for skills training

An amount of **11.16 billion cedis** was allocated to the Ministry of Manpower and Employment in 2003 to implement a skills training and employment placement programme. Trainees were identified through an unemployment registration exercise undertaken earlier in 2002. A total of 4,800 people have so far acquired various skills training under this programme. However, information on job placements is not currently available.

Street Children

A community based poverty reduction project (CPRP) is being implemented on a pilot basis, in ten-selected district in the country to address three important poverty related issues. One main issue is the phenomenon of street children. This component seeks to learn how to effectively deliver packages of essential services that will reintegrate street children in the communities and within their families. The programme is being implemented in 4 pilot districts in Greater Accra, Northern, Ashanti and Western regions.

Improving Efficiency and Equity of Financing Education with Attention to Greater Poverty Impact

To bridge the equity gap in access to education the following measures were implemented: school mapping to identify disadvantaged districts; and increased resources to disadvantaged communities.

**Table 5.8: Summary of Status of Efficiency and Equity of Financing Education Indicators**

Indicator	Target 2005	Indicator Level 2002	Indicator Status 2003	Progress
School mapping in 10 additional districts completed by the end of PRSC2			Mapping completed for 5 out of 10 targeted districts by end of the year	Not Achieved
Increase resources delivered to at least 10 deprived districts by the end of PRSC-2			Actual non-salary recurrent expenditure to 40 deprived districts increased from 73% to 91% in 2003	Achieved
Execution rate of recurrent non-salary expenditure not less than 75% in 2003		63.6	The execution of non-salary recurrent expenditure increased to 91.1% - Slightly below target	Achieved
Tertiary financing policy in place	-	-	A committee established & university students are contributing 26% of cost of goods and services as academic user fees	On track

Source: Ministry of Education, 2003 Performance Report.

#### School mapping in 10 additional districts

This measure was not completed in 2003. School mapping in only five out of targeted 10 deprived districts had been completed at the time of this report. The 5 districts were:

- Bolga, Bongo, Bawku West, Savelugu-Tatale, Zabzugu

However, there are indications that mapping of the remaining 5 districts may be completed by the end March 2004.

#### Resources delivery to at least 10 deprived districts

There was improvement on the 2002 performance with regard to the delivery of resources to deprived districts as shown below:

Budgeted Non-Salary (Items 2-4) to 40 deprived districts increased from 41,236 million cedis in 2002 to 57,886 million in 2003, a 40% increase.

Actual Non-Salary recurrent expenditure (Items 2-4) to the 40 deprived districts increased from 73% in 2002 to 91% in 2003, an increase of 18%.

#### Recurrent non-salary expenditures

The execution rate of budgeted non-salary recurrent expenditure improved from 63.6% in 2002 to 91.1% in 2003, a exceeding the targeted 75% in 2003.

#### Tertiary financing policy

A tertiary financial policy is not yet in place. However, a committee has been established to prepare a financial strategy for tertiary education and final proposals are expected by the end of June 2004. Ahead of that, university students are currently contributing 26% of the cost of goods and services as academic user fee- a 30% increase on previous year.

### **5.2.3 Recommended Policy Initiatives**

The analysis clearly shows increases in GPER nationally and reduction in disparity across regions and gender in line with the objectives of the GPRS. The monitoring of quality of education indicators however shows mixed results. Government will continue to pursue the current policies to ensure more equity in access. Special attention will be paid now to quality issues in the next round of GPRS implementation. Teacher retention is key to ensuring quality education and reducing school drop out. Impact assessment of the teacher retention schemes will be conducted regularly to ascertain the differential impact of the different schemes being implemented.

## **5.3 HEALTH SECTOR**

The Government of Ghana's social policies under the health sector are designed to improve the health status of the Ghanaian population and thereby ensure a healthier population for social and economic development. In the medium term, the Government intends to accomplish this goal through carefully selected measures. These measures include:

- Enhancing efficiency in delivery and increased access to health services
- Ensuring sustainable financial arrangements that protect the poor
- Improving access to safe water in rural and peri-urban communities

Table 5.9 provides a summary of the status of the indicators used to track progress with the above measures in 2003.

Table 5.9: Summary of Status of Priority Health Indicators in 2003

Prog. Area	Policy Objective	Indicator	Target 2005	2002	Indicator Status 2003	Progress
MTP		Infant Mortality	50/1000	57/1000	64/1000	Not on track
		Under five mortality	95/1000	108/1000	111/1000	Not on track
		Child Malnutrition	20.0	26.0	35.8	Not on track
		Immunization Coverage	90.0	62.0	69.4	On track
		Proportion of supervised deliveries	55.0	44.3	47.1	On track
	Increase Access to health services	Number of model health centres provided /upgraded	-	-	15 model health centres and 2 district hospitals were completed for use in 2003. Additional 15 started to be completed in 2004.	On track
		At least 2 deprived regions to be fully covered under the HIRDP by the end of PRSC2	-	-	Completed for PRSC2- MOH and UNICEF are implementing the programme in Northern and Upper East regions	Achieved
		At least 20% coverage of Community Health Planning and Services (CHPS) by the end of PRSC2	20%-2003	-	Out of 130 zones, only 47 are currently being covered in 2004 of which 28 are in the deprived areas	Not achieved
	Ensure sustainable health care financing	National Health Insurance established and operational	-	-	Parliament passed the National Health Insurance Act 45 districts have been piloting the scheme	On track
	Improve Access to safe water /sanitation	Health expenditure increased from 5.7 in 2000 to 7% of total government expenditure in 2003	7	10.5	11.8	Exceeded
		Percentage of rural population with access to safe water sources	54	41.28	46.4	On track
		Percentage of rural population with access to adequate sanitation				
		Incidence of guinea worm reported reduced	0	5,545	8,000 (44.3% increase since 2002)	Not on track
PRSC2		Programmes to promote relocation and retention of health professionals to most deprived regions approved by cabinet and included in 2004 budget by the end of PRSC2	-	-	Completed in 2003-and 622 billion cedis allocated in 2004 budget to provide salary incentive to health workers in selected districts.	
		Financial analysis of the national public health budget and national health insurance scheme completed by the end of PRSC-2	-	-	Completed by Ministry of Health in collaboration with ILO	
		Money disbursed for exemption fee increased and exemptions for maternal delivery introduced in all regions by the end of PRSC2	-	612.8 Billion	Increased to 624 billion. 617.2 billion was provided as additional money by the Government to increase coverage to the deprived Northern and central regions	
		New recurrent expenditure formula in place by the end of PRSC2	-	-	Completed and adopted in the 2004 budget	
<i>Source: MTPs and HIPC: GPRS 2003-2005, PRSC2: PRSC-2001-2004</i>						

### 5.3.1 Progress and Achievements in the Health Sector

This section reports on progress towards the achievement of key outcome and output indicators in the health sector. Table 5.10 presents the trend in basic health indicators for the country.

**Table 5.10: Basic Health Sector Indicators, 1988-2003 (%)**

	1988	1993	1998	2003
Infant mortality rate	77	66	57	64
Under five mortality rate	155	119	108	111
Immunization coverage (DPT3)		43	62	69.4
Child malnutrition (underweight)	24	27	25	35.8
Maternal mortality rate	240	214	214	n.a
Crude death rate	17	12.5	10	n.a
Life expectancy	54	56	58	60
Crude birth rate	47	44	39	n.a
Total fertility rate	6.4	5.5	4.6	4.4

Source: DHS, WDR and health sector Program of Work in Ghana-Facts and Figures

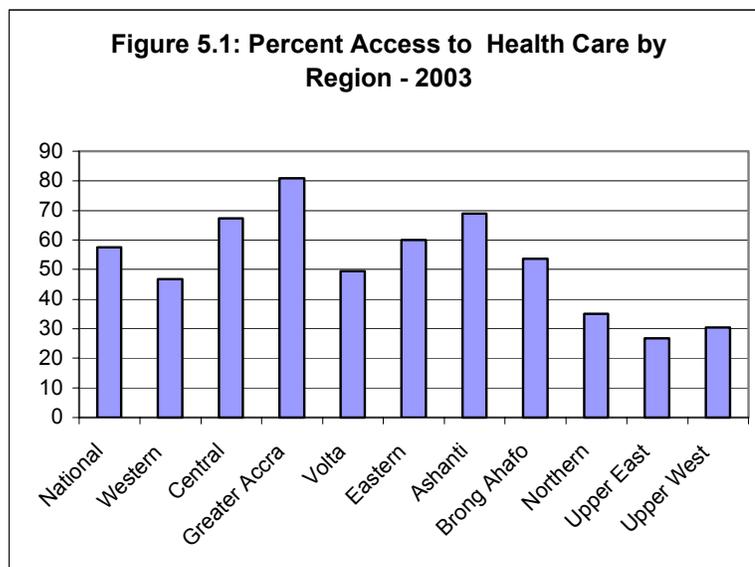
#### Infant and Childhood Mortality

Table 5.10 shows that the gains in both infant and childhood mortality rates in the 1990s seem to have been eroded in the last five years (1998-2003). Infant mortality increased from 57/1000 in 1998 to 64/1000 in 2003, an increase of about 12.3%. The increase in childhood mortality was smaller-about 2.8%. There are many reasons that may account for the observed increases in infant mortality and childhood mortality. These include poor access to health services (including lack of money to cover health expenses) and child malnutrition (see section on child health below). Figure 5.1 shows that access to health care remains poor with a national average of just over 50 percent. The proportion of people with access to health care is far lower in the three northern regions.

**Table 5.11: Access to Health Care by Region**

Regions	2003
Western	46.9
Central	67.2
Greater Accra	80.9
Volta	49.5
Eastern	60.1
Ashanti	69.0
Brong Ahafo	53.8
Northern	35.0
Upper East	26.7
Upper West	30.4
<b>National</b>	<b>57.6</b>

Source: CWIQ 2003 Preliminary Report

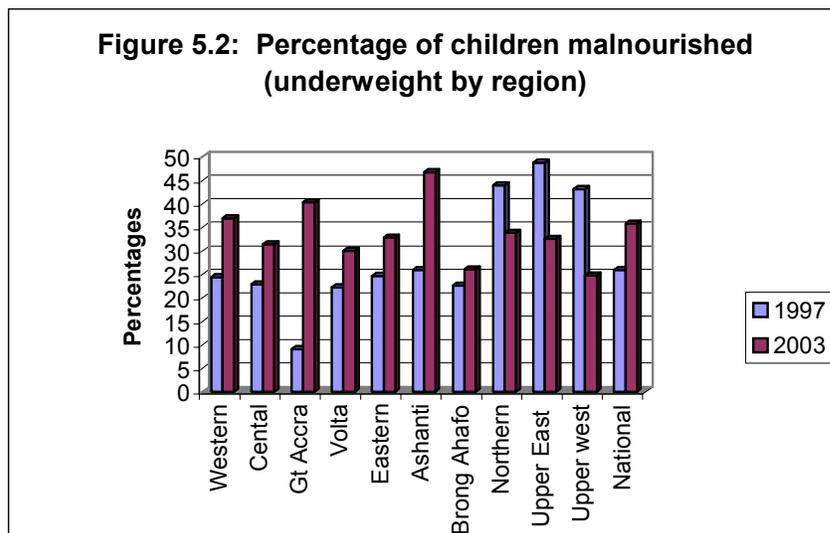


Source: CWIQ 2003 Preliminary Report

The phenomena, however, requires a more detailed analysis of the 2003 DHS mortality data and further studies by the Ghana Statistical Service.

### Child Health

Inadequate immunization coverage and poor nutritional status of children are among the important factors that may influence the observed high levels of childhood mortality in Ghana. The indications are that efforts to increase immunization coverage are yielding results. The proportion of children 0 to 12 months who are fully immunized increased from 62.0 percent in 2002 to 69.0 percent in 2003. (Table 5.10) However, the level of child malnutrition as measured by the proportion of children underweight has increased by 10.5 percentage points in the last five years. Analysis by region in Figure 5.2 reveals that child malnutrition increased in all the regions, except the three northern regions; and prevalence is above the national average in the Ashanti (46%), Greater Accra (40.4%) and Western (36.9%) regions. The lack of progress towards reducing childhood malnutrition may be due to problems associated with the delivery of community nutritional health programmes and/or household access to adequate and nutritious food.



Source: GSS- 1997 / 2003 CWIQ report

A community based poverty reduction project (CPRP) is being implemented on a pilot basis, in four selected district in the country to address three important poverty related issues one of which is nutrition and food security. The districts include Sefwi Wiawso, Bongo, Kadjebi and Komenda/Edina/Eguafo/Abirim. Ten communities were selected in each pilot district. The nutrition and food security component is mainly aimed at strengthening the capacity of communities to achieve, on a sustainable basis, adequate nutrition and food security most importantly for pregnant and lactating women and children under five years.

The programme is being implemented in 40 communities. Out of the 40 participating communities, Community Nutrition Workers (CNWs) were trained in 26 at end of 2003 mainly to promote growth, through growth monitoring for children, counselling on health, and hygiene education issues. Also a strategy was adopted to empower mothers and other caregivers to implement pieces of advice given during training sessions hence a Local Initiative Fund (LIF) is being established as a sub component. This fund will aim at identifying care givers who need financial assistance in form of small loans to enable them improve their income generation activities and thereby earn sufficient income to feed their children.

### Maternal Mortality

Available statistics indicate high maternal mortality rates in Ghana (Table 5.10). Behind this aggregate figure are also wide geographical variations in the risk of maternal death. The GPRS identifies the three northern regions and the central region as needing most attention in efforts to improve maternal health. Two important correlates of poor maternal health outcomes are inadequate antenatal care coverage and unsupervised deliveries.

In the past year, the government continued to invest in programmes aimed at increasing uptake of antenatal care and coverage of supervised deliveries by health professionals. As a result, there has been significant increase in the proportion of mothers benefiting from antenatal health care and supervised deliveries.

Overall, 69 percent of antenatal coverage was achieved in 2003 as against 62 percent in 2002 (CWIQ, 2003). Results from the same survey indicate about 47% of births were delivered under the supervision of health professionals, an increase of about 3% from the 1998 figure of 44%. Regional trends show low but steady increases in coverage in the three deprived northern regions. Central region is the only region that recorded decrease in coverage from 40% in 1998 to 38.5% in 2003 (Table 5.12).

**Table 5.12: Proportion of supervised deliveries by health professionals, 1998 and 2003**

	1998	2003
<b>National</b>	<b>44.3</b>	<b>47.1</b>
Central	40.0	38.5
Northern	11.1	18.3
Upper West	22.1	27.8
Upper East	16.1	33.3

Source, 1988GDHS, and 2003 GDHS Preliminary Report.

### **5.3.2 Policy Measures**

A number of medium term policy measures were implemented in the in 2003 to facilitate progress towards the achievement of the targets set for the above outcome and output health indicators. This section evaluates the status of these measures in 2003. The evaluation is organized around the key medium term policy objectives of enhancing access to health services; ensuring sustainable financial arrangement that protects the poor; and improving access to safe water in rural and peri-urban communities.

### Enhance Delivery and Increase Access to Health Services.

The Government's effort to enhance the delivery and increasing access to health services continued in 2003 with the strengthening of measures to (i) provide one model health centre in each district (ii) implement high impact and rapid delivery programmes to reduce under-five mortality and maternal mortality

PRSC targets under this section are (i) expand the coverage of community health planning and services and (ii) develop programmes to promote the relocation and retention of health professionals. The status of each of these measures is provided below.

<b>Indicator</b>	<b>Target 2005</b>	<b>Indicator Status 2003</b>	<b>Progress Towards Target</b>
Number of model health centres provided /upgraded	-	15 model health centres and 2 district hospitals were completed for use in 2003. Additional 15 started to be completed in 2004.	On track
At least 2 deprived regions to be fully covered under the High Impact Rapid Delivery Programme (HIRDP) by the end of PRSC2	-	Completed for PRSC2- MOH and UNICEF are implementing the programme in Northern and Upper East regions	Achieved
At least 20% coverage of Community Health Planning and Services (CHPS) by the end of PRSC2	20%-2003	Out of 130 zones, only 47 are currently being covered in 2004 of which 28 are in the deprived areas	Not achieved
Programmes to promote relocation and retention of health professionals to most deprived regions approved by cabinet and included in 2004 budget by the end of PRSC2	-	Completed in 2003-and €22 billion cedis allocated in 2004 budget to provide salary incentive to health workers in selected districts.	Achieved

Source: 2003 Ministry of Health Performance Report

#### Model Health Centres

In 2003, fifteen Health Centres and two District Hospital (Bimbilla and Begro) were completed for use through the support of the OPEC Fund and Ghana Government. An additional fifteen health centres, which started under the Saudi Phase 11, are expected to be completed by January 2004. Work on upgrading three Health Centres at Juabeso, New Edubiase and Nkwanta was also initiated to be completed by June 2004.

#### Deprived regions to be fully covered under the HIRDP

This measure can be considered completed for PRSC-2. The Ministry of Health in collaboration with UNICEF are currently implementing the programme in all districts in the in two deprived regions (Northern and Upper East regions).

#### Community Health Planning and Services (CHPS)

The CHPS is a key strategy in the GPRS for addressing regional differentials in health outcomes and increasing the poor's access to health services. The 2003 survey reveals that access is poor in the three northern deprived regions and among the rural poor. To date the PRSC-2 target of 20% has not been achieved. CHPS is currently being implemented in 47 zones, 28 of which are in the deprived regions. To meet the PRSC target of 20% coverage, an additional 83 zones need to be completed, of which 26 are in deprived areas.

#### Relocation and retention of health professionals in most deprived regions

A programme for relocation and retention of teachers in deprived regions was finalized and approved by cabinet. Specifically, the programme involved the identification of 55 deprived districts, including all districts in the deprived regions for interventions to retain health professionals and attract new ones. The 2004 budget allocates 22

billion cedis to provide a salary incentive to all health workers currently in the selected districts. In addition, 19 billion cedis from the HIPC fund will be utilized to attract new health workers to the district. The District Assemblies will administer the funds for the programme.

There are, however, concerns that salary incentives alone may not be sufficient to ensure success of the programme. Other incentives that have been suggested in the package jointly by the Ministry of Health and Ghana Health Service are good schools for children, availability of basic services such as water and electricity, travel time to home districts and funding for personal housing.

To inform the revision of the programme under PRSC-3, a system of monitoring and evaluation will be put in place to assess the effectiveness of this measure.

#### Ensure Sustainable Health Care Financing that Protects the Poor

To achieve the goal of ensuring sustainable health care financing that protects the poor, the following measures, which were adopted in 2002, continued to be emphasized in 2003: (i) replacement of the cash and carry system with health insurance scheme (ii) increase coverage of exemptions to include maternity delivery (iii) application of health expenditure allocation formula that favours most disadvantaged regions (iv) increase health expenditure as total of government expenditure.

**Table 5.14: Summary of Status of indicators for Ensuring Sustainable Health Care Financing that protects the poor**

Indicator	Target 2005	2002	Indicator Status 2003	Progress
National Health Insurance established and operational	-	-	Parliament passed the National Health Insurance Act 45 districts have been piloting the scheme	On track
Financial analysis of the national public health budget and national health insurance scheme completed by the end of PRSC-2	-	-	Completed by Ministry of Health in collaboration with ILO	Achieved
Money disbursed for exemption fee increased and exemptions for maternal delivery introduced in all regions by the end of PRSC2	-	¢12.8 Billion	Increased to ¢24 billion. ¢17.2 billion was provided as additional fund by the Government to cover exemptions for maternity delivery in the deprived northern and central regions	On track
New recurrent expenditure formula in place by the end of PRSC2	-	-	Completed and adopted in the 2004 budget	Achieved
Health expenditure increased from 5.7 in 2000 to 7% of total government expenditure in 2003	7	10.5	11.8	Exceeded

Source: 2003 Ministry of Health Performance Report

### National health insurance

In line with Government policy of replacing the 'cash and carry' system with an Insurance Scheme, Parliament passed the National Health Insurance Act during the year under review. With regard to implementation of the scheme, 45 districts have been piloting the scheme. Out of the 45 districts

- 10 are managing benefits and claims
- 15 are at the stage of registration of members and collection of contributions
- 7 are coding streets and houses
- 8 are sensitising their communities
- 5 have started their stakeholder consultations.

In addition an amount totalling 41.6 billion cedis of HIPC funds was released to 108 districts, including 12 sub-metros in Kumasi, Accra and Sekondi-Takoradi to facilitate the implementation of 120 District Mutual Health Insurance Schemes.

Other notable measure taken in 2003 to enhance the implementation of the Health Insurance Scheme include the preparation of instruments for the accreditation of health institutions and stakeholder consultations on minimum benefit package for the scheme.

