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**IMPLEMENTATION OF THE  
GROWTH AND POVERTY REDUCTION STRATEGY  
2006 - 2009**

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## LIST OF ACRONYMS

ADB	African Development Bank
ADR	Alternative Dispute Resolution
AESD	Agricultural Engineering Services Directorates
AGD	Attorney General's Department
APR	Annual Progress Report
ART	Anti-Retro-viral Therapy
AS	Audit Service
ABEDA	Arab Bank for Economic Development in Africa
BESIP	Basic Education Sector Improvement Programme
BoG	Bank of Ghana
BPEMS	Budget and Public Expenditure Management System
CAGD	Controller and Accountant General's Department
CBO	Community Based Organization
CEPA	Centre for Policy Analysis
CEPS	Customs Excise and Preventive Service
CG	Consultative Group
CHPS	Community Health Planning and Services
CHRAJ	Commission for Human Rights and Administrative Justice
CIDA	Canadian International Development Agency
CPI	Consumer Price Index
CREMAS	Community Resource Management Areas
CRT	Criterion Referenced Test
CSOs	Civil Society Organizations
CSPG	Cross Sectoral Planning Groups
CWIQ	Core Welfare Indicators Questionnaire
CWSA	Community Water and Sanitation Agency
DA	District Assemblies
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
EPA	Environmental Protection Agency
EXIM	Export Import
FASDEP	Food and Agriculture Sector Development Program
FCUBE	Free Compulsory Universal Basic Education
FGD	Focus Group Discussion
FOB	Free On Board
GACC	Ghana Anti-Corruption Coalition

GBB	Government Book of Business
GCB	Ghana Commercial Bank
GDHS	Ghana Demographic and Health Survey
GDO	Gender Desk Officer
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GES	Ghana Education Service
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
IEA	Institute of Economic Affairs
IGR	Internally Generated Revenue
ILO	International Labour Organization
IMF	International Monetary Fund
ISODEC	Integrated Social Development Centre
ITTU	Intermediate Technology Transfer Unit
KfW	Kreditanstalt fur 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	Ministries, Departments and Agencies
MDBS	Multi -Donor Budget Support
MDGs	Millennium Development Goals
MLGRDE	Ministry of Local Government and Rural Development and Environment
MMR	Maternal Mortality Ratio
MOESS	Ministry of Education, Science and Sports
MOFA	Ministry of Food & Agriculture
MOFEP	Ministry of Finance and Economic Planning
MOH	Ministry of Health
MOTIPSD/PSI	Ministry of Trade, Industry, Private Sector Development and President's Special Initiative
MOWAC	Ministry of Women and Children Affairs
MPSD	Ministry of Private Sector Development

MRT	Ministry of Roads and Transport
NDAP	National Decentralization Action Plan
NDPC	National Development Planning Commission
NED	National Economic Dialogue
NGP	National Governance Program
NIPMG	National Intra-Agency Poverty Monitoring Group
NTR	Non Tax Revenue
OHCS	Office of the Head of Civil Service
OOP	Office of the President
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
PSR	Public Sector Reform
PSRP	Public Sector Reform Programme
PPSD	Private Sector Development
PSI	Presidential Special Initiative
PSIA	Poverty and Social Impact Assessment
PUFMAP	Public Financial Management Reform Programme
PURC	Public Utilities Regulatory Commission
PWDs`	Persons With Disabilities
RCC	Regional Co-ordinating Council
REDP	Rural Enterprise Development Program
RPMG	Regional Poverty Monitoring Group
RPCU	Regional Planning Co-ordinating Unit
SEA	Strategic Environmental Assessment
SHEP	Self Help Electrification Project
SME	Small Medium Enterprises
SOEs	State Owned Enterprises
STEP	Skills Training & Employment Programme
TIN	Tax Identification Number
TOR	Terms of Reference
TPD	Transaction Price Databases
TVET	Technical & Vocational Educational Training
UNICEF	United Nations International Children Educational Fund
VCT	Voluntary Counselling and Testing
WB	World Bank
UNDP	United Nations Development Programme

# EXECUTIVE SUMMARY

## 1.0 INTRODUCTION

This document is the second on the assessment of progress made in the implementation of policies and programmes outlined in the Growth and Poverty Reduction Strategy (GPRS II:2006-2009), and the sixth in a series of Annual Progress Reports (APRs) prepared since 2002. The 2007 APR presents the status of indicators and targets, which were adopted for monitoring and evaluating the achievements of key policy and programme interventions undertaken during the year 2007.

As part of the participatory process of formulating, monitoring and evaluating the GPRS II, the dissemination of 2006 APR continued in 2007 with workshops organized in all the 10 regions of the country. The main objective of these workshops was to share information on progress towards the achievement of the objectives of the GPRS II with stakeholders and to obtain their feedback to inform decision-making.

## 2.0 MACROECONOMIC PERFORMANCE AND ECONOMIC GOVERNANCE

The momentum of growth and resilience of the Ghanaian economy continued to exceed expectations in 2007. Despite higher oil prices and a serious energy crisis various sectors of the economy achieved varying degrees of success during the year under review. This culminated in a fairly strong and thriving economy which was able to withstand numerous domestic and external pressures. Economic performance, as measured by growth in real GDP rose to a new peak level of 6.3% in 2007 as against the GPRS II target of 6.11%. The successive upward trend in output growth the country has experienced since 2001 thus continued in 2007. Sectoral growth rates were particularly high in the services and industrial sectors which recorded growth rates of 10% and 6.6% respectively. The highest output growth of sub-sectors were observed in the mining and quarrying contributing about 20%, construction, 15% and finance, insurance and real estate, 10% to real growth. The good performances registered in these sub-sectors compensated for the declines in output recorded in the manufacturing (-2.3%) and electricity and water (-15%) sub-sector

Contributing to the recent good performance of the economy are the prudent macroeconomic reforms initiated since 2001. These reflected positively on interest and exchange rates. Interest rates on the money market, continued to respond to the downward trend of the prime rate during the year, with the 91-day treasury bill rate dropping from 11.77% at end 2006 to 10.19% at end 2007. Average base rates of banks also declined steadily from 24% at the beginning of the year to 19%. Similar stable trends were also observed in the exchange rate market, notwithstanding some marginal fluctuations. The Cedi lost value to the US Dollar by only 4.8%, and by 7.2% and 15.7% to the British Pound and the Euro respectively. The depreciation of the Cedi against these currencies was relatively higher in 2007 than in 2006.

The enhanced stability of the macroeconomic environment and the substantial improvement in the business climate resulted in improvement in the country's international rankings in terms of ease of doing business. For the second year in a row the country was ranked among the top ten reformers in "Doing Business Reports". This improvement has translated not only into strong export performance, but also in enhanced

ability of the country to draw on foreign savings, either by tapping the international capital market, or by attracting external investors to domestic bond market as well as in rising remittances. For instance, exports were estimated to have risen by over 10% in 2007, due to the buoyant commodity prices for gold and cocoa as well as non-traditional exports. The relatively high output performance of the cocoa and non-traditional export sectors also played an important role. The positive environment prevailing in the country influenced net capital flows, which was estimated to have reached US\$2 billion by the end of the year in addition to the estimated US\$2.3 billion inflows in the form of (private and official) transfers.

The growth in nominal GDP and a relatively stable economic and business environment contributed to raise overall output and consequently per capita GDP significantly to a new peak level of US\$683 in 2007. This further underscores the continued improvements in the poverty levels in the country, an indication that the country's drive to achieve a middle income status of at least US\$1,000 per capita by 2015, as set by the GPRS II, is on track. Even though lack of reliable data does not allow the exact estimation of the current levels of poverty, experts estimate further declines in the poverty incidence ratios from the 2005 level of 26.5%. It should be recalled that extreme poverty has been reduced by half from 36.5% in 1991/2 to 18.2% by 2005/6 making Ghana the first Sub Saharan African country to achieve the Poverty MDG.

Government continued to maintain its pro-poor policy orientation in 2007 as reflected in high levels of poverty reduction expenditures for 2007. Poverty reduction expenditures reached a level of 9.4% of GDP, about a percentage point higher than in 2005 but slightly lower than the 10.5% for 2006.

Increased revenue inflows from traditional exports coupled with prudent stabilization policies combined to neutralize the potential negative effects of high world oil prices. As a result inflation continued its downward trend from 10.5% in 2006 to just 10.1% at the end of October 2007. However, supply-side shocks, largely from external developments comprising rising crude oil and imported food prices, and from domestic sources consisting of upward adjustments in utility tariffs as well as rising domestic demand continued to exert negative influences on prices causing the general price level to rise to 12.7% at the end of 2007.