### Financial analysis of the national public health budget and the National Health Insurance Scheme

The Ministry of Health in collaboration with ILO have completed financial analysis of the public health budget and the national insurance scheme. The key conclusions of the analysis include:

- Possibility of public health expenditure growing rapidly over the next ten years. The expected increase in utilization of insured persons will lead to increase in overall expenditure that will outpace growth of resources and consequently create a financial gap.
- To ensure financial equilibrium, government's financial commitment to the health sector should not be reduced. New sources of revenues should be considered as additional resources.
- In the longer term, the government may either have to bear a higher share of the public health expenditure or would have to introduce higher contributions to the district health insurance scheme.

### Exemption fees

Recurrent budget spent on exemption increased from 12.8 billion cedis in 2002 to 24 billion cedis in 2003. An additional amount of 17.2 billion cedis was provided by the Government to cover exemptions in the deprived Northern regions and the Central region. Progress has been made with this measure in terms of (i) releasing resources to the districts (ii) setting up regional systems that spell out packages, amount to be granted for exemption and the procedure for reimbursement.

### New recurrent expenditure allocation formulae

A new recurrent expenditure allocation formula to provide additional funding for health programmes in deprived areas has been adopted and applied in the 2004 budget. Expenditure allocation in the new formula is based on population adjusted for health needs (as measured by the levels of U5MR and IMR) and level of deprivation (as defined by population below the poverty line).

### Health expenditure as percent of total government expenditure in 2003

In line with the Government's objective of improving the level and distribution of health resources, the proportion of non-wage recurrent expenditure on health increased from 10.5% in 2002 to 11.8% in 2003. Thus the target of 7% set for the HIPC in 2003 was exceeded by 4.8%.

## **5.4 IMPROVE ACCESS TO SAFE WATER AND SANITATION IN RURAL AREAS**

One strategy for sustaining poverty reduction under the GPRS is improvement in rural population access to safe water and sanitation through the provision of water and sanitation facilities at the district and community levels, with emphasis in Guinea worm endemic areas. This section reports on the progress made in the water and sanitation sector.

**Table 5.15: Summary of Indicators on Access to Safe Water in Rural Areas**

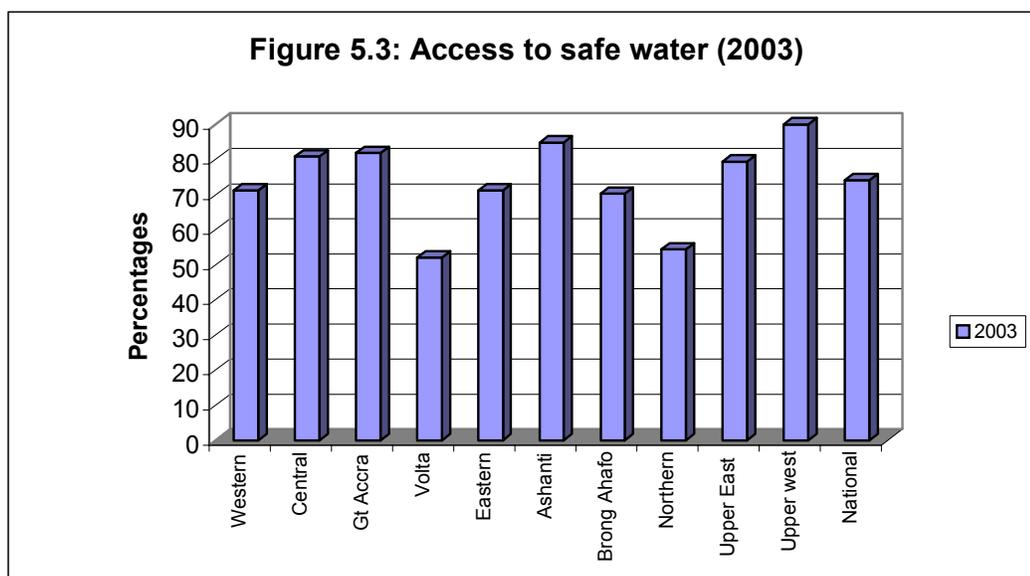
Indicator	Target 2005	1998	Indicator Status 2003	Progress
Percentage of rural population with access to safe water sources	46%	40% (2000)	46.4%	On track Exceeded HIPC trigger
Percent of rural population with access to adequate sanitation	---	45.8%	55.0%	Slow progress
Incidence of guinea worm reported reduced	0	5,545 2002	8,000 (44.3% increase since 2002)	Not on track

Source: 2003 Annual Report, Ministry of Health 2003 Performance Report, GSS- 1997 / 2003 CWIQ reports

Rural population with access to safe water

Government's effort to accelerate the provision of safe water in rural communities has been very successful. Rural population with access to safe water increased from 40% in 2000 to 46.4% in 2003, exceeding the HIPC completion point target of 46% (Table 5.15). In spite of the dramatic increase in access to drinking water in rural communities, guinea worm infections are on the rise. This suggests the need to look carefully at the quality dimension of the water that is made accessible to the rural folks especially looking at the type of delivery systems.

This positive trend in access to safe water is the outcome of substantial improvement in the construction of water infrastructure in rural communities, especially new boreholes (Table 5.14)).



Source: GSS-2003 CWIQ report

**Table 5.16: Achievements in water facility delivery, 2002 and 2003**

Facility	2002 Achievements	2003 Achievements
New boreholes constructed	622	1290
Boreholes rehabilitated	407	115
New hand-dug wells	65	61
Hand-dug wells rehabilitated	2	6
Small community pipe systems completed	4	19
Small town pipe systems completed	25	46

Source: 2003 Annual Report, Community Water and Sanitation

### Incidence of guinea worm

Data from the Ministry of Health indicates a disturbing trend in this indicator. Table 5.17 reveals that the reported number of Guinea worm infections increased by 44.3% between 2002 and 2003. The most affected endemic areas in the country are in the Volta, Northern and Brong Ahafo regions.

In an effort to arrest the increasing cases of Guinea worm, an amount of **29.2 billion cedis** was released by the government in 2003 for the construction of 245 boreholes in guinea worm endemic areas.

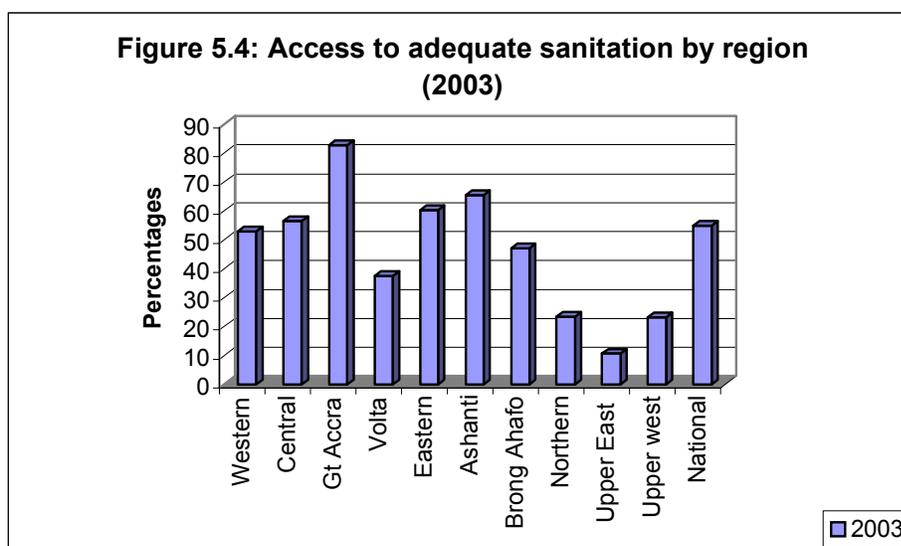
**Table 5.17: Trends in the reported cases of Guinea Worm**

Year	Reported cases	Percent Increase
2001	4,738	----
2002	5,545	17.0
2003	8,000	44.3

Source: MOH, 2003 Performance reports.

### Rural population with access to adequate sanitation

Table presents data on access to safe sanitation. The data indicates that access remains very low with a national average of just over 55 percent. Access in the three northern deprived regions is around 20 percent or lower.



Source: GSS-2003 CWIQ report

## **5.5 RECOMMENDED POLICY INITIATIVES**

It is essential to review health sector priorities to take into account the recent increases in infant and childhood mortality rates in the country. Due to the observed positive correlation between child malnutrition and under-five mortality, child nutritional programmes may need to be strengthened and expanded.

To have the greatest impact on health outcomes, there is the need for a system to identify and concentrate the location of health facilities in the most vulnerable districts.

To ensure significant improvement in the health status of the most poor and vulnerable, access to exemptions could be enhanced through better targeting of the poor. There is currently no system to identify the most poor and it is important that the situation is addressed quickly.

There is the need to accelerate the full implementation of the National Health Insurance Scheme to ensure that poor people have access to quality health services. Introduction of a targeting system would be important to ensure that the most poor and vulnerable benefit from planned subsidies to cover the cost of premiums.

Access to drinking water has improved considerable. However, incidence of guinea worm infections, a water-borne disease is on the rise. This suggests the need to take a critical look at the safety concerns of the water that is being made accessible to the rural population. Government will investigate this oxymoron further and immediate action taken to ensure not only access to water but also access to quality water.

Access to adequate sanitation remains very low in the country. Sanitation issues need particular attention in the next phase of the GPRS implementation.

## **6 GOVERNANCE**

### **6.1 INTRODUCTION**

The practice of governance requires leadership and citizens at every level and in every aspect of state life to act in accordance with the universal principles of accountability, transparency, participation and equity in resource distribution within the confines of the law. For good governance to occur governance institutions at both national and sub-national levels should develop the ethos and the appropriate levels of capacity needed to properly manage public policy. As a complement, adequate institutionalised opportunities are needed especially at the local or community level for citizen participation in the decision-making processes. It is also essential for there to be law and order as well as a secure environment for the conduct of business and for normal everyday activities. In the same way as over concentration of decision-making authority undermines the drive to reduce poverty and the effort to promote sustainable development at the local and community levels, operational and allocative inefficiency in resource use at the decentralized level also inhibit progress towards good governance. These factors were essential considerations in the development of policies in the governance programme of the GPRS, and for the Poverty Reduction Support Credit (PRSC).

This section reviews the implementation of the governance activities and the outcomes in relation to the goal of poverty reduction. The Policy areas, indicators and the activities of the two programmes are included in Table 6.1 below.

### **6.2 POLICY PRIORITIES, MEASURES AND ACTIVITIES**

The priorities for the implementation of good governance under the GPRS include two policy areas: a) Security and Rule of Law and b) Decentralisation. Those for the PRSC 2 focus on a) Decentralised Government and b) Public Sector reforms. Each of these has defined measures and the set of activities required to achieve the policy objectives. These have been consolidated in Table 6.1 below.

**Table 6.1: Summary of Status of Priority Indicators Governance**

Program Area	Objectives	Target	Indicator Level 2002	Indicator Level 2003	Progress towards Target
MTP	Local safety and security in place	1:925 by 2004	1:1142	1:1121	Gradually moving towards target
	Equip and train the police		100 vehicles in 2000	470 vehicles procured, 854 recruited & trained	On track
	Strengthen the capacity of the Attorney -Generals' office			Training and office equipment provided for AGs office	Support provided
	Strengthen campaign against corruption			Coalition Against Corruption recruited Executive Secretary and other staff and procured office equipment	Support provided
	Provide support services to Parliament			Training, ICT equipment and equipment for radio station provided	Support provided
	DACF increased to 7.5% of Tax revenue	7.5%	5%	7.5%	Parliamentary has recommended an increase and Parliament has endorsed it. But will not take effect until next year
	Local Government Service Bill passed		Bill before parliament	Bill passed on 18 <sup>th</sup> July 2003 and gazetted on 31/12/03	Done
	Institutional processes between DAs and CSOs strengthened			Institutional processes being strengthened	Slow
PRSC 2	Local Government Bill Passed		Bill before parliament	Bill passed	Done
	Decentralisation Action Plan approved			Implementation Action Plan under consideration (NDAP)	On going
	Submit to Parliament Annual GPRS Progress Report		2002 APR submitted	2003 APR under preparation	On track
	Carry out 3 PSiAs			4 PSiAs completed	Target exceeded
	Complete (SEA) and identify next steps			SEA Completed	Done
	Finalise census, update payrolls. Establish reliable data base of public sector employment			Census finalised	done
MDBS	Decentralisation Secretariat Functioning			Secretariat in place	On-track
	Presidential Advisory Committee inaugurated and functioning			Presidential Advisory Cttee established to advise on National Decentralisation	On-track
	Pilot District Composite Budget in 3 districts		Yet to be implemented	Composite budget initiated in Dangme East, Dangme West and Akuapem North District. Strategic Plan developed	On-going

Program Area	Objectives	Target	Indicator Level 2002	Indicator Level 2003	Progress towards Target
	Begin implementation of new Procurement Bill enacted by Parliament by establishing and making operational Public Procurement institutions		Bill before parliament	Bill passed	Done
	Establishment of Public Procurement Board and Secretariat			The Board is to be in place by March 2004. Awareness creation on the Act is currently on-going	On track
	Final draft of Freedom of Information Bill presented to Cabinet			Revision of draft in progress	On going
	Final draft of Whistle Blower Bill presented to Cabinet			Revision of draft in progress	On going
	Dissemination of Annual Progress Report 2002		APR 2002 disseminated	APR 2003 under preparation	On track
	Diagnostic study on institutional mandates of anti-corruption agencies commissioned			Draft Terms of Reference prepared for focus group discussion and review	On-going
HIPC					
	New procurement code established		Bill before parliament	Procurement Bill Passed and gazetted	On track
	Full Internal Staffing position			Full compliment of staffing in place by March 31 2004	On-track
	Electronic expenditure reporting system installed in MoF, CAGD, and at least two key sector ministries			Installed in MoF and CAGD	On track
	Ministry of Local Government Service Bill submitted to Parliament			Bill submitted and passed in July 2003, gazetted 31/12/03 and received presidential accent.	On track
	Number of districts submitting composite budgets		Yet to be implemented	Action was initiated 3 pilot district - Dangme East and West and Akuapem North	On track

### 6.3 PROGRESS ON POLICY IMPLEMENTATION ON SECURITY AND RULE OF LAW

#### Outcomes of Interventions

The governance outcomes monitored indicate that there has been a general improvement in security and the rule of law during 2003. As a result of the changes that have taken place in the police service, to wit, recruitment of new personnel, increase in logistics, creation of neighbourhood watch committees and increased patrol, the police have reported a reduction in the crime rate across the country. The data in Figures 6.1a and 6.1b<sup>2</sup> show drops in cases of robberies, stealing, rape and assault during the year. Marginal increases were recorded for fraud (Figure 6.1a) and murder (Figure 6.1b). It is only in cases of defilement that a sharp increase was recorded. Here, the higher numbers seem to point to increased reporting rather than an increase in the commission of the offence, which is suggestive of the growing confidence, the population is developing in the police.

Figure 6.1a: CRIME STATISTICS

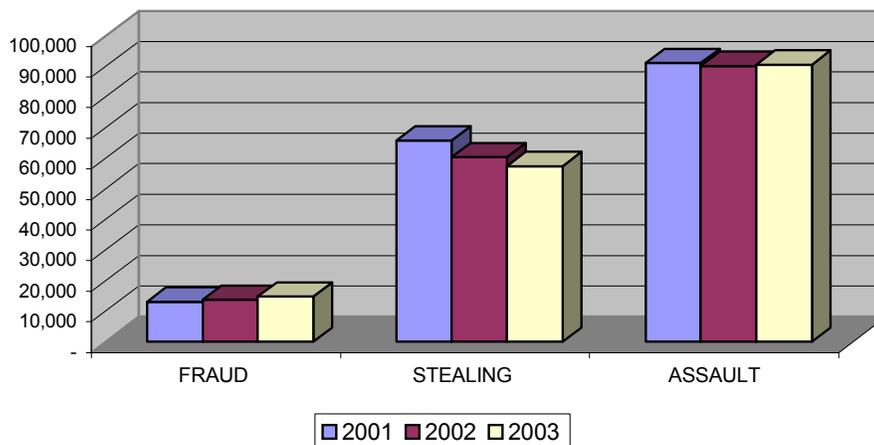
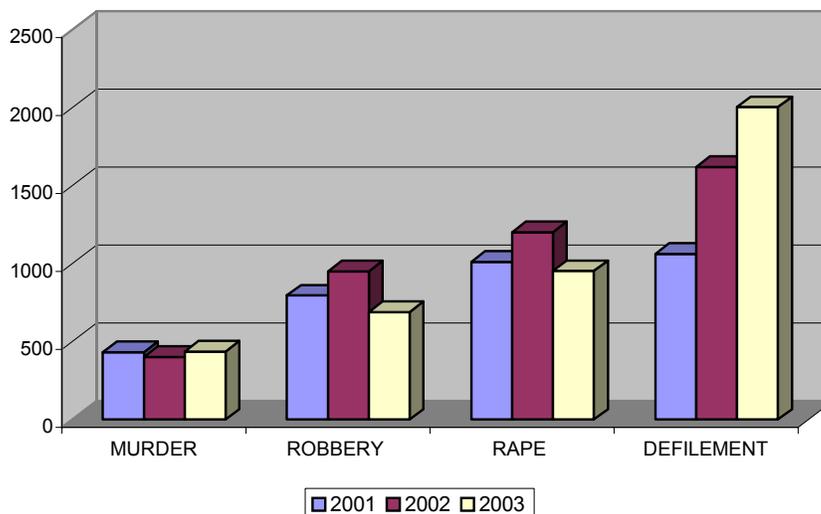


Figure 1b: CRIME STATISTICS



Source: Ministry of Interior Records 2003

The activities of civil society organisations have heightened awareness about issues of corruption and have created a vigilante disposition in the public services. With the passage of the Central Internal Audit Bill,

<sup>2</sup> Two charts were constructed because the data range was too wide for effect on one chart.

the regulatory and legal environment for public financial management (PFM) has been greatly enhanced. This has cleared the way for efficiency, accountability and transparency in PFM.

It is further noted that people are resorting to Alternative Dispute Resolution approaches to resolving conflicts. This will reduce the pressure of the justice administration system and introduce speed and more efficiency in the dispensation of justice in the country. Free legal aid for the poor is also positive effort at extending the rule of law across all manner of persons.

What follows are the specific interventions of the policy objective of Security and the Rule of Law undertaken to achieve the outcomes discussed above.

## **6.4 NATURE OF INTERVENTIONS**

### **6.4.1 Support to the Police Service**

To enable the institutions charged with the responsibility of ensuring security and maintenance of law and order discharge their functions efficiently, the MTP targeted improving their service delivery capacity<sup>3</sup>. The effort to extend the coverage of policing across the country included the provision of 470 new vehicles and communication equipment. In this respect, more vehicles were procured in the year. This has greatly expanded the fleet of patrol vehicles from a low figure of 100 in 2000 to close to 700 by the end of 2003. With a donor support of \$1.0m the police have increased patrols in both urban and rural areas. This has improved police presence and increased the response rate to distress calls. To complement the work of the police service and to involve citizens in the maintenance of law and order the Police have encouraged and supported the formation of Neighbourhood Watch Committees nationwide. Its support is mainly in retraining members of the Committees in effective patrols, crime combat and crime reporting.

There is also progress towards addressing the problem of inadequate communication equipment. It is noteworthy to report that the police service has now opened a website<sup>4</sup> to foster better interaction with the public and to raise the profile of the force in general. The public now has an additional opportunity to both acquire and express opinions on police work.

The Women and Juvenile (WAJU)<sup>5</sup> Unit extended its presence beyond the regional capitals. It opened new offices in Tema (regional), a District office in Swedru and has established WAJU desks in Dansoman and Odorkor. The expansion of the Unit is bringing help closer to more women and children who suffer all forms of abuse at the sub-regional levels.

The National Governance Program (NGP)<sup>6</sup> has supported training for a number of governance institutions, including the Police Force. A number of Registrars and bailiffs of the Commission on Human Rights and Administrative Justice were trained in change management who in turn offered training to 152 police station officers on how to uphold the rights of citizens.

The Ghana Police Service as at December 2003 had staff strength of 15240. By the end of the year the Service recruited 854 new personnel and also put 1,254 potential recruits on stand by for training. The police citizen ratio as at December 2003 was 1:1121. The Service is gradually moving toward achieving its target of police /citizen ratio of 1:925 by 2004. If this progress remains unhindered, the police will achieve the international standard of 1:500 in a few years time.

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<sup>3</sup> The support to other institutions that support the maintenance of law and order are detailed out in Appendix 1. These include the Narcotics Control Board, the National Disaster Management Organisation, the Prison Service, the Ghana National Fire Service and the Ghana Immigration Service

<sup>4</sup> Web address [www.Ghanapolice.org](http://www.Ghanapolice.org)

<sup>5</sup> WAJU was established in 1998 to offer protection and support for women and children

<sup>6</sup> NGP aims at building the capacity of key governance institutions (including Judicial Service, CHRAJ, NCCE, NMC and EC) through training, acquisition and deployment of equipment (including ICT) and outreach activities.