The overall annual budget deficit recorded an improvement from 7.7% of GDP in 2006 to 6.9% of GDP in 2007, but fell short of the projected deficit of 5.7%. The worse than expected position of the budget balance was in largely attributed to the escalating crude oil price on the international market and government expenditures in response to the energy crises that the country experienced in 2006 and 2007.

Pressures, which resulted in large energy imports, also impacted negatively on the external balance, but leading to a deficit in 2007 that was slightly lower than in 2006. Oil imports, are estimated to have risen by about 17% during the year. Consequently the current account balance experienced a further deterioration from 9% in 2006 to 11% of GDP (including official transfers) in 2007. In spite of these external pressures, the country was able to achieve gross international reserves to cover 3 months of imports as at end December 2007.

Prudent debt management continued during the year as reflected in the successive decline in Ghana's external debt from 114.85% of GDP in 2001 to about 24.8 % in 2007. However, the year registered an expansion in total external debt outstanding and

consequently in external debt service ratio from 27.2% in 2006 to 66.87% in 2007. The government continued restructuring of domestic debt by extending the maturity profile and diversifying the investor base to include non-resident investors.

High rate of budget execution was achieved during the year, particularly, in sectors with large payrolls such as education and health, and priority investment programmes in areas including rural water and feeder roads. Government also implemented several policies aimed at improving expenditure management, and improving fiscal resource mobilization. Efforts were also made to improve liquidity management, the institutional, legal and regulatory framework of the financial sector and to promote and facilitate the development of capital markets. These are expected to deepen the sound macroeconomic and business environment and ensure sustained growth and poverty reduction in subsequent years.

### **3.0 PRIVATE SECTOR COMPETITIVENESS**

In 2007 significant progress was made in this critical thematic area with the aim to create the enabling environment for private sector-led, pro-poor growth that enhances the poor's ability to effectively participate in markets, create wealth and reduce poverty.

The thematic area covers private sector development, modernized agriculture, fishing and aquaculture development, restoration of degraded environment and natural resource management, promoting trade and industrial development, transport infrastructure (i.e. road, rail, water and air transport) as well as promoting energy supply to support industry and households. Other areas include development of information and communication technology (ICT), development of the tourism sector, and employment generation and improvement and expansion of safety nets.

Development of the private sector is considered key to enhancing the growth potential of the economy in order to reduce poverty. A number of bottlenecks associated with the business regulatory structures were resolved during the year. This impacted positively on the environment for doing business in spite of turbulences in the global economy and challenges posed by the rising oil and food prices. Labour regulations became more flexible, customs procedures faster, time taken to register new business and property shorter, time to resolve commercial disputes continued to improve and registration and licensing became shorter and less bureaucratic. The consequent improvement in the business environment led to Ghana being rated among the "Global Top-Ten" reformers, and the leading reformer in Sub-Saharan Africa in 2007, in the "Ease of Doing Business" report. Access to credit by private sector also improved further, while some bottlenecks in the infrastructure sector, especially energy, ICT and transport, have been reduced. Internet access price further reduced to US\$0.60/hr on the account of significant investments in ICT infrastructure, while telephone penetration rate continued to improve.

The reduction in the number of days to register business from 14 days in 2005 to 5 days in 2007, the reduction in number of days spent on resolving commercial disputes which also improved from 90 days in 2006 to 80 days in 2007, as well as the increasing access to domestic credit by the private sector have all contributed to improve the environment for doing business. According to the World Bank's Doing business report for 2007, the ease of doing business ranking for Ghana improved from 94<sup>th</sup> position out of 175 countries assessed in 2006 to 87<sup>th</sup> in 2007. However, weak capacity and low

competencies at the firm level to efficiently take advantage of the emerging opportunities in the economy persist.

The country continued to face some challenges, particularly, in areas including the road and rail transport sectors. Even though significant resources have been invested in the transport sector and the overall road network size has increased by 30% over the 2006 level, it is still not keeping pace with the rate of economic expansion and demand for improved road network across the country. About 95% of bulk transport of goods continued to be done by road, thereby increasing the risk of accidents as well as the rate of deterioration of the road network.

### **Modernized Agriculture**

Policies and programmes implemented to modernize agriculture yielded positive results, as reflected in increased agricultural output, accompanied by high household incomes and improved food security. The level of agricultural productivity which recorded a negative outturn in 2006 was reversed in 2007, with maize and rice recording positive trends. More significantly, increases in agricultural output resulted from land intensification instead of land expansion as observed in 2006. In order to sustain the gains and improve further the productivity of staple crops, it is important to intensify the appropriate mix of interventions that have resulted in these achievements, including the supply of improved varieties of seeds and agro-chemicals, increased extension and technology dissemination coverage, and mechanization services for land preparation.

Access to agricultural credit remains a constraint to agricultural development. The share of credit to agriculture by deposit money banks stagnated at 4.8% thereby constraining investment in agricultural inputs and infrastructure. It is therefore recommended that the processes involved in setting up the proposed agricultural development fund by government should be accelerated. This will ensure readily available financial resources to farmers to invest in modern technological packages including improved seedlings, agrochemicals, mechanization, irrigation, agro-processing equipments, etc, and hence reduce some of the risk associated with agricultural.

Interventions towards modernizing and developing fisheries including aquaculture also recorded positive results. Estimated total fish supply for the year was 591,600.07 metric tonnes, representing about 15% increase over the 2006 level. Nearly 50% of this was accounted for by marine fisheries, while 36% was from imports. Output from aquaculture increased by 95.3%. However, the level of productivity of small-scale fish farmers remains low. While productivity of fish from commercial farms was estimated at 6 tonnes/ha/year, that of small-scale farms remained at 1.5 tonnes/ha/year. It is therefore important to identify and implement an appropriate mix of interventions that will ensure increased productivity of fish among small-scale farmers.

The results of initiatives aimed at restoring the degraded environment and natural resources management were mixed for the year under review. Apart from the land and mines sector where key targets were met, other areas under this policy area continued to record negative trends. Total output of the various mineral resources continued to increase, generating more employment as well as attracting more investment. The overall investment into the sector increased from US\$900 million in 2006 to US\$2.5 billion in 2007, while total output of the various mineral resources increased by 7.4% on the average. Also the time taken to register land reduced further from 7 months in 2006 to

about 5 months in 2007. This has been attributed largely to the establishment of more deed registries across the country.

However, the cost of environmental degradation to GDP continued to worsen, while hectares of degraded forest rehabilitated/restored did not match the rate of degradation. To reverse this trend, government in 2007 developed and adopted a five year Natural Resources and Environmental Governance (NREG) programme with the support of development partners. The objective of the programme is to address governance issues as regards natural resources and environment with the overall objective of ensuring sustainable economic growth, poverty reduction and improving environmental protection.

### **Trade and Industrial Development**

In line with the long term vision of developing an agro-based industrial economy, the government complemented its efforts at ensuring private sector competitiveness with appropriate interventions in the trade and industrial sector. Programmes were therefore implemented during the year to: reduce the constraints associated with export and import procedures; minimize the incidence of “dumping”; diversify and increase the export base, promote new areas of competitive advantage, take full advantage of Ghana’s preferential access to international markets (AGOA, EU-ACP), engage fully in multi-lateral trade negotiations, and establish an effective information system to track and measure progress.

Overall, industrial growth was 6.6% in 2007, while the share of manufacturing in total exports increased from 14.2% in 2006 to 15.2% in 2007. Trade through the ports was further enhanced by the introduction of simplified procedures for transaction at the ports and the provision of additional ports infrastructure, and the involvement of the private sector in ports operations. Subsequently the number of days to clear goods from the ports was reduced to an average of 2 days, compared to an average of 4 days pertaining in 2005. However the weakness in the manufacturing sector identified in 2006 persists, in spite of the implementation of some structural reforms in agreement with the private sector, including tax and non-tax measures. Manufacturing value added share of GDP continued a downward trend. Government and stakeholders should review the current policy interventions to identify the weaknesses and address them.

### **Transport Infrastructure**

Transport infrastructure as a strategic support sector to facilitate improved productivity in agriculture and agro-industry was also given sufficient attention during the year. By the end of 2007 it was estimated that maintenance works were undertaken on 53.6% of the total road network that required maintenance. However, the re-classification of the urban road networks has revealed poor condition of urban road network in spite of the increasing annual maintenance expenditure.

The major challenge of the road sector currently is the poor condition of the network, particularly in urban roads. To ensure effective management of road network, the current mechanism and institutional arrangements for managing the road network should be reviewed to make it more responsive to the current challenges in the sector. Also a study is required to further understand the key constraints affecting the maintenance of road networks, particularly in urban roads in spite of the increasing maintenance expenditure.