#### **6.4.2 Strengthening the Attorney General's Office**

To achieve the objective of deepening the rule of law, the Ministry of Justice undertook a number of important activities including

- a) the computerisation and the networking of the Registrar-General's Department
- b) the organisation of Legal Aid Clinics by the Legal Aid Board in all regions to give advice to the poor
- c) the handling of 4500 cases in court for the poor and
- d) Laying of the foundation by the Board for the publication and distribution of brochures on legal aid in seven Ghanaian languages.

Also, Judges, Magistrates, Registrars, senior staff, regional accountants and administrative staff of the Judicial Service received training in different subjects including, Performance management, Alternative Dispute Resolution, Court automation, Case Management and change management.

#### **6.4.3 The Campaign Against Corruption**

Two major anti-corruption institution-building activities occurred in 2003. In order to gain firm ground for the discharge of its anti-corruption responsibilities, the Ghana Anti-Corruption Coalition undertook a major restructuring exercise. It acquired a permanent office, installed ICT equipment and strengthened its staff situation by recruiting an Executive Secretary and the full staff complement. It also undertook a follow-up survey to its initial Anti-Corruption study<sup>7</sup> and published and disseminated the proceedings of its 5<sup>th</sup> Governance Workshop. The GACC has initiated a programme of establishing Anti-corruption Youth Clubs in schools as a means of expanding the constituency of citizens imbued with principles and values that reduce the inclination towards corruption.

The second major effort to reduce the tendency towards corrupt practices by public officials is the establishment of an Accountability Office in the office of the President. Its remit is to provide advice on ethical compliance issues to political executive appointees.

The press has been active in the campaign to reduce corruption across the system. Interactive radio and television have opened up space for citizen participation in Anti-Corruption debates.

The Central Internal Audit bill, which seeks to rationalise the conduct of audits within the public service, was passed into law during the year. Its implementation began with the setting up of the appropriate institutional structures, recruitment of critical staff and the conduct of audits on the HIPC funds, GPRS and the Ghana AIDS Response Fund. The Audit Service established new District offices which raised the total to 67 offices, audited 21 Ghana Missions and carried out special audit exercises in some selected Districts including West Mamprusi District which averted the loss of huge sums of public funds.

#### **6.4.4 Support to Parliament**

Under the National Governance Programme, 35 members of parliament were given training in computing and in change management. Library officers of the office of parliament also received upgrading training. The programme supported the office of Parliament with ICT equipment and user licences, library software and technology for the proposed parliamentary radio station.

In furtherance of its objective of bringing the business of the legislature to the doorstep of the ordinary Ghanaian, the Ministry of Parliamentary Affairs disseminated government policies and programmes to the unit committee levels of the decentralised administrative system. This is an empowerment process for

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<sup>7</sup> The report on the follow up survey is not ready yet.

citizens far removed from the activities of government business. Information on government policies offers an opportunity for citizens to understand the decision-making process and therefore demand accountability from public office holders. They are also better placed to make informed choices.

## **6.5 RECOMMENDED POLIC INITIATIVES**

To promote a faster pace towards good governance, greater dissemination of information about policies, programmes and services will be mounted to inform the public about their rights, their obligations and the nature of services available.

Similarly, public forums to discuss issues of governance in relation to justice, accountability and security will be intensified. In this sense, public forums such as the Peoples' Assembly, which involves the President interacting with ordinary citizens and which are replicated at the regional and in some instances, the district level, will be made a regular feature of the governance programme. Also, good governance enhancers such as the 'Meet the Press' series, which afford the media the opportunity to listen to and discuss issues with incumbent ministers, will continue. Indeed, more use will be made of the mass media as well as already existing civil society groups in rural and urban areas, including professional associations to discuss such matters.

It is noted that enhancement of governance should go beyond law and order. Other governance institutions are playing significant roles in expanding public space for dialogue, promoting administrative justice, upholding human rights and facilitating smooth transitions in the political order. As a policy goal, the governance indicators will be revised in future to present a more comprehensive representation of all the other players.

## **6.6 DECENTRALISATION**

### **Outcomes of Interventions**

The second governance policy objective of decentralisation is meant to bring the act of governing within the reach of citizens who are far removed from the centres of power. The decentralisation process involves a mix of political devolution enshrined in the constitution as well as administrative and technical de-concentration of key service delivery institutions partly underwritten by legal provisions and partly reflecting conventional practices. While the institutional and legal frameworks for decentralisation have made great progress since 1992 when the District Assemblies were established and when the District Assembly Common Fund became operational, no clear trend has been observed to deepen and institutionalise decentralisation efforts of Government. Projects have been largely un-coordinated and approaches to implementation have been divergent. Direct citizen participation in the process of decision-making has been acclaimed to promote and sustain faster local development. To make this work at the level of the district governance institutions, efforts were made in the year to improve the capacity and to introduce mechanisms and structures that would allow citizen involvement.

The Ministry of Local Government and Rural Development formulated a National Decentralisation Action Programme (NDAP) which has been approved by Cabinet in September 2003<sup>8</sup> to promote the convergence of the decentralisation efforts, consolidate processes of resource allocation and management, build capacities for poverty-targeted development and governance at the local level and promote partnership and participation between local government, civil society, the private sector and traditional authorities.

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<sup>8</sup> See National Decentralisation Action Plan: Towards a Sector-Wide Approach for Decentralization Implementation in Ghana (2003-2005).

Strategies for implementing the policy focus on a) political decentralisation, b) Administrative decentralization, c) Fiscal decentralisation, d) Decentralised development planning of public-private partnership in investments.

These strategies have been partially implemented with significant progress made in selected areas. In the area of political decentralisation, substantial authority has been successfully decentralised to the district level. However, administrative functions have not yet been fully devolved and MDAs still control their own programmes and activities at the district level through their field officers. Reporting is still vertical between field officers and national level officers. There has been considerable delay in the implementation of the composite budgeting system and this has encouraged uncoordinated sectoral budgeting.

The capacity building efforts within the district assemblies are helping to improve service delivery and to increase the efficiency in resource use. District Assemblies are becoming more proactive and more responsive to the needs of their local communities. Citizens are developing the confidence to engage in issues of development value to their local communities and to the nation at large. The processes and interventions that triggered these positive outcomes are detailed out in what follows.

The democratisation process is deepening at the local community level. District Assemblies are holding regular meetings and are ensuring that the committees are functioning. This inclusive governance approach has an advantage of promoting efficiency in resource and providing a strong ground for composite budgeting.

The passage of the Local Government Service Bill has raised morale of staff in the local government system. Expectations of improved service conditions have the advantage of retaining staff.

## **6.7 NATURE OF INTERVENTIONS**

### **6.7.1 Strengthening the Administrative capacity of District Assemblies**

The Local Government Service Bill was passed into an Act and was assented to by the President. The Ministry of Local Government and Rural Development prepared the National Decentralization Action Plan (NDAP) and initiated consultations with stakeholders on it. A presidential Advisory Committee was consequently set up to provide the necessary policy guidance. Cabinet endorsed the NDAP for implementation. Some activities have started with respect to the three of the five strategic areas of the NDAP mentioned above:

- Political decentralisation- to promote efficiency in administering the districts Legislative processes were initiated in 2003 by the Electoral Commission for the creation of 25 new districts and 30 constituencies for administrative and electoral functions respectively. The number of districts now stands at 135
- Administrative decentralisation-the process to divest MDAs of implementation responsibilities and transfer these to the 22 functional areas of district assemblies was greatly enhanced with the direct transfer of HIPC funds from the Controller and Accountant General to the MMDAs. The districts assume direct responsibility for fund allocation to reflect the district priorities.
- Fiscal decentralisation- an important activity aimed at improving efficiency of the DAs is the preparation of district composite budgets. During the course of the year the Ministry of Local

Government initiated action in 3 pilot districts, Dangme East, Dangme West and Akuapem North, to prepare composite budgets.

### **6.7.2 Deepening District Assembly association with civil society.**

District Assembly Civil Society relations improved slightly during the year. In the fight against HIV/AIDS, district assemblies have collaborated extensively with CSOs. They have carried out joint campaigns and undertaken joint monitoring of resource use. Other areas of cooperation include education on bush fire prevention and control. In some sectors such as in community water and sanitation programme DAs and CSOs are assigned direct roles in the implementation and management of projects at the district and sub-district levels.

Other civil society organisations, especially international non-governmental organisations and local faith based organisations are making substantial contributions to district development by supporting the preparation and implementation of district development plans. For instance under JICAs Integrated Human Development Plan the six districts in the Upper East were supported with funding and technical expertise to prepare their development plans.

A new area of cooperation that has developed between civil society and district assemblies is that of budget advocacy. Civil society organisations such as the Centre for Budget Advocacy (ISODEC) have worked very closely with many district assemblies to bring citizen voice into the budget formulation process both at the district and national levels. At the budget forums organised by ISODEC in the districts, the panel of resource persons always include Budget Officers from District Assemblies. They share knowledge and experience of the district budget formulation and implementation process with the audience, which is usually made up of a cross section of state and non-state actors.

The National Governance Project has supported the training of 120 Assembly members and traditional rulers in peace resolution.

## **6.8 RECOMMENDED POLICY INITIATIVES**

There is need to conduct research to establish the system-wide impact of policy measures on improved services by the district assemblies.

Many communities are becoming more empowered to demand accountability from public office holders at the District assembly level. These are all positive spin-offs from the support to district assemblies, which will be sustained to deepen citizen participation in decision-making and ensure equity in resource allocation.

## **6.9 PUBLIC SECTOR REFORMS**

### **Outcomes of Interventions**

With respect to the objectives of improving the performance of the public sector and securing efficiency in public expenditure management, the evidence shows that considerable progress has been made. The leadership of the Civil Service made up essentially of Chief Directors is currently being developed to become more forward-looking and performance oriented. The Chief Directors have been made to enter into performance contracts with the Public Services Commission for purposes of improving service delivery and performance orientation based on clearly defined output targets and for enhancing skills and capacity. A system of regular monthly meetings of chief directors has been institutionalised. This offers a

good opportunity for cross-fertilisation of ideas and for the provision of collegial support in policy interpretation. The forum is also effectively being used to improve service delivery and to improve inter-sectoral policy formulation and implementation.

As a result of finalising the census of staff in the public service, approximately 400 fake names have been expunged from the pay roll on non-subsidised organisations.

### **Nature of Interventions**

The process of improving the performance of the public sector began with the commissioning in March 2003 of an independent evaluation of all previous reform efforts. The consulting firm Price Waterhouse Coopers proposed among others, the setting up of an Advisory Group (AG) to guide the direction of a new reform agenda. The AG under the chairmanship of the Senior Minister, focused on priority areas that possessed intrinsic characteristics of hastening the new reform. Reorganisation of the Structure of the Civil Service was one of its first points of entry. In this direction, it focused on improving the capacity of the leadership of the Civil Service. Old Chief Directors were reassigned new portfolios and new ones were hired. Training was procured for them and new service conditions, intended as incentives, were introduced for them.

For the subsidised organisations, the new approach involved putting services on the market for value where the services are of commercial value. These agencies have been given performance contracts, which will allow government to determine whether the subvention should be partial or full. The purpose is to cut the commercially viable agencies off government subvention and thus ease the pressure on the public budget. A Subsidised Agencies Reform Bill has been drafted and will be submitted to Parliament in the current year.

Under the National Governance Programme, the process of critically reviewing the mandates, responsibilities and operational objectives of the ministries, departments and agencies in order to remove duplications, develop new missions and realign their functions with the decentralisation policy was enhanced.

The Census of public sector staff was completed during the year and 'ghost' names were removed from the payroll. An electronic Tracking system has been established in the Ministry of Finance and Economic Planning and the Controller and Accountant General's Department.

#### **6.9.1 Recommended policy initiatives**

The main thrust of public sector reform will be the adjustment of central government structures and organisation to make the central machinery of government more efficient, effective, and private sector-friendly. The capacity of government will be strengthened to facilitate and set the development agenda to pave the way for private sector and other social partners to fully contribute to the national development effort.

### **6.10 MONITORING THE GPRS**

#### **Outcomes of Interventions**

The National Development Planning Commission has improved its monitoring and evaluation responsibilities. The dissemination of the 2002 APR improved public understanding of the GPRS and helped to secure public interest in monitoring the implementation of the strategy.

### **Nature of Interventions**

The NDPC submitted the 2002 Annual GPRS Progress Report to parliament and disseminated it widely to other stakeholders. The dissemination of the 2002 APR improved public understanding of the GPRS and helped to secure public interest in monitoring the implementation of the strategy. It commissioned five Poverty and Social Impact Assessments (PSIAs), which are nearing completion, and it, subjected the GPRS to a Strategic Environment Assessment (SEA) of which the report is ready.

### **6.11 POLICY RECOMMENDATION**

Even though there is a multiplicity of indicators in the GPRS for measuring the extent to which good governance is evolving, the biggest challenge remains what form of indicator is best for measuring the intangibles like improvements in the practice of democracy. There will be stakeholder consultation towards ascertaining and harmonising existing indicators with those of the APRM of the NEPAD and the MDGs all of which by virtue of state ratification of protocols have assumed a de jure presence and must be reported on.

## **7 THE VULNERABLE AND THE EXCLUDED**

### **7.1 INTRODUCTION**

Vulnerability typically deals with the inability of the poor to withstand shocks or manage risks that are present in the physical, economic, social and environmental contexts in which they conduct their lives. Its twin concept of exclusion relates to the levels of marginalisation, voicelessness, powerlessness and the injustice suffered by the poor. Lack of assets with which to cope with the risks creates a sense of insecurity for the vulnerable and excluded groups. Creating opportunities for the vulnerable and excluded to either prevent the materialization of the risks or for coping with the shocks is a critical policy objective. The GPRS identifies the most vulnerable and excluded as women, children, people living with HIV/AIDS (PLWHA), persons with disability (PWDs), the chronically poor and children orphaned by AIDS and have therefore formulated policies and programme to reduce vulnerability and exclusion. (See Table 7.1).

These policies and programmes focus mainly on a) the attainment of social justice, b) prevention and the control of the spread of HIV/AIDS and c) the recognition of the rights of persons with disability. Programmes for the protection of women and children are spread across several MDAs, but a high concentration of these programmes can be found in the Department of Social Welfare (DSW), the ministry of Women and Children's Affairs, Ministry of Health and Ministry of Education, Youth and Sports<sup>9</sup>.

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<sup>9</sup> For discussion of Ministry of Education and Health see section on Human Resources Development and Provision of Basic Services

**Table 7.1: Summary of Status of Priority Indicators Vulnerable and Excluded**

Program Area	Objectives	Indicator Level 2002	Indicator Level 2003	Progress towards Target
MTP	Increased resources for the protection of the rights of women and children	MOWCA received ₪6.709billion in 2002	MOWCA received ₪9.669billion in 2003	On track
	Utilisation of Legal Aid Services	4225	4500	Utilisation by poor increasing but not adequate
	NGO funding for Legal Aid		All Legal Aid offices in the country are being computerized and net-worked with assistance from USAID	
	Population with information, counselling programmes undertaken		98%	On track
	Provide support for PLWHIV/AIDS		4 sentinel sites providing ART	
	Improve the quality of life of the physically handicapped		Disability Bill developed and being discussed	
	Provide care and support for street beggars and kaya yei	Training in skills provided	Training in Vocational skills has been provided to street beggars and head potters	
MDBS	Joint review of GOG response to pandemic finalised and key recommendations adopted with the aim of ensuring effective implementation and achievement of 5 expected outcomes of the Ghana HIV/AIDS Strategic Work 2001-2005		Joint Review scheduled is between 1 <sup>st</sup> March 2004 & 9 <sup>th</sup> April 2004. A budget of \$218,00 had been set aside for it with funding from donor agencies like DFID JICA, The Royal Danish Embassy, UNAIDS, USAID, UNFPA	
	HIV AIDS Prevalence	3.8%	3.6%	Exceeded target
	Drug Based treatment available for people with AIDS		4 Sentinel Sites are providing ART for PLWHA and 19 sentinel site are implementing a programme for the prevention of mother to child transmission	

## 7.2 PROGRESS ON PRIORITIES OF SOCIAL JUSTICE, EQUITY, HIV/AIDS AND DISABILITY

### Improved Welfare Services

Progress has been made in the creation of opportunities for the assertion of rights<sup>10</sup> of the vulnerable and the excluded especially those related to access to services and to a decent livelihood. The figures in Table 7.2 show that on average, the Department of Social Welfare has provided service to more vulnerable persons than it did in the preceding year. In the situations where there is a reduction in the number of persons receiving service from the Department, the explanation obtained suggest that there is a reduction in the total number of persons needing service as a result of previous interventions. In a few cases, the low service resulted from improved conduct of offender groups, recourse to alternative means of resolving problems or simply a matter of resource inadequacy.

Table 7.2: Comparative Welfare Services Provided To The Vulnerable & Excluded by Year.

Service	Outcomes (2002)	Outcomes (2003)
<b>A. Child Welfare Services</b>		
Juvenile cases investigated	513	217
Probation cases handled	630	662
Juveniles handled in industrial school	61	100
Remand Cases handled	291	315
Children adopted by relatives	242	251
Orphans adopted	53	53
Day Care Centres supervised	2395	1176
Day Care Centres registered	79	50
Paternity cases disposed of	733	480
Maintenance and custody cases disposed of	8493	1030
Families reconciled and strengthened	2649	743
Male un-adoptable children cared for	169	166
Female un-adoptable children cared for	108	92
Family tribunal cases handled	5956	1435
<b>B. Vocational Training for the Youth</b>		
Boys provided with vocational training	431	548
Girls provided with vocational training	434	549
Street Children rehabilitated	413	466
<b>C. Integrating disadvantaged adults into mainstream society</b>		
Prisoners provided with welfare services	2072	1185
Paupers assisted with payment of hospital bills and related expenses	Males 937 Females 842	Males 357 Females 157
Destitutes catered for	Males 23 Females 3	Males 197 Females 189
Women's groups assisted through Technology Capitalization	48	23
<b>D. Integrating Persons With Disability (PWDs) into mainstream society</b>		
PWDs provided with employable skills	593	653
Trained PWDs assisted to be self-employed	80	102
PWDs assisted in communities	104	69
PWDs provided with inclusive education	63	19
Unit Committees members sensitised	55	27

*Source: Department of Social Welfare.*

As alluded to earlier public confidence in the security agencies is growing. Data in the Table 7.3 below shows a gradual increase in the number of cases of abuse reported to the Women and

<sup>10</sup> Service provision is driven by a rights based perspective than by the traditional needs-based approach.

Juvenile Unit of the Police Service. A lot of advocacy work is largely responsible for the increased confidence in the security institutions.

**Table 7.3: Statistics of cases reported to Women and Juvenile Unit (WAJU) Ghana Police Service from January 1999 to July 2003**

Type of Case	Year				
	1999	2000	2001	2002	2003*
Rape	23	34	58	134	100
Defilement	154	181	204	533	509
Assault	95	86	232	1456	1559
Threatening	21	16	60	652	461
Causing harm	4	6	7	40	28
Causing damage	6	3	6	60	43
Indecent assault	11	17	28	69	49
Incest	5	6	5	16	8
Offensive conduct	4	1	2	175	165
Unnatural canal knowledge	3	2	0	0	5
Failing to supply necessities of health ad life	0	7	17	142	54
Abduction	3	5	9	80	79
Child trafficking	0	0	0	4	4
Child stealing	1	3	0	16	9
Stealing	20	7	12	130	106
Exposing child to harm	1	0	4	67	48
Abortion	1	1	0	5	4
Procuration	1	1	0	0	0
Fraud	6	5	3	1	0
Attempted defilement	0	0	1	1	0
Attempted rape	1	2	3	17	28
Attempted abortion	0	1	0	19	15
Non child maintenance	523	1383	1047	1899	3024

*Source: Accra WAJU,*

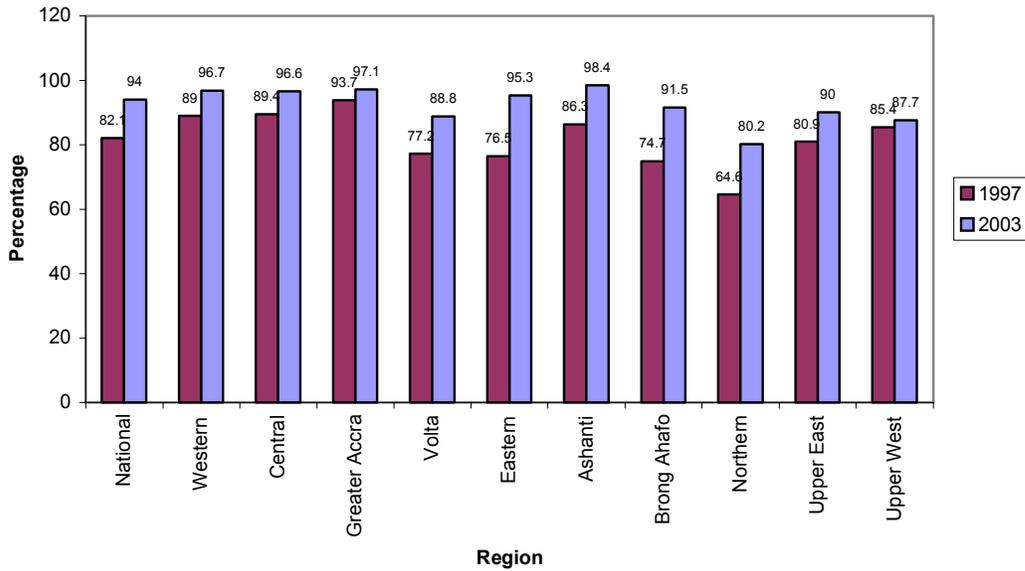
### **Empowered women**

As many as 500,000 women improved their income earning opportunities through receiving a total of ₵10 billion from the Women's Development Fund administered by the Ministry of Women and Children's Affairs. The Ministry has also created 50,000 new jobs for women across the country.

### **Improved Access to Services**

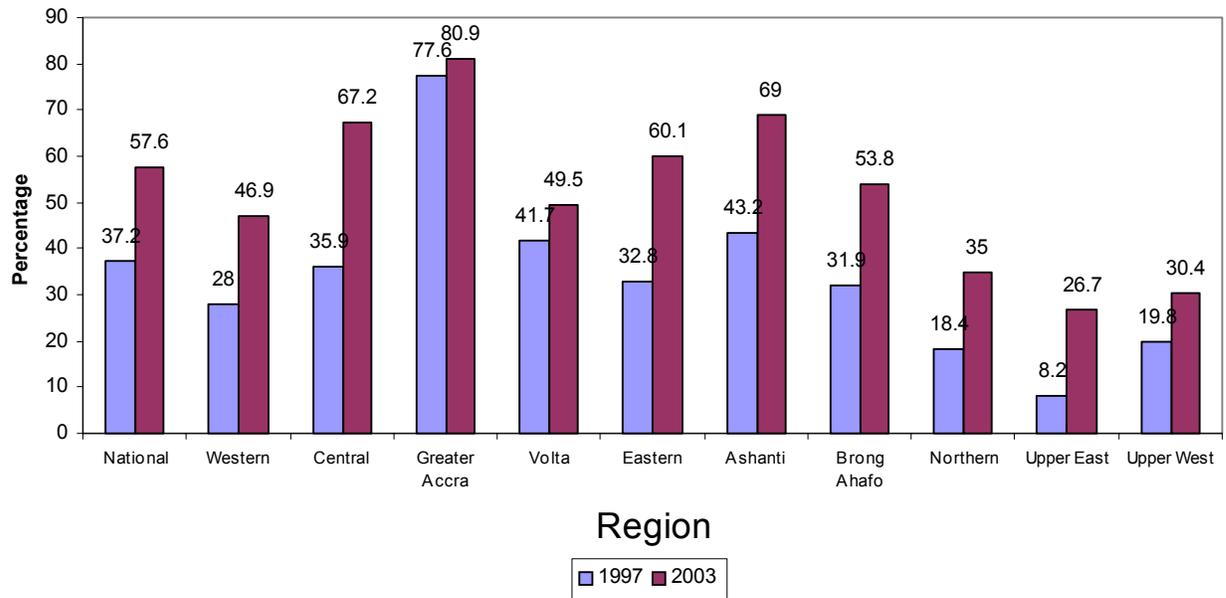
Examination of the data on access to essential services shows an increase in the number of people with access to water, health services and education. The figures below give a graphic picture of the increased access.

### Access to Water



Source: Ghana Statistical Service, Core Welfare Indicator Questionnaire 1997 & 2003

### Access to Health Services by Region



Source: Ghana Statistical Service, Core Welfare Indicator Questionnaire 1997 & 2003

## **The Situation of Children**

A recently published survey report (2003) on Child Labour in Ghana conducted by ILO/IPEC and the Ghana Statistical Service (GSS) shows that, about 39% of Ghanaian children between ages 5 years to 17 years are economically active. A total of 2,314 children were selected from known sleeping places of street children all over the country for the survey. A summary of the findings on Street Children in the Child Labour Report is given below.

- About 10% of the working children interviewed were identified as street children (2,314)
- 52% of street children were female; 48% were male
- 50% of street children were between ages 15-17 years
- 50% of street children were in the Greater Accra Region
- 40% of street children were of Mole-Dagbon origin
- 32% of street children were of Akan origin
- 2% of street children were married
- 11% of street children were in school
- 70% of street children aged 15-17 years could not read or write
- 98% of the street children had been working for the past 12 months
- 80% of the street children knew about HIV/AIDS
- 30% knew about protection through condoms

## **7.3 NATURE OF INTERVENTIONS**

### **The Department of Social Welfare**

Its main programme areas for the year were

- Justice Administration
- Child Rights Protection and Promotion
- Community Care

To realise its objective of rendering child welfare services, providing skills training to disadvantaged youth and integrating the vulnerable, persons with disabilities and the disadvantaged into mainstream development, the DSW undertook a limited amount of field visits, advocacy and the administration of justice within its limited resources. Its ability to reach larger numbers can be enhanced with increased resources.

### **Support to Women and Children**

In providing access to productive resources, the Ministry established the Women's Development Fund with an initial sum of C21 billion out of which C10 billion was disbursed to 20,000 women farmers. Financial support was also provided for women engaged in commercial activities, agricultural production and processing and other related ventures.

In pursuit of its role in protecting the rights of children and reducing vulnerability, the Ministry of Women Affairs under its 'Operation Bring the Children Home' programme successfully spearheaded the return of trafficked children from coastal communities around the Volta Lake to their homes. It also assisted mothers to withdraw their children and enrol them in schools and supported these women with over C825million as part of its micro-finance programme under the Social Investment Fund

### Legal Aid Services to the Poor

In 2003 the Board was assisted to procure computers for its offices and to have them networked. As mentioned earlier some staff of the Board received training in Alternative Dispute Resolution (ADR) under the National Governance Project which they in turn used in training some police officers at the stations.

In 2002, the Legal Aid Board provided legal assistance to about 4225 persons. The number has increased to above 5000 in 2003. The bulk of these cases were handled in court and some are yet to be completed because of the nature of the court process. A lot of these cases were also concluded through the ADR process. Some of the interventions are indicated in Table 7.4 below

Table 7.4: LEGAL AID TARGET INDICATORS

Activity	Status
Legal Aid offices established in all 10 regions	Completed
District courts established country-wide	Done
Police provided with training in basic prosecution	The Board provided some training to the police.
Alternative Dispute Resolution Promoted	Litigants are beginning to adopt ADR in conflict resolution
Small Claims Court established in all District Magistrate Courts	Not completed
Juvenile and Family Courts at the District Level reconstituted	Not done.

Source: Legal Aid Annual Report 2003

### HIV/AIDS

The policy objective here is the prevention of the spread of HIV/AIDS and the improvement of the quality of life of people living with HIV/AIDS and Orphans of AIDS victims. The specific interventions by the Ghana Aids Commission in 2003 were as follows:

- Information, Education and Communication
- Advocacy
- Peer Education
- Voluntary Counselling and Testing
- Capacity Building for CSO
- Care and support for PLWHAs
- Training and technical support for beneficiary groups

The Ministry of Health in collaboration with the Ghana AIDS Commission and other civil society organisations mounted programmes during the year to increase awareness of the risk of the epidemic in the general population. The results of the Ghana Demographic and Health Survey (2003) shows that general awareness of AIDS is nearly universal among men and women in the reproductive ages in Ghana and 96 per cent of women and 98 per cent of men are conscious of a range of methods of contraception to help avoid AIDS.

Condom use varied with the sexes. The survey found that younger women, never married women, urban women and women living in Greater Accra and the Volta Region are much more likely than other women to report the use of condom during sex with a non-cohabiting partner. The reported level of condom use during sexual encounters with non-cohabiting partners rises sharply with the educational level of women from 11 per cent of women with no education to 48 per cent of those with at least secondary education. A similar pattern was found among men. Given that condom use particularly in high-risk sexual relationships is one of the main means of slowing the spread of HIV/AIDS, the campaign for use of condoms will be maintained.

Many more Voluntary Counseling and Testing (VCT) centers were opened in a number of hospitals and clinic to assist PLWHAs with advice and drug therapy. The Ministry of Health also implemented a programme for the prevention of mother to child transmission in 19 sites and provided Anti-Retro-viral Therapy (ART) to AIDS patients in Korle Bu Teaching Hospital, Komfo Anokye Teaching Hospital, Atua Government Hospital and St. Martin De Porres Hospital, Agomenya. World Bank data indicate that of the 62,000 people who need ART, less than 1 percent (550 persons) is receiving treatment. Sentinel site information point to a growth in the seroprevalence rate of HIV/AIDS from 3.4 to 3.6 percent in 2003 despite effort to bring it down. This establishes a strong case for a more vigorous and widespread IEC programme for the high-risk groups (eg commercial sex workers) in the high prevalence areas. The disease is deepening the inability of the poor to lead a normal life and it's exacting a high toll on orphans and vulnerable children. It needs to be noted that targeting of OVCs is key as these programmes tend to be costly and are not sustainable on a larger scale

Many endemic communities have introduced support schemes that depend on traditional institutional arrangements to help orphans and vulnerable children (OVCs). Members of extended families, Queen mothers' Associations and traditional community groups are providing support to OVCs in the form of shelter, nutrition, health, education etc. This has reduced the need to send the victims into institution-based care eg Homes and Orphanages.

#### **7.4 RECOMMENDED POLICY INITIATIVES**

The logistics situation and service conditions of staff of the Legal Aid Board and the Department of Social Welfare will be reviewed. This will help them expand their services especially to the vulnerable and the excluded. Rights of the destitute and prisoners with no access to legal services will remain violated if the welfare and legal services do not reach them in adequate measure.

An aspect of the provision of social assistance to vulnerable and excluded groups what seems to have been taken for granted is the mainstreaming of assistance to such groups. The fact that these are crosscutting issues calls for far greater collaboration between agencies in the social sector as well as economic sectors than is currently the case. The Poverty Monitoring Groups provide a unique opportunity for this cross-fertilisation to take place to promote poverty reduction and rights protection of the vulnerable and excluded.

Children in 'difficult circumstances' are especially vulnerable but there are no indicators to enable effective tracking. Efforts will be made to conduct studies to provide baseline data on the extent of the problem to facilitate assessing changes in the future.

The coordination between various interest groups working on the anti-HIV/AIDS campaign will be improved to ensure harmony of messages. GAC should assume a more central role in coordinating the national response to HIV/AIDS in partner coordination seek ways to pool resources.

Recent allegations and counter-allegations by the Ghana AIDS Commission and NGOs working on HIV/AIDS raise serious questions about the Anti-HIV/AIDS Campaign. The Commission will strive to find new ways of monitoring and evaluating the activities of its partners in the Campaign to avoid the dissipation of scarce resource through fraudulent deals. The overarching need to reduce the spread of the virus and to offer support to the infected as rapidly as possible and the objective of seeking cooperation with other social partners compelled the GAC to enter into partnership with groups of dubious credentials. A more vigorous proposal vetting and organisation screening arrangements may be considered in commissioning groups to participate in providing service to patients. Contracting will be made more rigorous and sanctions enforced in the event of misapplication of resources.

## **8 PERFORMANCE OF DISTRICT ASSEMBLIES**

### **8.1 INTRODUCTION**

District Assemblies continued to implement poverty reducing programmes and projects in line with their district medium term development plans (DMTDP) and along the objectives of the GPRS and government's own medium term priorities. This section explores the performance of District Assemblies based on financial returns lodged with the Ministry of Local Government and Rural Development and the DACF Administrator's office. These financial reports do not clearly disaggregate figures to show amounts spent in the different priority areas of education, health, and water & sanitation etc. As a result, details of projects and programmes executed by districts with funds from all sources as was available in the last APR, are not immediately available for this report. However, some detailed report and analysis of projects and programmes funded from HIPC savings to districts for the period 2002 to 2003 is given.

### **8.2 FINANCIAL PERFORMANCE**

#### **8.2.1 Sources of Funds to Districts**

Data for the analysis of financial performance of districts has been obtained from reports submitted by districts to the Ministry of Local Government and Rural Development. Funds for the execution of district development plans came from the major established sources:

1. GoG support to districts for salaries and wages
2. The District Assemblies' Common Fund, (DACF)
3. Central GoG funds for programmes in districts through MDAs
4. Districts own internally generated funds
5. Enhanced HIPC initiative relief funds
6. Funds from Development Partners
7. Other grants

Resources from the central government continue to be the major source of funds to the districts. These consist of funds flowing to districts through sector ministries for education, health, and feeder roads, etc. and also budgetary support to districts for salaries and wages.

Table 8.1 shows the 2003 regional figures for GOG support to districts to pay for salaries and wages of staff in established posts and support from the DACF.

Release of the DACF from the Ministry of Finance to districts improved in the year 2003. Districts report a total of ₪449.3 billion of cash coming from the DACF in their transactions. The Administrator of the DACF has instituted strict sanctions for districts that do not submit monthly reports to his office on time. This has resulted in an improvement on the financial management of the fund. Districts applied the DACF to programmes and projects in the areas of education, health, water & sanitation, and for micro credit to groups for production & employment generation. The resources from GOG for paying wages and salaries in 2003 amounted to ₪103.9 billion.

**Table 8.1: Some GOG Funds to District Assemblies in 2003**

REGION	GOG SUPPORT TO DISTRICTS FOR SALARIES & WAGES – 2003	DACF 2003
WESTERN	8,480,262,834	41,447,532,022
CENTRAL	9,145,627,650	49,956,562,420
GAR	29,069,571,340	30,984,717,707
VOLTA	6,574,907,615	37,161,809,982
EASTERN	10,299,005,382	61,944,890,265
ASHANTI	13,907,412,968	79,553,383,698
BRONG AHAFO	12,224,859,548	50,113,914,771
NORTHERN	6,949,326,298	53,869,937,928
UPPER EAST	4,544,349,572	27,053,858,496
UPPER WEST	2,766,071,287	17,200,721,889
<b>TOTALS</b>	<b>103,961,394,494</b>	<b>449,287,329,178</b>

*Source: Ministry of Local GRD*

The internally generated funds (IGF) of districts totalled ₵178.7 billion for the year 2003, an increase from the figure of ₵155.1 billion for 2002. This consisted mainly of revenue from fees & fines, rates, lands and licences. Districts spend internally generated funds mainly on recurrent expenditure and as counterpart funds to donor-sponsored projects.

Programmes sponsored by development partners in the districts and communities were to reduce poverty by providing facilities in the areas of water, sanitation, health, the building of dams, markets, and providing food security.

Table 8.2 shows trends in IGF by regions. Revenue generation increased in all regions in 2002 but for the year 2003 there were marked declines in revenues generated in Volta, Northern and Upper East regions. The reasons for these declines in internally generated funds in the three regions should be investigated in order that the problem can be checked.

**Table 8.2: Internally generated funds outruns for District Assemblies 2000-2003**

Region	IGF Collected in 2000	IGF Collected in 2001	IGF Collected in 2002	IGF Collected in 2003
Western	7,321,403,738	8,942,905,281	17,315,653,021	23,991,651,610
Central	3,627,480,097	5,030,190,224	6,750,070,251	7,654,058,042
Greater Accra	30,750,047,304	41,355,335,942	52,023,798,596	61,841,312,418
Volta	3,794,006,825	5,037,532,993	18,366,459,438	6,617,053,372
Eastern	4,776,474,999	5,671,567,217	11,391,726,048	13,188,660,409
Ashanti	10,543,317,235	14,959,976,423	22,763,216,633	30,154,271,768
Brong Ahafo	4,788,926,093	6,505,537,139	10,375,344,273	22,663,441,950
Northern	1,700,136,293	2,493,972,590	8,336,007,437	5,608,194,767
Upper West	1,194,524,631	1,155,416,084	2,035,378,675	4,111,977,394
Upper East	1,860,727,926	4,533,253,998	5,792,563,474	2,831,848,240
<b>TOTAL</b>	<b>70,357,045,141</b>	<b>95,685,687,891</b>	<b>155,150,217,846</b>	<b>178,662,469,970</b>

*Source: Ministry of Local Government & Rural Development*

### 8.3 AN ASSESSMENT OF UTILIZATION OF HIPC RELIEF SAVINGS

#### 8.3.1 HIPC Savings

Ghana through the enhanced HIPC initiative has received substantial debt relief and even debt cancellations. For the year 2003, total transfers into the HIPC Account amounted to US\$108.96 million out of the expected US\$113.33 million. The balance of US\$4.37 million is expected to be lodged in the HIPC account in addition to the savings for 2004. When the 'completion point' is reached in mid-2004 debt service will further reduce allowing for more resources for development.

#### 8.3.2 Allocations HIPC Funds by MDAs

HIPC fund allocations and transfers to MDAs for the period 2002-2003, and the purposes for which funds have been used are contained in Tables 8.3 & 8.4 below. The Tables are based on data collated from the MOF and by the CAGD and from reports received from MDAs.

**Table 8.3: HIPC Fund to MDAs**

	MDA	2002 Amt in cedis	2003 Amt in cedis	CUMMULATIVE 2002-2003	%
1	Ministry of Communication	-	5,854,565,000	5,854,565,000	0.5%
2	Ministry of Defence	-	846,901,072	846,901,072	0.1%
3	Min. of Reg. Co & NEPAD (ESRP)	9,922,500,000	550,000,000	10,472,500,000	0.9%
4	Ministry of Education	-	188,653,275,075	188,653,275,075	17.0%
5	Ministry of Energy	519,758,328	35,111,346,154	35,631,104,482	3.2%
6	Ministry of Information	3,501,100,000	8,160,000,000	11,661,100,000	1.0%
7	Ministry of Interior	2,491,435,000	18,941,264,192	21,432,699,192	1.9%
8	Ministry of Land & Forestry	-	10,999,800,000	10,999,800,000	1.0%
9	Ministry of Manpower Dev	-	7,610,000,000	7,610,000,000	0.7%
10	Ministry of Mines	3,231,519,000	-	3,231,519,000	0.3%
11	Ministry of Private Sector Dev	-	8,700,000,000	8,700,000,000	0.8%
12	Ministry of Roads & Transport	-	87,168,558,128	87,168,558,128	7.8%
13	Ministry of Tourism	-	5,807,469,479	5,807,469,479	0.5%
14	Ministry of Trade, Industry & PSI	4,502,381,000	13,583,133,914	18,085,514,914	1.6%
15	Ministry of Women & Children	14,966,362,500	12,000,000,000	26,966,362,500	2.4%
16	Ministry of Work & Housing	3,010,128,603	105,123,147,119	108,133,275,722	9.7%
17	Ministry of Local Gov & Rural Dev.	126,677,475,568	101,720,478,015	228,397,953,583	20.6%
18	Ministry of Food & Agriculture	-	16,420,642,575	16,420,642,575	1.5%
19	Ministry of Health	-	70,827,992,137	70,827,992,137	6.4%
20	Office of the Senior Min	18,600,000,000	-	18,600,000,000	1.7%
21	DOMESTIC DEBT PAYMENTS	81,400,000,000	144,000,000,000	225,400,000,000	20.3%
	<b>TOTALS</b>	<b>268,822,659,999</b>	<b>842,078,572,861</b>	<b>1,110,901,232,859</b>	<b>100%</b>

Source: MOF/ Controller and Accountant General's Department / MDA reports, Feb 2004

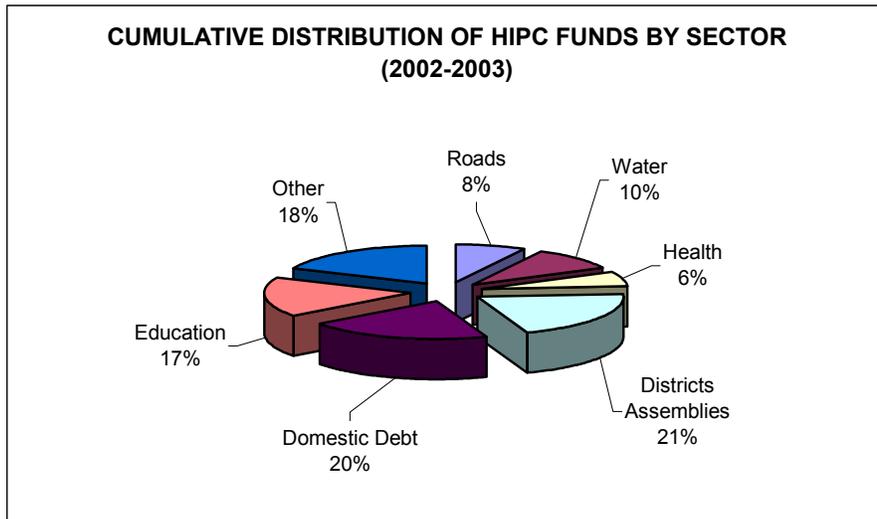
**Table 8.4: HIPC FUNDS to MDAs 2002 and 2003**

<b>MDA</b>	<b>HIPC fund received (Amounts in Cedis)</b>	<b>Purpose</b>
<b>BANK OF GHANA )</b>	<b>225,400,000,000</b>	-DOMESTIC DEBT PAYMENTS
<b>Ministry of Communication</b>	<b>5,854,565,000</b>	-Linking rural communities, SSS IT links
<b>Ministry of Defence</b>	<b>846,901,072</b>	-Construction works-barracks -Construction works-Sunyani & Kumasi -Renovation-3BN Sunyani
<b>Ministry / Regional Coop &amp; NEPAD (ESRP)</b>	<b>10,472,500,000</b>	Micro Credit to Farmers and Traders under the ESRP
<b>Ministry of Education</b>	<b>188,653,275,075</b>	-Upgrading & Rehabilitation of 31 SSS - Subsidy for 2 <sup>nd</sup> Cycle institutions -Youth empowerment programme
<b>Ministry of Energy</b>	<b>35,631,104,482</b>	- Extension of electricity to communities - Payment for supply of HT poles -ECG subsidy for lifeline consumption of electricity
<b>Ministry of Health</b>	<b>70,827,992,137</b>	- Health Insurance Schemes - Construction work for hospitals - Purchase of motorbikes - Health maternal deliveries
<b>Ministry of Information</b>	<b>11,661,100,000</b>	
<b>Ministry of Interior</b>	<b>21,432,699,192</b>	-Improvement of sanitation in barracks & prisons -Purchase of sanitary vehicles -Construction of flats -Fire tenders/tanks -Civil disturbances/disasters
<b>Ministry of Land &amp; Forestry</b>	<b>10,999,800,000</b>	-Forest Plantation Development Programme
<b>Ministry of Manpower &amp; Employment</b>	<b>7,610,000,000</b>	-Skills training and employment
<b>Ministry of Mines</b>	<b>3,231,579,000</b>	Mineral's Commission -Elmina Salt Producers Association
<b>Ministry of Private Sector Dev.</b>	<b>8,700,000,000</b>	- ADF Support Projects
<b>Ministry of Roads &amp; Transport</b>	<b>87,168,558,128</b>	- Construction of feeder roads - Down payment for buses for the mass transportation programme
<b>Ministry of Tourism</b>	<b>5,807,469,479</b>	-Construction of tourism receptive facilities
<b>Ministry of Trade, Industry &amp; PSI</b>	<b>18,085,514,914</b>	- Expenditure on PSI Oil Palm Initiative - Expenditure on 9 <sup>th</sup> Ghana International Trade Fair
<b>Ministry of Women &amp; Children Affairs</b>	<b>26,966,362,500</b>	-Micro Credit facilities- various districts - supply of food processing equipment
<b>Ministry of Work &amp; Housing</b>	<b>108,133,275,722</b>	- Water supply rehabilitation and expansion -Tamale Storm water drainage project -Korle Lagoon Ecological Restoration project -Resettlement of people at Keta - Access to safe water in guinea worm areas
<b>Ministry of Local Government &amp; Rural Dev.</b>	<b>14,540,000,000</b>	Ministry's HIPC programme in DAs - Bio-gas, Enviro-loo, WC toilets, Boreholes - Sanitation Containers
<b>[District Assemblies]</b>	<b>213,857,953,583</b>	-Sanitation in major cities -Provision basic services in DAs -Education, Health, & safe water
<b>Min. of Food &amp; Agriculture</b>	<b>16,420,642,575</b>	Local production of agro-processing machinery -Development of groundwater schemes for agriculture -Importation of tractors from India
<b>Office of the Senior Min</b>	<b>18,600,000,000</b>	-Micro credit to 43,156 farmers in all 10 regions
<b>TOTAL</b>	<b>1,110,901,292,859</b>	

*Source: MOF / Controller and Accountant Generals Department / MDA reports*

The Tables show that during the period 2002 and 2003, a cumulative amount of ₵1,111 billion (One Trillion, One Hundred and Eleven billion cedis) of HIPC funds was transferred to twenty MDAs. Of this total, the largest proportion, 20.6%, was transferred to the Ministry of Local Government and Rural Development to be used by Metropolitan, Municipal, and District Assemblies for projects in core GPRS social sector areas of education, health, and water and sanitation. The total allocation to the MLGRD amounted to ₵228.4 billion cedis of which ₵213.9 billion went directly to the districts and ₵14.5 billion was used by the ministry for its own sanitation programmes. An amount of ₵225.4 billion representing 20.3% of the total HIPC relief has been used for Domestic Debt Payments as envisaged in the GPRS.

The HIPC relief fund was spent on Education (17.0%), water and sanitation (9.7%), roads & transport, 7.87% and Health (6.47%). The picture of proportional distribution is shown in the pie chart.



### 8.3.3 Release of HIPC Funds to District Assemblies

Districts benefited from the HIPC Fund in two ways: (a) by direct allocation to Metropolitan, Municipal, and District Assemblies for projects approved by the MLGRD and the MOF and, (b) through some MDAs who requested HIPC funds to implement particular projects and programmes at the district level.

In the year 2002, the first year of applying HIPC funds, districts were allocated bulk sums for approved projects and received the funds in two tranches. Transfers amounted to an average of ₵1 billion per district. The Metropolitan Assemblies (Accra, Kumasi and Shama Ahanta) received ₵3.5 billion, ₵2.5 billion, and ₵2.0 billion respectively, and four Municipal Assemblies received ₵1.5 billion each.

In the year 2003, districts were allocated funds for selected projects and to undertake other national programmes such as the funding of District Mutual Health Insurance Schemes and exemptions for Maternal Deliveries. Under education facilities were provided for basic education and for teacher accommodation. The Ministry of Education also used funds to provide for food subsidy for boarding schools and for the upgrading of selected schools. The breakdown provided by the MOF is as follows:

**Table 8.5: Proposed use of HIPC funds by District Assemblies**

	<b>Proportion of Total HIPC Funds</b>	<b>Purpose</b>
Education	6%	- Infrastructure – classrooms & toilet facilities for basic schools and teacher accommodation
Health	7%	- Infrastructure - health facilities, posts, - accommodation for health personnel
Water	7%	- Rural water – CWSA programmes
Sanitation	4%	- Waste disposal and drainage in urban districts - Toilet facilities and drainage in rural districts
Disaster preparedness	1%	Funding for relief and emergency supplies

*Source: MOF*

As a result of HIPC relief funds, development projects in Districts have increased. Districts have found HIPC funds very timely and useful for development. This has been possible because of the fact that HIPC funds are readily available in District HIPC accounts and therefore projects can be executed rapidly, and contractors promptly paid upon completion of the project. However, the whole process can be significantly improved to ensure that future disbursements of the funds have an even greater impact on development projects in the Districts.

#### **8.3.4 Details of type of projects**

A summary of the types of projects being executed is shown below in Table 8.5. It shows that a total of 1516 projects are being executed nationwide. The breakdown is as follows: 609 Education projects, 194 Health projects, 563 Sanitation projects, 141 Water projects. Under production & employment generation, all regions received funds from the Senior Minister’s Office and the Ministry of Women and Children’s Affairs as micro credit funds for farmers, and women trader groups.

Districts are executing their projects in line with guidelines supplied to them by the Ministry of Local Government & Rural Development. All projects fall within the stipulated areas of Education, Health, Water, and Sanitation and also the area of Production & Gainful Employment.

Tab 8.6: TYPES OF PROJECTS EXECUTED WITH HIPC FUNDS (CUMULATIVE for 2002 and 2003)

	TYPE OF PROJECT	NR	UWR	UER	WR	BA	CR	AR	VR	ER	GAR	Total
<b>Education</b>	Classroom Blocks	44	20	17	37	78	59	70	55	59	70	509
	Furniture	4	1	2			3	4		4	4	22
	Dormitory							1			1	2
	Library						1	1	1		1	4
	Teacher's Common Room									4		4
	Teacher's Quarters	5		2	1	1	2	3	14		3	31
	Upgrade School	1		1	9	4	4	5		8	5	37
<b>Education Total</b>		<b>54</b>	<b>21</b>	<b>22</b>	<b>47</b>	<b>83</b>	<b>69</b>	<b>84</b>	<b>70</b>	<b>75</b>	<b>84</b>	<b>609</b>
<b>Health</b>	Equipment			1			2					3
	Exemptions	6	2	4			3					15
	Health Facility	11	5	8	5	15	12	5	3	9	5	78
	Health Insurance	4	2	3	6	5	4	6	4	6	6	46
	Nurse Quarters	6	2	6	3	4	4	6	13	2	6	52
<b>Health Total</b>		<b>27</b>	<b>11</b>	<b>22</b>	<b>14</b>	<b>24</b>	<b>25</b>	<b>17</b>	<b>20</b>	<b>17</b>	<b>17</b>	<b>194</b>
<b>Production &amp; Employment</b>	<i>Micro Credit Schemes</i> <sup>11</sup>											
	Electricity										1	1
	Equipment					1	1					2
	Craft Village									1		1
	Tourism		3	1								4
<b>Production &amp; Employment Total</b>			<b>3</b>	<b>1</b>		<b>1</b>	<b>1</b>			<b>1</b>	<b>1</b>	<b>8</b>
<b>Sanitation</b>	Refuse containers	7	1	3	12	5	10	8	2	6	8	62
	Drains				2				4	2		8
	Refuse Loaders								1			1
	Abattoir							4		3	4	11
	Toilet	42	8	15	41	25	50	73	54	55	73	436
	Incinerator		2		2	3	5	14		5	14	45
<b>Sanitation Total</b>		<b>49</b>	<b>11</b>	<b>18</b>	<b>57</b>	<b>33</b>	<b>65</b>	<b>99</b>	<b>61</b>	<b>71</b>	<b>99</b>	<b>563</b>
<b>Water</b>	Borehole	6	5	3	1	8	3	10	18	6	9	69
	Pipeline	2						2	2		2	8
	Small Town Water	1			1	2		1	5	3	1	14
	Hydro-geological Stud				1							1
	Water Reservoir						3		2	3		8
	Hand Dug Well	1			24		10	3			3	41
<b>Water Total</b>		<b>10</b>	<b>5</b>	<b>3</b>	<b>27</b>	<b>10</b>	<b>16</b>	<b>16</b>	<b>27</b>	<b>12</b>	<b>15</b>	<b>141</b>
<b>Grand Total</b>		<b>141</b>	<b>51</b>	<b>66</b>	<b>145</b>	<b>151</b>	<b>176</b>	<b>216</b>	<b>178</b>	<b>176</b>	<b>216</b>	<b>1516</b>

<sup>11</sup> The Ministry of Women & Children's Affairs and the Office of the Senior Minister transferred HIPC funds to districts for various micro credit schemes.

### *Education Projects*

All districts undertook the construction of school blocks with HIPC funds. There were as many as 509 new classroom blocks constructed for basic level education. Also some 22 districts procured classroom furniture, and constructed housing facilities for teachers. It is worth noting that construction designs for school buildings included the provision of toilet facilities and urinals.

### *Health Projects*

Projects under health included the construction of new clinics, hospital wards and living quarters for nurses. Other major projects and programmes undertaken are the initiation of processes to establish Mutual Health Insurance Schemes in all districts, and the provision of funds for exemptions for maternal health deliveries. 78 district hospitals and health centres were either rehabilitated or constructed and 52 nurses quarters were constructed. All districts have now received HIPC funds to start insurance schemes. HIPC funds have also been sent to districts to be used as exemptions fund for maternal deliveries.

### *Water & Sanitation Projects*

Projects undertaken in the water sector includes the construction of boreholes and hand-dugout wells. Sanitation investments were used to provide for safe liquid and solid waste management, toilet facilities for schools, incinerators and refuse containers. Altogether districts constructed 436 toilets and 45 incinerators across the country. Sixty-nine (69) boreholes were constructed, but additional ones are to be constructed by the CWSA under a programme to eradicate guinea-worm. The Metropolitan and Municipal Assemblies made the largest investments in sanitation.

### *Production & Gainful Employment*

The programmes under production and gainful employment at the district level consisted mainly of micro credit schemes initiated by the Ministry of Women and Children's Affairs and the Senior Minister's Office. The former undertook programmes with women groups (micro credit to women farmer and trader groups, supply of food processing equipment) and the later provided micro credit to 43,156 farmers in all 10 regions.

## **8.3.5 Key Issues & Observations in the Management of HIPC Funds and Projects**

The issues, observations and recommendations that need to be addressed to improve the management of HIPC funds are summarized below in the following order:

- Project Selection, Design & Costing
- Funds Transfer and Communication
- Micro Credit Support for Production & gainful employment
- DPCU Involvement

### *Project Selection, Design & Costing*

- The MLGRD guidelines provide that, projects must be selected from District Medium Term Development Plans (DMTDP) that are in line with the GPRS. However, for a number of districts choice of projects are inconsistent with development plans.
- Delays in the execution of projects resulted in the increases in the final cost of the projects and DAs then had to find other sources to fund the difference.

### Recommended Policy Initiative

- A clear-cut definition of project selection will be provided to the Das to ensure projects are chosen from the District Medium Development Term Plan.

- Regional Coordinating Councils (RCCs) will represent the MLGRD at the regional level to approve at the regional level to reduce the length of the approval process. The RCCs will then be better informed to carry out their monitoring and coordinating role

#### *Funds Transfer and Communication flow*

- Some HIPC funds are transferred to district accounts without the accompanying directives as to the purpose of fund. This is particularly true for transfers made by MDAs.
- Funds meant for particular districts are sometimes mistakenly lodged into the accounts of other districts. This creates problems during the retrieval of funds, especially when the recipient district has utilized such funds.
- There is a significant lack of information about the HIPC processes at the District level and the perception that there is ineffective coordination of the HIPC funds at the national level. Unlike the DACF, which has an Administrator, HIPC has several players involved, which make it difficult for the DA's to get the required information on a timely basis.

#### Recommended Policy Initiatives

- The communication process and audit processes will be significantly improved. There is the need for a single point of contact to check and clarify funds, which are due and have been transferred to the Districts.
- There will be a single national point of contact to coordinate HIPC communication. Detailed information on the project to be implemented, implementing agency should be given to the beneficiary Metropolitan, Municipal or District Assemblies

#### *Micro Credit Support for Production and gainful employment*

- The process of giving funds to districts for micro credit to manage, appears not to be effective and is fraught with difficulties. Apart from the difficulties with access and recovery of funds lent, the process is tainted with lack of transparency and equity. There are also issues of whether DA's have the skills and capacity to perform the role of micro fund managers i.e. to identify who should benefit, lend and collect funds.

#### Recommended Policy Initiative

- Funds will be channelled through a local Rural Commercial Bank and the bank paid management fees, to manage the process on behalf of the DA. A Project Coordinator from the DA should be identified to manage the relationship to ensure that Micro Credit poverty reduction objectives are achieved.

#### *Involvement of the District Planning & Coordination Unit*

- The DPCU is not actively involved in the HIPC process at the District level, although they are expected to play a critical M&E function to ensure that the HIPC projects have the desired impact on the reduction of poverty.

#### Recommended Policy Initiative

- The role of the DPCU in the HIPC M&E process will be documented, and communicated to the DA to empower them to ensure that they are formally involved in the process.

## 9 PROGRESS ON THE MILLENNIUM DEVELOPMENT GOALS

Ghana like many sub-Sahara African countries faces a myriad of challenges in its efforts to achieve the MDGs. Efforts Ghana is making towards achieving these goals is shown by the adaptation of the MGDs by linking them to the Ghana Poverty Reduction Strategy (GPRS). The GPRS policies and measures have been outlined for reducing poverty in order to make progress on the MDGs.

Since the start of implementation of the GPRS in mid-2002, resources including funds accruing from HIPC relief have been channelled into pro-poor interventions. Most of the resources have been used in the areas of health, education, water and sanitation. We provide below the progress made towards the achievement of the MDGs. As will become evident, progress toward achieving the goals are mixed.

### MDG1• Eradicate Extreme Poverty and Hunger

**Indicators:** - *reduce the proportion of population below the national basic needs, poverty line*  
- *reduce the prevalence of Underweight Children*

**Target:** - *Halve the proportion of those in extreme poverty by 2015*  
- *Halve the proportion of those in hunger by 2015*

**Status:**

Objective evidence on the incidence of poverty will be available when the GLSS5 is completed. However there is an encouraging trend in GDP growth rate –. Real Per Capita growth rate has also modestly improved from – 1.6% in 2001 through 1.8% in 2002, to 2.6% in 2003. To significantly reduce poverty by 2015 it is estimated that African economies need to grow their GDP at 7% per annum on average. The progress made in the real GDP growth rate indicates that with persistence at maintaining economic and social stability, Ghana is on track to achieving the required growth rate of 7% per annum and likely to halve poverty by 2015.

**Nutrition:** The level of child malnutrition as measured by the proportion of children underweight is on the rise – 25% in 1998 to 35.8 in 2003. Child malnutrition is more prevalent in the Ashanti (46%), Greater Accra (40.4%) and Western regions (36.9%). The deteriorating nutritional status of children may be due to the lack of impact of nutritional programmes.

In order to improve the nutritional status, government will vigorously pursue nutrition programmes through the Ministry of Health. Government will also continue and expand the community based poverty reduction project (CPRP), which is being piloted in four districts. This programme is to promote child care, through growth monitoring for children, counselling on health, and hygiene education issues and to establish a fund for mothers who need micro finance assistance to enable them improve on their income generation activities.

Also school based nutrition programmes and other nutrition programmes such as those run by the CRS in schools in the deprived northern regions will be encouraged. Development partners will be encouraged to scale up their food security programmes in the north of the country where the effects of poverty and hunger is highest.

With the current rate of deterioration in child malnutrition and proportion of children underweight , Ghana will not be able to reduce hunger in half by 2015 unless drastic measures are taken to resolve the problem.

## MDG2• Achieve Universal Primary Education by the year 2015

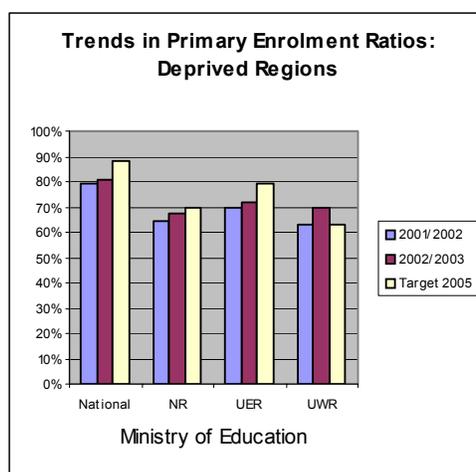
**Indicator:** *increase the gross primary enrolment ratio (especially for the three most deprived regions)*

**Target:** *To achieve 100% primary enrolment ratio by 2015*

**Status:**

The GPRS indicator for this goal is to *increase the gross primary enrolment ratio especially for the three most deprived regions*. There has been slight improvement in enrolment ratios for primary schools throughout the country. The national average increased from 79.5% in 2001/2002 to 81.1% in 2002/2003 academic year. The trends in the National Gross Primary School Enrolment Ratio compared with the deprived regions are shown below.

	2001/2002	2002/2003	Target 2005	Progress
<b>National</b>	<b>79.5%</b>	<b>81.1%</b>	<b>88.5%</b>	<b>On track</b>
Northern Region	64.8%	67.7%	70%	On track
Upper East Region	69.5%	72.2%	79%	On track
Upper West Region	63.1%	69.6%	63%	Exceeded



The trend shows that primary school enrolment can be increased 1.6 percentage points per annum. Assuming a leaner ratio for this increment, the GPER will be about 98% by 2015. This means that with some more effort and support from development partners the goal can be achieved.

## MDG3• Promote Gender Equality and Empower Women

**Indicator:** *Increase Gross Primary Enrolment Ratio for girls in primary, junior and senior secondary schools*

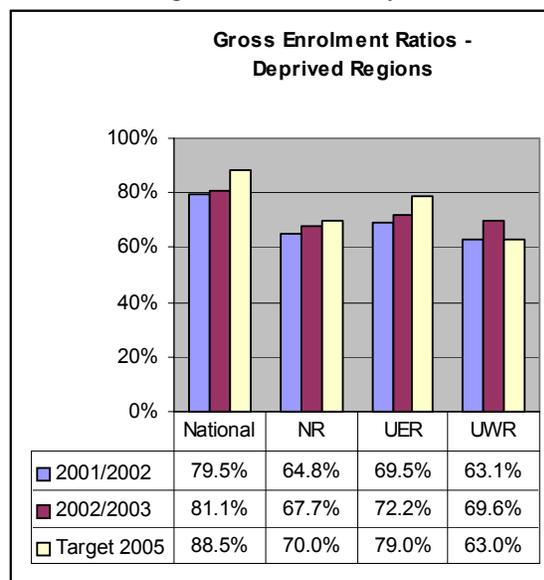
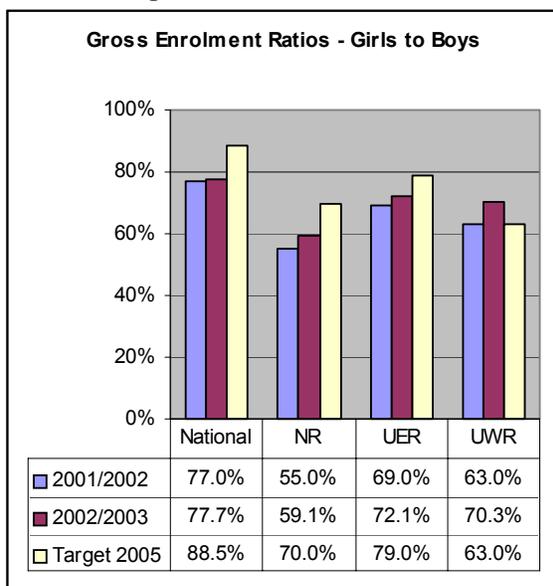
**Target:** *Achieve equal access for girls and boys in primary, junior and senior secondary schools by 2015*

**Status:**

Equal access to education, among other measures, is a key step toward greater gender equality. Evidence from the three most deprived regions show that girls' enrolment rate is increasing at a faster rate than that of boys suggesting that progress is being made towards the achievement of

gender parity in education. Progress on this goal is on track as shown by the increase in enrolment ratios for girls nation-wide and in the deprived regions and the target is likely to be achieved..

The following charts show the Gross primary enrolment ratios and ratios of girls to boys in primary schools. The performance in enrolment ratios is good and the target will most likely be met.



Source: Ministry of Education

#### MDG4• Reduce Child Mortality by two-thirds by 2015

**Indicators:** - Under-five mortality rates reduced by 66% by 2015

- Infant mortality rate reduced by 66% by 2015

**Target:** To reduce Under-five mortality rate by 66%

**Status:**

The improvements in mortality rates of children under-five experienced in the 90s have slowed down in all regions in Ghana. The result of the 2003 GDHS shows that infant and child mortality rates increased from 57/1000 in 1998 to 108/1000 in 1999. The reason for this is linked to the lack of access to clean water and sanitation facilities; and also the non application of the policy free health care for the under-five. Also poor nutritional status of children also contributes to the increasing mortality rates for children in Ghana. The relevant data for child health are:

	1988	1993	1998	2003
Infant mortality rate	77	66	57	64
Under five mortality rate	155	119	108	111
Immunization coverage (DPT3)		43	62	69.4

Source: DHS, WDR and health sector Program of Work in Ghana-Facts and Figures

Unless drastic measures are taken to restore the progress made in earlier years this target cannot be met.

## **MDG5• Improve Maternal Health**

**Indicator:** *Reduce the Maternal Mortality per 100,000 by 66% by 2015.*

**Target:** *To reduce the maternal mortality rate by three-quarters by the year 2015.*

**Status:**

The Ministry of Health gives a 2003 figure for maternal mortality rate as 1700/100,000 *live births*. This represents an improvement from the rate of between 2145 and 7406 maternal deaths per 100,000 live births for earlier years. But the rate is still high and action is needed to improve policies and the capacity of the health system to further reduce maternal mortality.

The GDHS 2003, reports that the proportion of mothers who receive antenatal care from health professionals is about the same across regions with a national average of 92%. The proportion of mothers who got assistance from qualified health personnel in their deliveries is rather low at national average of 47%. This proportion is much lower in the deprived regions with the lowest being 18% in the Northern region, 28% in the UER and 33% in the UWR.

With the current high rate of maternal mortality it is unlikely that the target will be met.

## **MDG 6: Combat HIV/AIDS, malaria and other major diseases**

**Indicator:** *- Reduce the incidence of HIV/AIDS*

*- Reduce the incidence of malaria*

**Target:** *- Halt and reverse the spread of HIV/AIDS by 2015*

**Status:** The results on HIV/AIDS prevalence is being finalised for publication in the final report of the Ghana Demographic and Health Survey (GDHS) 2003. However the results of monitoring sentinel sites show an upward trend in HIV/AIDS prevalence. The national average for HIV/AIDS prevalence is at 3.6%. As part of the strategy to control the spread, key organizations have adopted a Joint Review Report on HIV/AIDS and Community initiatives for education on HIV/AIDS in deprived regions.

This trend shows that HIV/AIDS could become a serious health problem and could translate into economic and social problems. Notwithstanding the difficulties being encountered with extra effort the target can be met.

## **MDG7: Ensure Environmental Sustainability**

**Indicator:** *- Increase the proportion of land area covered by forest*

*- increase the proportion of population to safe drinking water*

**Target:** *- Integrate the principles of sustainable development into country policies and programmes and reverse loss of environmental resources by 2015.*

*- Reduce and half the proportion of people without access to safe drinking water by 2015*

**Status:**

The annual rate of loss of forest land is 65,000 hectares per annum and a re-forestation rate of 25,691 ha / annum planted. This points to an unsustainable use of natural resources. Greater

understanding of how environmental changes affect poor people is needed among the rural communities in Ghana. In collaboration with the Environmental Protection Agency (EPA), the NDPC also conducted Strategic Environmental Assessment (SEA) of the GPRS to ensure that sound environmental management practices are maintained in its implementation.

Safe water supplies are important for improving health, especially in children. Data from CWIQ data shows that all the regions experienced increases in the percentage of households with access to safe water sources. The proportion of rural population with access to safe water increased from 40% in 2000 to 46.4% in 2003. With extra effort this target can be achieved.

## **MDG8: Develop a Global Partnership for Development**

**Indicator:** *Reduce debt service as a percentage of GDP*

**Target:** *Deal Comprehensively with Debt and make debt sustainable in the long term.*

**Status:**

Ghana through the enhanced HIPC initiative has received substantial debt relief and even debt cancellations. The total projected HIPC debt relief /saving expected in the HIPC Account for the year 2003 was US\$113.33 million. At the end December 2003, the total transfers into the HIPC Account amounted to US\$108.96 million. The expected amount to be lodged in the HIPC account for 2004, including the 2003 balance, is estimated to be US\$150.33 million (MOF). When the 'completion point' is reached in mid-2004 debt service will further reduce allowing for more resources for development.

In 2003 the burden of domestic debt decreased from a domestic debt/GDP ratio of 29.1% in 2002 to 22.6% in 2003. This reduction in domestic debt had the effects of a reduction in inflation and lending rates, and growth of credit to the private sector from -11% in 2001 to 37.5% in 2003. Total external debt service in also on the decline - 8.5% in 2001 through 7.8% in 2002 to 6.1% in 2003.

With these positive performance both domestic and external debt, the target of dealing comprehensively with debt and make debt sustainable in the long term can be achieved.

**Challenges:** For many developing countries such as Ghana, the main challenge to building a global partnership for development lies outside their control. Whereas Ghana has adopted development strategies and followed advice given by the multi-lateral financial institutions and other development partners in liberalising and restructuring her economy, there still remain constraints in her efforts to develop. The main constraint to achieving the MDGs is the lack of a congenial global trading system for agricultural produce that Ghana mainly exports.

It has been noted and advocated time and again that developed countries need to do more by fully liberalising their markets - reducing high tariff and removing non-tariff barriers to trade - in order to increase access to markets in rich countries for developing countries. Especially, the removal of agricultural subsidies paid to farmers in rich countries will have a tremendous and positive impact on development in poor countries. These measures, if adopted by rich countries, will help Ghana to achieve the MDGs.

Finally the lack of financial resources with which to fund numerous programmes in education, water and sanitation is also a major constraint to development. Only a small proportion of funds

needed for Ghana to fund the GPRS are available. An increase in overseas development assistance (ODA) by the development partner countries will accelerate progress toward achieving the MDGs.

	MILLENNIUM DEVELOPMENT GOAL / TARGET	GPRS Target	2003	Remarks
<b>MDG1</b>	<b>•ERADICATE EXTREME POVERTY AND HUNGER</b> <i>Target: Halve the proportion of those in extreme poverty by2015</i>			Likely to be achieved
<b>Indicators:</b>	<b>- Proportion of population below the poverty (national basic needs) line</b>	36	39	
	<b>Prevalence of Underweight Children</b>	--	35.8	
<b>MDG2</b>	<b>• ACHIEVE UNIVERSAL PRIMARY EDUCATION –</b> <i>Target: Achieve Universal Access to Primary Education by 2015</i>			Likely to be achieved
<b>Indicator:</b>	<b>Gross Primary Enrolment Ratio</b>	88.5	81.1	
<b>MDG3</b>	<b>• PROMOTE GENDER EQUALITY AND EMPOWER WOMEN –</b> <i>Target: Eliminate Gender disparity in primary &amp; secondary schools</i>			
<b>Indicator</b>	<b>Ratio of females in primary school</b>	88.5	77.7	
<b>MDG4</b>	<b>• REDUCE CHILD MORTALITY BY TWO-THIRDS BY 2015–</b> <i>Target: Reduce U5 Mortality by two-thirds by2015</i>			Not on track
<b>Indicators</b>	<b>Under-five Mortality Rate</b>	95	111	
	<b>Infant Mortality Rate</b>	50	64	
	<b>Immunisation coverage</b>	90	91.1	
<b>MDG5</b>	<b>• IMPROVE MATERNAL HEALTH</b> <i>Target: reduce the maternal mortality rate by three-quarters by the year 2015</i>			Not on track
<b>Indicator:</b>	<b>Maternal Mortality Rates</b>		170	
<b>MDG6</b>	<b>COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES</b> <i>Target: Halt and reverse the spread of HIV/AIDS by2015</i>			Not on track
<b>Indicator:</b>	<b>Prevalence of HIV/AIDS</b>	3.2	3.6%	
<b>MDG7</b>	<b>ENSURE ENVIRONMENTAL SUSTAINABILITY &amp; INCREASE THE PROPORTION OF LAND AREA COVERED BY FOREST</b> <i>Targets: - Integrate the principles of sustainable development into country policies</i> <i>- Programmes reverse loss of environmental resources by2015</i>			Likely to be achieved
<b>Indicators:</b>	<b>Proportion of land area replanted and covered by forest</b>	65000	25691	
	<b>Proportion of population with access to safe water source</b>		75.2	
<b>MDG8</b>	<b>DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT–</b> <i>Target: Deal Comprehensively with Debt and make debt sustainable in the long term</i>			Likely to be achieved
<b>Indicator:</b>	<b>Debt service as a percentage of GDP</b>	17.2%	34.1	

## **10 SUMMARY OF RECOMMENDED POLICY INITIATIVES**

Based on the assessment of progress of the implementation of the GPRS the following policy initiatives have been recommended.

### **10.1 MACRO ECONOMIC STABILITY**

The government is committed to and has succeeded in maintaining macro-economic stability and intends in 2004 to maintain the macro-economic stability achieved in 2003. To strengthen the government's continued effort to stabilize the economy, the following policy measures will be undertaken.

First, without losing control over macro-stability the government will simultaneously pursue more ambitious growth policies, which will propel the economy to a higher growth rate than hovering around 5%. Second, the government will continue to reduce the debt burden by increasing revenue collection through further improvements in the efficiency of the revenue collecting agencies. Third, the government will use an optimum mix of appropriate fiscal and monetary policies to deliver on inflation and other macroeconomic targets and continue to strengthen public expenditure management.

Notwithstanding these efforts there are a few challenges that the government will face in 2004 including the delayed petroleum price adjustments. The challenges will be managed carefully so as not to disturb the macro objectives of 2004. The government plans to use the TOR Debt Recovery Fund, which is expected to yield 1.2 trillion cedis to partly fund the subsidies for the delayed petroleum price adjustments. The government also plans to close the unplanned financing gap through fiscal adjustments which consist of curtailing discretionary expenditures but protecting poverty reduction expenditures, reducing net domestic debt repayments from 2.2% of GDP to about 1.5%, and finding more sources of revenue (non-tax revenue) through accelerated divestiture and increased dividends from state-owned companies.

Government expenditures generally reflected the GPRS priorities. However these expenditures as published do not clearly show the extent to which the poor benefited, especially the deprived areas of Northern, Upper east and Upper West and Central Regions. A more detailed breakdown of expenditure will be provided to forge a closer link between budget allocations and beneficiary targets.

The areas of budget formulation, execution and reporting still need upgrading and the link between the budget and GPRS would be strengthened further. The Budget and Public Expenditure Management System will be expanded to six other MDAs by November 2004.

As part of the Public Financial Management Reform Programme the Ministry of Finance and Economic Planning will operationalise the Financial Administration Act, the Internal Audit Agency Act and the Public Procurement Act as well as enhance the activities of the External Audit Act. The government expects timely disbursement of pledges by Development Partners and will encourage donors that are not party to the MDDBS to join.

The Bank of Ghana will work to diffuse the inefficient institutional structures in the financial sector to allow for a well-functioning financial sector which impacts on growth and thus helps to reduce poverty.

The unemployment rate is a critical macro indicator of welfare but is not routinely reported on. Government will work hard to ensure that labour market information be made available more frequently.

## **10.2 PRODUCTION & GAINFUL EMPLOYMENT**

Some progress has been made in the Production and Gainful Employment area, but additional policy initiatives could be introduced to enhance the sector.

Crop production is largely rain-fed and traditional techniques of production tend to dominate. To improve production the government will encourage private commercial farming based on proper mechanised and irrigation systems. The Ministry of Trade, industry and PSI will encourage the establishment of industrial estates and clusters emphasizing agricultural machinery development.

There will be an intensification of infrastructural development, especially in feeder roads rehabilitation, construction and maintenance to provide market access to rural agriculture.

For the re-forestation of degraded lands, there will be an early commencement of the Phase II of the Natural Resource Management Programme at the Ministry of Lands and Forestry

The Ministry of Mines has been detached from Energy and currently the budget is too small for the activities geared towards poverty alleviation. The government will assess the feasibility of using a percentage of the Mineral Development Fund as seed money outside GoG expenditures to finance poverty reduction projects and the Ministry's activities will be highlighted in the GPRS update. Again, the activities of the Ministry of Tourism are not fully captured in the GPRS and will also be fully integrated in the GPRS during the update for the 2006-2008.

Currently, the Ministry of Food and Agriculture captures data for only food crops. There is a need to expand the coverage of the Annual Survey to include non-food crops. The capacity to capture additional data is required. In the area of processing of agricultural produce, the Ministry of Trade, Industry and Presidential Initiatives has not achieved much. The emphasis has now being shifted to the Rural Enterprise Development Programme, which involves the establishment of three enterprises each in all the 110 districts.

## **10.3 HUMAN RESOURCE DEVT & BASIC SERVICES**

### Education

The analysis clearly shows increases in GPER nationally and reduction in disparity across regions and gender in line with the objectives of the GPRS. The monitoring of quality of education indicators however shows mixed results. Government will continue to pursue the current policies to ensure more equity in access. Special attention will be paid now to quality issues in the next round of GPRS implementation. Teacher retention is key to ensuring quality education and reducing school drop out. Impact assessment of the teacher retention schemes will be conducted regularly to ascertain the differential impact of the different schemes being implemented.

### Health

It is essential to review health sector priorities to take into account the recent increases in infant and childhood mortality rates in the country. Due to the observed positive correlation between child malnutrition and under-five mortality, child nutritional programmes may need to be strengthened and expanded.

To have the greatest impact on health outcomes, there is the need for a system to identify and concentrate the location of health facilities in the most vulnerable districts.

To ensure significant improvement in the health status of the most poor and vulnerable, access to exemptions could be enhanced through better targeting of the poor. There is currently no system to identify the most poor and it is important that the situation is addressed quickly.

There is the need to accelerate the full implementation of the National Health Insurance Scheme to ensure that poor people have access to quality health services. Introduction of a targeting system would be important to ensure that the most poor and vulnerable benefit from planned subsidies to cover the cost of premiums.

Access to drinking water has improved considerable. However, incidence of guinea worm infections, a water-borne disease is on the rise. This suggests the need to take a critical look at the safety concerns of the water that is being made accessible to the rural population. Government will investigate this oxymoron further and immediate action taken to ensure not only access to water but also access to quality water.

Access to adequate sanitation remains very low in the country. Sanitation issues need particular attention in the next phase of the GPRS implementation

#### **10.4 GOOD GOVERNANCE**

##### Security and Rule of Law

To promote a faster pace towards good governance, greater dissemination of information about policies, programmes and services will be mounted to inform the public about their rights, their obligations and the nature of services available.

Similarly, public forums to discuss issues of governance in relation to justice, accountability and security will be intensified. In this sense, public forums such as the Peoples' Assembly, which involves the President interacting with ordinary citizens and which are replicated at the regional and in some instances, the district level, will be made a regular feature of the governance programme. Also, good governance enhancers such as the 'Meet the Press' series, which afford the media the opportunity to listen to and discuss issues with incumbent ministers, will continue. Indeed, more use will be made of the mass media as well as already existing civil society groups in rural and urban areas, including professional associations to discuss such matters.

It is noted that enhancement of governance should go beyond law and order. Other governance institutions are playing significant roles in expanding public space for dialogue, promoting administrative justice, upholding human rights and facilitating smooth transitions in the political order. As a policy goal, the governance indicators will be revised in future to present a more comprehensive representation of all the other players.

##### Decentralization

There is need to conduct research to establish the system-wide impact of policy measures on improved services by the district assemblies.

Many communities are becoming more empowered to demand accountability from public office holders at the District assembly level. These are all positive spin-offs from the support to district assemblies, which will be sustained to deepen citizen participation in decision-making and ensure equity in resource allocation

### Public Sector Reform

The main thrust of public sector reform will be the adjustment of central government structures and organisation to make the central machinery of government more efficient, effective, and private sector-friendly. The capacity of government will be strengthened to facilitate and set the development agenda to pave the way for private sector and other social partners to fully contribute to the national development effort.

### Monitoring & Evaluation

Even though there is a multiplicity of indicators in the GPRS for measuring the extent to which good governance is evolving, the biggest challenge remains what form of indicator is best for measuring the intangibles like improvements in the practice of democracy. There will be stakeholder consultation towards ascertaining and harmonising existing indicators with those of the APRM of the NEPAD and the MDGs all of which by virtue of state ratification of protocols have assumed a de jure presence and must be reported on.

## **10.5 THE VULNERABLE & THE EXCLUDED**

The logistics situation and service conditions of staff of the Legal Aid Board and the Department of Social Welfare will be reviewed. This will help them expand their services especially to the vulnerable and the excluded. Rights of the destitute and prisoners with no access to legal services will remain violated if the welfare and legal services do not reach them in adequate measure.

An aspect of the provision of social assistance to vulnerable and excluded groups what seems to have been taken for granted is the mainstreaming of assistance to such groups. The fact that these are crosscutting issues calls for far greater collaboration between agencies in the social sector as well as economic sectors than is currently the case. The Poverty Monitoring Groups provide a unique opportunity for this cross-fertilisation to take place to promote poverty reduction and rights protection of the vulnerable and excluded.

Children in 'difficult circumstances' are especially vulnerable but there are no indicators to enable effective tracking. Efforts will be made to conduct studies to provide baseline data on the extent of the problem to facilitate assessing changes in the future.

The coordination between various interest groups working on the anti-HIV/AIDS campaign will be improved to ensure harmony of messages. GAC should assume a more central role in coordinating the national response to HIV/AIDS in partner coordination seek ways to pool resources.

Recent allegations and counter-allegations by the Ghana AIDS Commission and NGOs working on HIV/AIDS raise serious questions about the Anti-HIV/AIDS Campaign. The Commission will strive to find new ways of monitoring and evaluating the activities of its partners in the Campaign to avoid the dissipation of scarce resource through fraudulent deals. The overarching need to reduce the spread of the virus and to offer support to the infected as rapidly as possible and the objective of seeking cooperation with other social partners compelled the GAC to enter into partnership with groups of dubious credentials. A more vigorous proposal vetting and organisation screening arrangements may be considered in commissioning groups to participate in providing service to patients. Contracting will be made more rigorous and sanctions enforced in the event of misapplication of resources.

## **10.6 DISTRICT ASSEMBLY HIPC FUND UTILIZATION POLICY**

### Project Selection, Design & Costing

A clear-cut definition of project selection will be provided to the DAs to ensure projects are chosen from the District Medium Development Term Plan.

Regional Coordinating Councils (RCCs) will represent the MLGRD at the regional level to approve at the regional level to reduce the length of the approval process. The RCCs will then be better informed to carry out their monitoring and coordinating role

### Funds Transfer & Communication Flow

The communication process and audit processes will be significantly improved. There is the need for a single point of contact to check and clarify funds, which are due and have been transferred to the Districts.

There will be a single national point of contact to coordinate HIPC communication. Detailed information on the project to be implemented and implementing agency should be given to the beneficiary Metropolitan, Municipal or District Assemblies

### Micro Credit Support for Production & Gainful Employment

Funds will be channelled through a local Rural Commercial Bank and the bank paid management fees, to manage the process on behalf of the DA. A Project Coordinator from the DA should be identified to manage the relationship to ensure that Micro Credit poverty reduction objectives are achieved.

### Involvement of the DPCU

The role of the DPCU in the HIPC M&E process will be documented, and communicated to the DA to empower them to ensure that they are formally involved in the process.

## 11 TECHNICAL APPENDICES

As mentioned elsewhere, the Ghana Poverty Reduction Strategy is the current operational development policy framework for the country. As a result all programmes with development partners both multi-lateral and bi-lateral, are based on the GPRS. For instance, the implementation of the GPRS is directly linked with the IMF and the World Bank's Enhanced HIPC Initiative that the government signed onto in February 2002; and the Multi-donor budget support (MDBS) initiative which represents a shift from a sector and project-driven approach in bilateral support to the Government of Ghana to a budget support regime.

Support from each of the three donor groups, the IMF, the World Bank and the MDBS group, including the debt relief from the Enhanced HIPC Initiative, especially upon reaching the HIPC completion point were all to support the implementation of the GPRS. As a result release of funds and increased flow of debt relief have all been made contingent upon agreed sets of GPRS-based prior actions to be taken by the government of Ghana. In these technical annexes we provide a summary report on the status of the prior actions, triggers, and targets towards reaching the HIPC completion points, and for meeting the PRSC and the MDBs triggers.

We also include in this section, a summary of the 4 poverty and social impact studies that have been completed. The studies were commissioned by the government with support from the donor community however, the summary of the findings and recommendations reported here are those of the authors and not necessarily shared by the Government of Ghana or by the Donor that funded the study.

## APPENDIX 1: STATUS REPORT ON HIPC COMPLETION POINT

### Background

In February 2002, Ghana entered an agreement with the World Bank and the International Monetary Fund (IMF) to support a comprehensive debt package for the country under the Enhanced Heavily Indebted Poor Countries Initiatives (HIPC). The IMF and World Bank have determined that a nationally owned participatory poverty reduction strategy (GPRS) should form the basis for concessional lending and debt relief under the HIPC initiative. Presented below is the progress made in 2003 towards the achievement of the various triggers and targets under the various policy areas for reaching the HIPC Completion point. They are also summarized in Table 11.1.

#### a. Macroeconomic stability

**Trigger 1:** Preparation of a full PRSP and satisfactory implementation for at least one year as evidenced by the joint staff assessment of the country annual progress report.

**Status:** *This trigger has been met. The GRPS was finalized in February 2003 and endorsed by the World Bank and the IMF. The first Annual Progress Report (APR) was completed in March 2004.*

**Trigger 2:** Continued maintenance of macroeconomic stability as evidenced by satisfactory implementation of the PRGF-supported programme.

**Status:** *Overall, the indicators for macroeconomic stability registered continued progress in 2003. A new three-year PRGF arrangement was approved in May 2003 and the first review completed in December 2003.*

**Trigger 3:** Use and monitor budgetary savings in priority areas; ensure timely publication of information for an annual public hearing and use information as input to annual progress report on the GPRS. The increase in total spending on these priorities must equal or exceed HIPC relief.

**Status:** *Budget savings have been used for poverty reduction expenditures. The information on this is available in the 2004 Budget Statement and was extensively incorporated in the 2003 Annual Progress Report on the GPRS. Spending in poverty related activities exceeded HIPC relief.*

#### b. Governance

**Trigger 4:** Procurement reform- establish new procurement code with regulatory oversight body

**Status:** *A regulatory oversight body has been put in place to implement a new Procurement law, which has been passed into law by Parliament and gazetted the position of the Chief Executive of the Secretariat to the Board has already been advertised. Members of the Public Procurement Board (PPB) have been nominated and approved by the President and await concurrence of the Council of State. Inauguration of the PPB is currently planned to take place in June 2004.*

**Trigger 5:** Strengthen the capacity of the Internal Audit Unit through full staffing of existing internal audit positions

**Status:** Existing positions have been fully staffed

### **c. Public Expenditure Management**

**Trigger 6:** Government expenditure reports published monthly in government gazette following the implementation of a new reporting system.

**Status:** New reporting system implemented and reports are published in the gazette monthly

**Trigger 7:** Establish functioning electronic expenditure tracking systems in the Ministry of Finance (MOF), the Controller and Accountant General's Department (CAGD) and at least two other key Ministries.

**Status:** *The system has been installed and operational in the MoF and CAGD. Actions are being taken to complete installation in the Ministries of Health, Education, and Roads and Transport by mid 2004.*

### **d. Decentralization of Government Functions**

**Trigger 8:** Devolve responsibilities to local districts as evidenced by (i) submission to Parliament of a Local Government Bill and (ii) development district composite budgets in pilot districts.

**Status:** *A Local Government Bill was submitted to Parliament and passed in July, 2003 and gazetted on 31/12/2003. District composite budgets have been prepared in 3 pilot districts namely Dandme East, Dagme West and Akwapim North.*

### **e. Education**

**Trigger 9:** Increase girls' enrolment in primary schools from 72% in 2000 to 74%..

**Status:** *The target of 74% in Gross Primary Enrolment Ratio (GPER) for girls has already been exceeded. A GPER of 77.7% was recorded in 2003.*

### **f. Health**

**Trigger 10:** Increase the percentage of rural population with access to safe water from 40% in 2000 to 46%.

**Status:** *The indications are that 46% target has been exceeded. Rural population with access to safe water is now 46.38%.*

**Trigger 11:** Recurrent health expenditure at district and lower level governments have risen from 42 percent of the total recurrent health budget in 2000 to 45 percent.

**Status:** *. Total recurrent health expenditure at district and lower level as proportion of total government recurrent expenditure has reached 49.6 % in 2003.*

### **g. Energy**

**Trigger 12:** An automatic price adjustment mechanism has been put in place and implemented monthly to reflect changes in international market prices in local currency in the petroleum sector, and includes all taxes incorporated into the adjustment formula at end-March 2002.

**Status:** . *Price adjustment mechanism has been put in place in 2003 but has not been implemented.* .

**Trigger 13:** A strategy for full economic pricing in the electricity sector, including lifeline pricing to ensure affordability for low-income users in place.

**Status:** *A strategy has been put in place and implemented since August 2002. PSIA on electricity pricing in progress and awaiting draft report. Meanwhile, a lifeline protection measure has been instituted to protect low- income users.*

It is clear from the status on the triggers reported here the triggers that the government was expected to meet prior to reaching the HIPC completion point have, except for petroleum pricing, been fully met and in some cases gone the extra mile and the government needs to be applauded for these efforts. With these reported compliance with triggers it is fervently hoped that reaching the HIPC completion point is a matter of time.

**Table 11.1 Summary of progress on HIPC Triggers**

<b>Policy Area /HIPC Trigger</b>	<b>Indicator</b>	<b>Status of indicator (2003)</b>
<b>Macroeconomic Stability</b>		
<ul style="list-style-type: none"> <li>Preparation of a full PRSP and satisfactory implementation for at least one year as evidenced by the joint staff assessment of the country's annual progress report</li> </ul>	Preparation of a full PRSP and satisfactory implementation for at least one year	GPRS was finalised in February 2003 and the executive board consultation endorsed it in May 2003. The 2003 APR was completed in March 2004.
<ul style="list-style-type: none"> <li>Macro-economic stability. Continued maintenance of macro-economic stability as evidenced by satisfactory implementation of the PRGF-supported programme.</li> </ul>	Continued maintenance of macro-economic stability as evidenced by satisfactory implementation of the PRGF	Macroeconomic stability for 2003 has favourably been on track. A new 3-year PRGF was approved in May 2003 and the review completed in December 2003.
<ul style="list-style-type: none"> <li>Use of budgetary savings in priority areas and monitored. Information published in time for an annual public hearing as an input to annual progress report on GPRS.</li> </ul>	Use of budgetary savings in priority areas and monitored input to annual progress report on GPRS.	The budget savings have been used on poverty reduction expenditures. The information has been published in the 2004 Budget Statement and it served as an input in the 2003 Annual Progress report
<b>18 Governance</b>		
<ul style="list-style-type: none"> <li>Procurement reform- New procurement code established</li> </ul>	Regulatory and oversight body to implement new procurement code established	Regulatory and oversight body put in place. Procurement Bill Passed by parliament and gazetted. The position of Chief Executive of the Secretariat has been advertised.
<ul style="list-style-type: none"> <li>Internal audit. Operational internal audit capacity established through full staffing of existing internal audit positions</li> </ul>	Full internal audit capacity established	Existing positions have been fully staffed
<b>19 Public expenditure management</b>		
<ul style="list-style-type: none"> <li>Government expenditure reports published</li> </ul>	Reports on cash expenditures and commitments by MDAs published monthly in government gazette following implementation of new reporting system	New reporting system implemented and reports published in Gazette monthly.
<ul style="list-style-type: none"> <li>Functioning Electronic expenditure tracking system</li> </ul>	Electronic expenditure reporting system installed in MoFEP, CAGD, and at least two key sector ministries	Achieved- Ministry of Finance and Economic Planning (MOFEP) and Controller and Accountant General Department (CAGD) have established the system. Actions are being taken to complete installation by mid-2004 in three additional MDAs.
<b>20 Decentralisation of government functions</b>		
<ul style="list-style-type: none"> <li>Devolution of responsibilities to local districts</li> </ul>	Devolution of responsibilities to local districts, as evidenced by (i) submission to Parliament of a Local Service Bill; (ii) development of district composite budgets in pilot districts	Local government service Bill submitted and passed in July 2003, gazetted, 31/12/03. Composite budget prepared in 3 districts
<b>21 Education</b>		
<ul style="list-style-type: none"> <li>Increase girl's enrolment in primary schools</li> </ul>	Primary Gross enrolment rate for girls increased from 72% in 2000 to 74% in 2004	Target for 2004 (74%) exceeded in 2003 which recorded 77.7%
<b>22. Health</b>		
<ul style="list-style-type: none"> <li>Increase access to safe water in rural areas</li> </ul>	The percentage of households with access to safe water in rural areas increased from 40% in 2000 to 46% in 2004	Target exceeded: CWSA recorded 46.38.
<ul style="list-style-type: none"> <li>Increase in health recurrent</li> </ul>	Share of health recurrent expenditures at	Target exceeded.

expenditure at district and lower levels of government as percent of total recurrent health budget from 42 % in 2000 to 45 %.	district level increased to 49.5 % in 2003.	
<b>23. Energy</b>		
<ul style="list-style-type: none"> <li>▪ Automatic price adjustment mechanism in place and implemented</li> </ul>	Phase out budget subsidies to petroleum sector	Adjustment mechanism has been put in place but is not being implemented.
<ul style="list-style-type: none"> <li>▪ A strategy for full economic pricing in the electricity sector, including lifeline pricing to ensure affordability for low income users</li> </ul>	Reduce subsidies by 50 billion in 2003. Reduce system loss	Strategy has been put in place and life-line protection instituted

## **APPENDIX 2: STATUS REPORT ON PRSC2 TRIGGERS**

The government negotiated the initial Poverty Reduction Support Credit (PRSC 1) in 2003. During the negotiation prior actions for PRSC 2 and PRSC 3 were also negotiated. These actions are captured in the Matrix below and the results of their implementation are noted. This review reveals a strong commitment on the part of government to ensure that most of the triggers are either fully met or action effectively on going. The matrix of triggers is under 3 main themes: Promoting growth, Income and employment; improving service delivery; and Improving Governance and Public Sector Management.

### **A. Improving Growth, Incomes and Employment**

The major triggers under this theme are in the areas of private sector credit and budget allocation, energy supply, trade facilitation and improving investment climate. Government effort to reduce domestic debt in order to free resources for funding growth and crowding-in the private sector is in progress. The outstanding stock of government securities has been reduced from 17% of GDP in 2002 to 16.1% in 2003. To provide protection for the poor while undertaking a rational expansion of energy services, government continued the extension of the lifeline concessionary support to the poor. Cabinet approved the Power Sector Reform programme and established a Secretariat to oversee implementation of the agreed 1<sup>st</sup> year actions. Phasing out the budget subsidies has been constrained by the rapid increase in petroleum prices and the risk of creating sudden shock by increases in petroleum prices.

With respect to trade facilitation, government has worked hard to reduce clearance time at both the air and seaports. Similarly, sustained efforts are in progress to automate the Registrar-Generals Department to remove administrative barriers that tend to frustrate offshore investors. To achieve efficiency in public resource use government was required to ensure a good Public Expenditure Management regulatory framework. In fulfilment of this government passed the Financial Administration Bill and the Central Internal Audit Bill were passed into law in 2003. Budget formulation and execution processes were also considerably improved in the year. The linkage between the MTEF and the GPRS has been improved in the sense that the MDA objectives have been harmonized with the GPRS MTPs. Government budget allocation for poverty reduction in 2003 over that of 2002 increased by 27 %. Public education exercises were undertaken through the media and face-to-face interactions with the general public for purposes of increasing budget literacy and to democratise fiscal policymaking.

### **B. Improving Service Delivery**

Promoting efficiency and equity financing of education and health with a focus on achieving greater poverty impact, received a boost in the year under review. The non-salary recurrent expenditure in education was increased to 91.1% and the Community Health Planning and Services (CHIPS) was extended to 47 zones raising the coverage to 20%.

### **C. Improving Governance and Public Sector Management**

Government is also keeping to its commitment to ensure increased operational efficiency in key institutions dealing with governance and corruption. Major efforts in this direction include a) presentation of the Freedom of Information and Whistle Blower Bill to Cabinet b) commissioning

a Diagnostic study on Institutional mandates of anti-corruption agencies c) Passing of the Local Government Bill d) development of a Scheme of Service for local government staff and approving a National Decentralization Action Plan.

All of the above changes are significant milestones in the achievement of the triggers in the PRSC 2. These are captured in the tables below.

Table 11.2

STATUS OF POVERTY REDUCTION SUPPORT CREDIT 2 INDICATORS AND TRIGGERS

POLICY OBJECTIVE	MEASURE/ACTIVITY/TRIGGERS	INDICATOR	INDICATOR STATUS IN 2003	PROGRESS
<i>Promoting Growth, Income and Employment</i>	Increasing scope for financing development (private sector credit and budget allocation)	Implement 2003 domestic debt reduction to release resources for funding growth and poverty reducing activities	Outstanding stock of Government Securities fell from 17% of GDP in 2002 to 16.1% of GDP in 2003	On-going
<i>Expand supply of energy services economically while protecting the poor</i>	Maintain implementation of tariff adjustment mechanism, with life-line protection for the poor	Reduce subsidies 50 billion in 2003. Reduce system loss 2002 (actual) 26% 2005 planned) 22%	Consumers within the life line threshold enjoy concessionary rate	On track
	Launch power sector reform and implement 1st year agreed actions			Implementation on schedule
	Maintain implementation of automatic price adjustment mechanism to keep sector viable, while providing cross-subsidization in favour of the poor)	Phase out budget subsidies to petroleum sector 2002 (actual) 2.9% of GDP		Not on track
<i>Improve trade facilitation</i>	Review targeted areas (cargo handling, stevedoring, etc.) and develop an implementation plan to improve performance	Increased export		In progress
	Reduce length of custom procedures by extending GCMS/GCNet at Takoradi and Tema ports	Clearance time reduced as follows: KIA from 24hrs to 2 hrs Tema and Takoradi from 2 days to one day	KIA – 2 HRS Tema – 24-48hrs Takoradi – in trial phase	Implemented
<i>Improve the Investment Climate</i>	Implement first year tranche of approved time-bound implementation plan to remove key regulatory and administrative barriers	Administrative barriers to investments removed	Automation and computerization of Registrar's Generals' Dept.	On-going

<i>Improving performance of rural sector in interest of rural poor</i>	Improve rural sector farm and non-farm growth	Review target areas (market access, extension services, technology, etc.) to update an operational plan	Done	On track
		Farmer gate prices of cocoa increased to 69% of F.O.B.	Cocoa price increased to 69% of F.O.B	Done
		Increased exports of cash crop: Cocoa	Export of cocoa increased by 11%	Good progress
<i>Modernize PEM regulatory framework</i>	Begin implementation of the Financial Administration Bill enacted by Parliament and table Central Internal Audit Agency Bill		The Financial Administration Bill was passed into Law at the end of 2003	On track
<i>Strengthen budget formulation</i>	Standardize activities to simplify the MTEF and adopt measures to align functional classification of budget with GFS		MOE & MOH limited their output considerably Linkage of MTEF and GPRS were enhanced as the budget volumes included summaries of MDA objectives and related GPRS MTPs and expenditure by GPRS thematic areas, MTPs and sources of fund	
	Further increase, compared to 2003 budget, in poverty reduction budgeted expenditures as share of domestically-financed expenditures (including HIIPC)		A 27% increase in 2004 over 2003 budget in poverty reduction expenditures	On track
	Conduct PER		PER was done on the roads sector. Document is almost ready for printing	On track
<i>Strengthen budget execution and reporting</i>	Prepare monthly (commitment and expenditure) budget execution report reconciled with BoG, with no more than 8 weeks lag	Monthly reports are submitted by CAGD with no more than 8 weeks	Monthly reports are submitted with no more than 8 weeks	On track
	Expand BPEMS to cover 3 main MDAs in Accra (Education, Health, and Roads and Highways)		Implementation of a budget and Public expenditure management system in MFEP and CAGD continued	

	CAGD submits final accounts and financial statements for 2003 to Auditor General within statutory timeframe	Letter from Auditor General of the Ghana Audit Service submitting		
<i>Reduce time lag in submission of annual audits to Parliament</i>	Auditor-General submits outstanding 2002 audited accounts for the Consolidated Fund and MDA's  Disseminate budget information in simplified format to broader audience (e.g. radio, pamphlets, etc.)	Produced budget highlights for the press  Printed in the Daily Graphic Posted on the internet Regional Peoples  Assembly was conducted An exhibition of Budget was conducted for the public at the Foyer of the Parliament House	On track	
<i>Improved operational efficiency of key institutions dealing with Governor and Corruption</i>	Continue implementation of activities aimed at reducing fraud and combating corruption (including adoption of Freedom of Information Bill)	Final draft of Freedom of Information Bill presented to Cabinet  2. Final Draft of Whistle Blower Bill presented to Cabinet  3. Diagnostic study on institutional mandates of anti-corruption agencies commissioned	On-going  On-going  On-going	
<i>Improve efficiency and equity of financing education with attention to greater poverty impact</i>	First Year education strategic plan implemented		Achieved	
		Share of three Northern regions in rehabilitation/construction of primary classrooms increased from 20% to 30% in 2004	Exceeded	420 of 685 (61.3%) of classrooms constructed in 3 Northern Regions

			School mapping completed in 10 additional districts by end of PRSC 2	Mapping completed for 5 out of 10 targeted districts. Mapping of the remaining 5 districts to be completed by the end of March	On track
<i>Increase access, completion and quality in basic education, particularly in 3 most deprived regions (Northern, Upper East and Upper West)</i>			Teacher retention schemes evaluated and implemented in most deprived districts by end of PRSC2	A number of retention schemes were implemented in 2003. Special attention was given to the three Northern regions	On track
		Provide scholarships to enable girls complete primary school in deprived districts	Scholarship Schemes developed for girls in deprived districts		On track
<i>Improve efficiency and equity of financing education with attention to greater poverty impact</i>		Increase execution rate of budgeted non-salary recurrent expenditure from 63.6% in 2002 to not less than 75% in 2003			Achieved
<i>Bridge equity gaps in access to quality health care services (Northern, Upper East Upper West and Central)</i>			At least 2 deprived regions to be fully covered under the HIRDP by end of PRSC 2	Completed for PRSC 2 – MOH and UNICEF are implementing the programme in Northern and Upper East Region	Achieved
		Reach at least 20% coverage of Community Health Planning and Services (CHPS) at the community level with priority to the most deprived regions	At least 20% coverage of Community Health Planning and Services (CHPS)		Achieved
			Programmes to promote relocation and retention of health professionals to most deprived regions approved by cabinet and included in 2004 budget by end of PRSC 2	Completed in 2003 and €22 billion allocated in 2004 budget to provide salary incentive to health workers in selected districts	On track
<i>Ensure sustainable financing arrangements that protect the poor</i>		Finalise evaluation of financial implementation and management of National Health Insurance Scheme	Financial implementations and management of National Health Insurance Scheme finalised		Achieved

			Money disbursed for exemption fee increased and exemption for maternal delivery introduced in all regions by end of PRSC 2	Increased to ø24 billion. ø17.2 billion was provided as additional money by Government to increase coverage to the deprived Northern and Central regions	On track
	Adopt new recurrent expenditure allocation formula favouring most deprived regions				Achieved
<i>Reduce the spread of the HIV/AIDS epidemic in most deprived regions</i>			Community initiatives for HIV/AIDS initiated in deprived regions (3 Northern and Central regions)	178 (26%) of CBOs funded in the country in the 3 Northern and Central Regions	Achieved
<i>Decentralised Government</i>	Begin implementation of the Local Government Service Bill enacted by Parliament		Local Government Bill Passed	Bill passed in July 2003 and gazetted 31/12/03	On track
	Cabinet approval of Decentralisation Implementation Action Plan		Decentralisation Action Plan approved		On-going
<b>Strengthening the capacity to monitor and evaluate the policy agenda</b>	Submit to Parliament Annual GPRS Progress Report				Done
	Implement M&E plan for GPRS		2003 APR preparation	2003 APR under preparation	Done
	Complete CWIQ and publish results		Published CWIQ Results		Done
	Carry out 3 PSIA			4 PSIA completed	Target exceeded
	Complete (SEA) and identify next steps		Finalise SEA Report	Report completed	Done
Improving performance of the public sector	Cabinet issues policy statement on PSR, including public sector pay and employment with a view to define a time-bound revised reform programme		PSR to Cabinet for approval	Advisory Group on PSR is in the process of submitting reform policy to Cabinet for approval	On track
	Finalise census, update payrolls. Establish reliable data base of public sector employment			Reduction in number of people on payroll by 400 people	On track

### APPENDIX 3: STATUS REPORT ON MDBS 2004

Multi Donor Budget Support consists of assistance from development partners (DPs) to finance budgetary operations over the medium-term in support of the Ghana Poverty Reduction Strategy (GPRS). This form of direct budget support represents a shift from a sectoral, project-driven approach towards a more long-term development partnership based on budget support. The Government of Ghana signed a framework memorandum of understanding with nine Development Partners (the African Development Bank, Canada, Denmark, Germany, the European Union, the Netherlands, Switzerland, the UK, and the World Bank). For the first year of operation (2003) the budget support with funding commitments from DP's totalled 232.6 million euros. The total pledges for 2003 represent 11% of the total government expenditures including interest payments or 40% of ODA.

From the perspective of the GoG, the benefits of the MDBS are:

- The reduction of transaction costs associated with ODA, particularly those transaction costs arising from meeting the conditions attached to flows of ODA;
- Increased predictability of ODA flows, allowing for better long-term planning;
- Increased institutional capability; and
- Increased democratic accountability to its electorate.
- Institutionalised strategic policy dialogue.
- Increased local ownership to the programme since the GPRS represents a Government-led process and document

For the development partners, MDBS is a key tool for supporting the implementation of the GPRS by strengthening the institutional environment in which GPRS is implemented and by emphasising the importance of public financial management, public sector reform and governance issues.

The budget support is staggered in two tranches. The **first** tranche, or “base payment” is payable following a positive IMF review. The payment of the **second** tranche, or “performance payment” depends on the outcome of a progress assessment on five key areas of reform:

- Public finance management (PFM),
- The budget process,
- Decentralisation,
- Public sector reform and
- Governance.

The status of the various policy measures and indicators on the five key areas of reform as indicated above have been summarised in the Table below. As indicated in the Table the government met all the triggers.

Table 11.3

**POLICY MATRIX: MDBS TRIGGERS AND TARGETS**

<b>Policy Objective</b>	<b>Measure/Activity/ Triggers</b>	<b>Indicator</b>	<b>Indicator Status</b>
<b>PART 1: IMPROVING GOVERNANCE AND PUBLIC SECTOR MGT</b>			
<b>1.1 Establishment of a decentralization policy framework to improve service delivery</b>	Local Govt Service Bill laid before Parliament	Date of gazette notification	Local Govt Service Bill passed by Parliament on March 14 2003
Decentralize Government	Completed comprehensive Action Plan for Decentralization (including fiscal reform) be submitted to Cabinet	Cabinet endorsement of National Decentralization Action Plan as the strategic document for further decentralization reforms and implementation commenced	NDAP was prepared and presented to DPs and a joint response from DPs submitted to GoG  NDAP being revised for submission to cabinet for its endorsement.
Translate GPRS priorities into plans and budgets at District levels	Medium Term Development Plans and Annual District Action Plans to be in compliance with GPRS guidelines & priorities	NDPC M&E study report	MTDP have been prepared and in compliance with GPRS
		Zero Draft of the implementation of the GPRS	
		Pilot district composite budget in 3 districts	Composite Budget initiated in 3 districts and Strategic plan developed

<b>Policy Objective</b>		<b>Measure/Activity/ Triggers</b>	<b>Indicator</b>	<b>Indicator Status</b>
<b>Improving Performance of Public Sector</b>				
Implement a refocused Public Sector Reforms	Cabinet issues a policy statement on a refocused Public Sector Reform, including Public Sector Pay and Employment, to define a time bound reform programme to improve governance and service delivery at national and local Levels.	Cabinet Policy Statement	Public Sector Strategy sent to Cabinet	
Improve external and internal Auditing control	Reduced time lag in the submission of annual audits to Parliament	Auditor General submits 2002 audited accounts for the Consolidated Fund and MDAs	Audit reports in progress	
Improved operational efficiency of Key institutions dealing with Governance and Corruption	Continue implementation of activities aimed at reducing fraud and combating corruption	Final Draft of Freedom of Information Bill presented to Cabinet	Revision of Draft in progress	
		Final Draft of Whistle Blower Bill presented to Cabinet	Revision of Draft in progress	
<b>Strengthening The Capacity to Monitor and evaluate the Policy agenda</b>	Implement M&E plan for GPRS as evidenced by timely and public dissemination of 2003 annual progress report	Dissemination of other Annual Progress Report 2002	2002 APR disseminated	
Regular M & E of GPRS implementation				

Policy Objective	Measure/Activity/ Triggers	Indicator	Indicator Status
Strengthening Public Expenditure Management	Further increase, compared to 2003 budget in poverty reduction budgeted expenditures as share of domestically financed expenditures (including HIPC)		2004 Budget Statement shows real increase in poverty reduction budgeted expenditures as share of domestically financed expenditures
Strengthen Budget Execution and Reporting formulation	Prepare monthly budget execution Reports (Commitments and Expenditures) Reconciled with BoG with no more than 8 weeks lag	Monthly reports submitted by CAGD with no more than 8 weeks lag	Monthly reports are submitted with no more than 8 weeks lag
Transparency and value for Money In Public Expenditure	Begin implementation of the new Procurement Bill enacted by Parliament By establishing and making operational Public Procurement institutions		Implementation commenced as evidenced by: (1) Establishment of public procurement board (PPB) and secretariat. (2) Establishment of Entity Tender committees and Review Tender Boards

Policy Objective	Measure/Activity/ Triggers	Indicator	Indicator Status
<p><b>PART 2: PROMOTING GROWTH, INCOME &amp; EMPLOYMENT</b></p> <p><b>Improving the Environment for Business While protecting the Poor</b></p> <p>Expand the supply of energy service economically while protecting the Poor</p>	<p>Government to continue with implementation of energy sector reforms previously approved by Cabinet</p> <ul style="list-style-type: none"> <li>➤ Accelerate the programmes for Deregulation of the petroleum sector</li> <li>➤ Sustain incremental efforts at achieving and maintaining full cost recovery in utility pricing as well as improving the efficiency of utility companies.</li> </ul> <p>Pricing formulas for electricity and water to continue to be administered by the Public Utilities Regulatory Commission (PURC)</p>	<p>Functional National Deregulation Committee in place</p>	<p>National Deregulation Committee has been formed to oversee the deregulation process</p> <p>In progress</p>
<p>Improve the Investment Climate</p>	<p>Approval by Cabinet of Medium-Term Sector Development Strategy with Action Plan and Monitoring and Evaluation Matrix.</p>	<p>Approved Medium Term National Private Sector Development Strategy for implementation</p>	<p>Final Draft submitted to government on 29<sup>th</sup> Dec 2003, received Cabinet approval on 29<sup>th</sup> Jan 2004 and expected to be launched by end of March 2004</p>

Policy Objective	Measure/Activity/ Triggers	Indicator	Indicator Status																		
<p><b>Improving performance of rural sector in interest of Rural poor</b></p>	<p>Begin implementation of MOFA Strategic Plan, costed with clear links to GPRS targets</p>	<p>Strategic Plan In place for implementation</p>	<p>MOFAs strategic plan 2003 – 2005 has been prepared and distributed. The cost tables are being reviewed for 2004 – 2006</p>																		
<p>Improve rural sector Farm and Non-Farm growth</p>	<p>Improved Feeder and Trunk Road Condition Mix Index</p>	<table border="0"> <tr> <td>2002(Feeder)</td> <td>2003(Feeder)</td> </tr> <tr> <td>Good - 33%</td> <td>36%</td> </tr> <tr> <td>Fair 19%</td> <td>26%</td> </tr> <tr> <td>Poor 48%</td> <td>38%</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>2002(Trunk)</td> <td>2003(Trunk)</td> </tr> <tr> <td>Good 26%</td> <td>29%</td> </tr> <tr> <td>Fair 27%</td> <td>30%</td> </tr> <tr> <td>Poor 47%</td> <td>40%</td> </tr> </table>	2002(Feeder)	2003(Feeder)	Good - 33%	36%	Fair 19%	26%	Poor 48%	38%			2002(Trunk)	2003(Trunk)	Good 26%	29%	Fair 27%	30%	Poor 47%	40%	<p>Feeder roads improved and Trunk roads deteriorating</p>
2002(Feeder)	2003(Feeder)																				
Good - 33%	36%																				
Fair 19%	26%																				
Poor 48%	38%																				
2002(Trunk)	2003(Trunk)																				
Good 26%	29%																				
Fair 27%	30%																				
Poor 47%	40%																				

Policy Objective	Measure/Activity/ Triggers	Indicator	Indicator Status
<b>PART 3: IMPROVING SERVICE DELIVERY FOR HUMAN DEVT.</b>			
<b>Education</b> Increase access, completion and Quality in Basic Education, Particularly in the three most deprived regions (Northern, Upper East and Upper West)	Improved Gross Primary Enrolment ratio in most Deprived regions in 2003/2004 compared to Previous years	GPER increased in the 3 most deprived regions: Northern: 62% to 70% Upper East: 70% to 79% Upper West: 56% to 63%	(2003) NR: 67.7 UE: 72.2 UW: 69.6 NR & UER were on track but UWR exceeded the target
<b>Health</b> Ensure sustainable financing arrangements that protects the Poor. Improve maternal health  Improve Maternal Health	Increase the proportion of supervised deliveries for under-served regions	Proportion of supervised deliveries greater in 2003 than 2002 figures in underserved regions (Northern, Upper East, Upper West, Central)  2002 Baselines: CR: 40 NR: 11.1 UE: 22.1 UW: 16.1	(2003) CR: 38.4 NR: 18.3 UE: 27.8 UW: 33.3 NR, UER and UWR were on track but it reduced for CR.
Reduce-Stabilise the spread of the HIV/AIDS epidemic in most deprived regions.	Joint Review of GoG response to pandemic finalized and key recommendations adopted with the aim of ensuring effective Implementation and achievement of the 5 expected outcomes of the Ghana	Adoption of joint review report by key organizations of the main recommendation	Not completed at the time of the report. Started in March 2004, Scheduled to be completed in April 2004

## **APPENDIX 4: SUMMARY REPORT OF THE POVERTY & SOCIAL IMPACT ANALYSIS (PSIA) STUDIES**

The Ghana Government, through the National Development Planning Commission (NDPC), with the support of Development Partners commissioned five *Poverty & Social Impact Analysis* (PSIA) studies to assess the impacts of specific policy reforms carried out under the GPRS on different stakeholders, especially the poor, the vulnerable and the excluded and to recommend the needed policy actions to address any negative impacts. The PSIA tools are used to analyse and determine the distributional impacts and outcomes on welfare as a result of the new policy reforms. These studies are meant to assess impact of the GPRS implementation of the GPRS and where necessary to recommend policy re-design. It is hoped that the publication and dissemination of the results of the PSIA studies will provoke public debate on policies. The summaries of objectives, findings, conclusions, and policy recommendations of four out of five PSIA studies that have been completed are summarized below. The recommendations are those of the researchers and not necessarily endorsed by the NDPC or for that matter the Government of Ghana or the donors that funded the study.

### **4.1 PSIA on Tackling Vulnerability and Exclusion in Ghana**

#### Objectives of the Study

- To find out the nature and extent of vulnerability and social exclusion in Ghana and identify factors that enhance vulnerability.
- To find out the determinants (conditions, events, and other underlying trends) that present risks to individuals or groups and households (social groups, age groups etc.) and exclude them from effective participation in mainstream economic, social and political activities
- To deepen the understanding of coping mechanisms and strategies of the vulnerable when risks materialise and how these could be strengthened and enhanced

#### Findings

- Firstly the study found that ‘poverty’ is multi-faceted and therefore a definition of poverty \should go beyond basic needs (food, clothing and shelter) to encompass access to education, health, and information. The study also found that the denial of rights, inability to exact accountability, lack of opportunity to participate, lack of access to resources and other institutional barriers contribute to vulnerability, to poverty, and to social exclusion.
- Secondly the study identified small-scale farmers as the leading vulnerable group in the country due to multiple risks (economic, social, and health risks) that can spiral them down into extreme poverty. Their fate has been exacerbated by two decades of SAP that collapsed the rural agricultural economy and rendered them uncompetitive in the new market economy. The study also established a link between gender and poverty; and that rural farmers who are mainly women are the poorest in society.
- Thirdly that the 5.2% growth of the economy in 2003 was predicated on economic indicators and did not have a ‘trickle-down effect’. This is supported by the increase in the percentage of people who fall in the first poverty quintile to 19%.

- Fourthly the study found that coping strategies adopted by the vulnerable includes: sale of assets, reducing the quality and quantity food intake, recourse to migration, and child labour. These mechanisms however depended on the variety of assets and services available.

#### Conclusions and Policy Recommendations

- The study recommends the need for a clear definition of vulnerability & exclusion so that policy decisions and interventions can be well targeted and the results can be monitored and measured.
- Due to the multi-dimensional, cross-cutting, and dynamic nature of vulnerability, exclusion and poverty, the GPRS review should emphasis sectoral linkages to help reach consensus on a set of indicators on vulnerability.

## **4.2 PSIA on Energy Sector Reform In Ghana: Electricity Tariffs**

### Objectives of the Study

- Implications and effectiveness of current subsidy schemes to protect the poor
- Effects of recent tariff increases on residential consumers including changes in the mix of fuels being consumed by different customer groups.
- To assess the affordability of current tariffs and the sustainability of cross-subsidies
- To propose key indicators for monitoring the poverty impact of the energy sector reform programme

### Findings

- The study found that electricity tariffs lag behind cost of production which gap is to be filled through transition to full cost-recovery.
- That the lifeline programme assumes individual meter users and so shared household meters and pre-paid meters make the policy ineffective and poor people adopt various coping mechanisms. That there is also no consensus among stakeholders as to how to reform the lifeline policy so that the poor actually benefit.
- That the issue of shared meters results in a lot of dynamics between landlords and tenants and adds to the arbitrariness of the distributional impacts of tariffs which leads to the conclusion that the lifeline tariffs do not target the poor.
- That increase in tariffs does not result in increases of revenue for the utility companies because of inefficiency in the system and low collection rates.

### Conclusions and Policy Implications

- That in spite of lifeline policy of government, the poor do not have access to electricity. Consumers complain of high and increasing prices for electricity even though they have not changed their consumption behaviours. This calls for communication and education of so that there is clear understanding as to why bills go up.
- That ability and willingness to pay are dependent on other factors besides income level and therefore these factors need to be considered in policy decisions on appropriateness of existing tariffs for each band of consumers.

### **4.3 PSIA on Enhancing Capacity for Pro-Poor Decentralization**

The vision of Ghana's decentralisation in the GPRS is to promote a governance system that is responsible and accountable to the extent that it allows for effective participation, equity in resource allocation and effective delivery of services to the poor.

#### Objectives of the Study

- To provide in-depth understanding of the impact of policy reforms and public actions for enhancing pro-poor decentralization with regard to the core aspects of resource mobilization, management and allocation at the district level and the capacity constraints in delivering pro-poor services on social and poverty outcomes, and
- How alternative policy measures and reforms will affect the impact on target groups
- What are the impacts of increased resource availability at the district level on the local economy and social development?
- Are decentralization measures designed to improve poverty reduction strategies at the local level
- To what extent capacity constraints influence the decentralised local government system in terms of services that support the implementation of the GPRS
- To what extent the proposed and implemented schemes for building capacity within local government are appropriate to respond to possible capacity constraints

#### Findings

- The study found that District Assemblies (DAs) do not have the capacities (in quality and quantity) needed to execute their administrative, legislative and executive functions.
- The main activity of the poor local population is agriculture and 77% of them are not aware of their DAs giving an indication of the low participation in governance. The study finds that poor people have a negative perception of decentralisation.
- There are no local organisations that can to give impetus to participation of local people in development planning or choices
- The study examined the income levels of poor people and found that they do not have adequate income resulting in the adoption of coping mechanisms to provide for basic needs.

#### Conclusions and Policy Implications

- It is necessary to mount programmes to educate local people to be aware of decentralisation and its benefits.
- The lack of coordination and cooperation among sectors at the district level. Policy decisions should therefore focus on how to resolve this institutional and administrative entanglement since they affect the effective execution of development programmes and projects.
- Policy decision should examine the implement the preference of a majority view that DCEs should be elected. In the interim the accountability mechanisms at the DAs should be strengthened.
- The earlier policy consideration to increase the DACF from 5% to 7.5% should be implemented to increase resources at the local level.
- That pro-poor decentralisation is not just improvement of proximity to government services (creation of more districts) but should encourage strong participation of poor people and local groups and associations; policy decision makers should therefore steer in this direction.

#### **4.4 PSIA on Economic Transformation of the Agricultural Sector**

##### Objectives

- The extent to which the Economic Transformation of the Agricultural Sector will compound or mitigate the constraints facing smallholder / subsistence farmers
- Trade-offs between production-oriented and poverty-oriented agricultural policies allows for poor farmers to access and benefit from mechanisms to increase production
- How food policies impact on food security and vulnerability
- Whether guidelines for the allocation of HIPC funds are sufficient to meet aims of growth and poverty reduction

##### Findings

The term Modernization of Agriculture is one of the areas targeted in the GPRS. The concept of agriculture modernisation is taken to mean the process of transforming the traditional agriculture into a commercial venture using technologies and practices that maximise outputs and production and minimize damage to assets and human health. The study found that:

- Smallholder peasant farmers are dominant in Ghana's agriculture sector and therefore agriculture modernisation policies targeting them will have widespread coverage.
- For smallholder farmers to take advantage of the business environment created for their benefit, they need education on the operation of small-businesses.
- Policies should be focus on those that have multiple impacts. Agriculture policies should aim at those that use technology to increase both employment and output.
- That polices that aim at small increases in output by the smallholder farmers are better than those that aim at large increases in output for large commercial farmers Impact of agriculture modernisation policies directed at commercial farmers has a sporadic effect on the poor.
- That pro-poor agriculture modernisation polices are better at reducing poverty than pro-growth polices.
- That agriculture modernisation policy has indirect impacts like creating employment opportunities, and price stability.
- Policies that are pro-poor policies rather than pro-growth are more beneficial to poor farmers

##### Conclusions and Policy Implications

- Given the dominance of smallholder farmers in Ghana, the study recommends the formation of farmer-based organisations (FBOs) to ensure easy accessibility to services and incentive packages and to participate in policy formulation.
- Policy should make it possible for smallholder farmers to acquire the knowledge and tools necessary to benefit from the environments that are conducive.
- Policies that are pro-poor rather than pro-growth are more beneficial to poor farmers
- Agriculture modernisation policy framework should be re-examined to make them more pro-poor. This will expand participation of small farmers, improve access to goods services and other incentive packages meant for their benefit, and therefore enhance poverty reduction

#### **4.5 Common Issues from the PSIA Studies**

There are some common issues that may be discerned from the PSIA studies conducted which need to be addressed by policy decision makers.

- That there are unclear definitions of concepts and terms (e.g. poverty, vulnerability etc.)
- That poor people are mainly in the rural communities and are to a large extent people who are subsistence, smallholder, and peasant farmers the majority of whom are women.
- That poor people lack access to basic needs including information and knowledge. They are not aware of policies meant for their benefit and do not participate in them.
- That poor people sometimes adopt certain coping strategies to mitigate poverty including borrowing, sale of assets, pulling children out of school, and sending them into child labour.
- That there is lack of capacity and other resource constraints at the DA level. This together with the lack of accountability, coordination, and institutional rivalry hamper the delivery of services to the poor.
- That poverty reduction will be enhanced by adopting pro-poor policies rather than pro-growth policies. That there should be proper targeting of policies to the poor to avoid or reduce leakages.