Rail transport received infusion of substantial resources for rehabilitation works in 2007. The positive results of these investments are yet to materialize as available data indicates continued decline in both passenger and goods rail traffic. For instance, passenger traffic by rail which stood at 38,000 (thousand passenger-km) in 2006 declined by 31.6% to 26,000 (thousand passenger-km) in 2007, while goods traffic by rail (in thousand tonnes-km) fell by 32.9% in 2007 from 181,250 (in thousand tonnes-km) in 2006. The less than satisfactory performance is largely due to the closure of the Eastern, Western and Central rail lines during the year.

The situation at the country's ports showed a positive picture. The Tema port continued to receive rising numbers of vessels as well as increasing numbers of goods unloaded. The Takoradi port, on the other hand, continued to receive lower maritime traffic (goods loaded), representing about 68.6% of total volume of goods (loaded) in the country (compared to 74% in 2006). The total air freight, number of aircraft flying into the airspace, and the number of air traffic passengers all recorded an increase, largely on the account of the high profile events that took place in 2007.

### **Energy Supply**

The Energy Load Shedding Programme which commenced in August 2006 was discontinued in October 2007 as result of the improved power supply situation, while the National Petroleum Authority, responsible for regulating domestic fuel prices, adjusted prices twelve times, constituting an overall upward price adjustment of about 34.1% for gasoline and 39% for diesel in 2007.

The energy crisis provided the opportunity for government to review its long-term electricity policy in terms of the nature of electricity generating mix, as well as the nature of investments required to meet the nation's needs. Significant investments were made towards thermal plants and system upgrading, while work began in identifying and developing new hydroelectricity projects. However system losses continue to be high. The pace of the current upgrading programme of electricity infrastructure should be accelerated.

The global instability in oil prices continued to impact negatively on the domestic prices of goods and services, as well as producer prices. The macroeconomic indicators continued to be stable in 2007, however in the face of continued price increases it is important to identify alternative policies to counteract the effect of the price increases on a long term basis.

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

Significant progress was made in the ICT policy area during the year. The ICT sector represents one of the fast growing sectors of the economy with total investment of more than US\$863.7 million and contributing about 0.5% to Ghana's GDP in 2007. It has also become a major source of employment in Ghana. Direct and indirect employment by telecommunications companies continued to increase, with the country's IT-enabled service industry already providing direct employment for more than 2,500 people. Tele-density increased and internet accessibility improved. However, more effort has to be made to improve internet accessibility to businesses and households.

### **The Tourism Industry**

The tourism sector continued to be one of the most important and fastest growing sectors of the Ghanaian economy. It is the third largest foreign exchange earner after merchandises exports and remittances. Even though data is currently not available to assess the growth of the sector, total tourist arrivals are expected to exceed the 16% growth recorded during the previous year primarily due to major events that took place in Ghana in 2007 including the AU conference, and all year round Golden Jubilee celebration. Available statistics on domestic tourism for 25 sites indicates that 417,558 Ghanaian tourists visited various tourist sites within the country in 2007 and generated an income of about US\$748,248 in the local economy.

The concerns raised on the music and film industries in the 2006 report continued to receive little attention. The Music and Film industry is identified as a strategic sector within the growth agenda of the GPRS II. It is therefore important for the Ministries of Chieftaincy and Culture, Tourism and Diasporan Relation, and Trade, Industries, PSD and PSI to identify policies relevant to their sector for implementation.

### **Employment Generation and Improvement and Expansion of Safety Net**

The importance of employment for sustained poverty reduction and human development cannot be overemphasized, since the quality and quantity of employment opportunities directly link economic growth to poverty reduction. For this reason government has directed significant attention to employment generation. The employment performance during the year appears to have experienced some improvements. Two of the key indicators that track progress towards industry harmony and public commitment towards the vulnerable and excluded were recorded to have made some significant progress. Available information on total advertised job vacancies indicate an increase of about 13.4% over the level in 2006. Salary disputes continued to be the major source of industrial unrest, and it is important to continue to pursue industrial peace through the strengthening of the tripartite system as well as ensuring transparency and equity in salary administration. Also the pace of implementation of the Labour Market Information System should be accelerated in order to address the data collection challenges with regards to new jobs created in the economy.

## **4.0 HUMAN RESOURCE DEVELOPMENT**

### **Education**

Activities targeted at improving upon the educational system in response to the needs and expectations of both individuals and industry were scaled up in 2007. As a result good progress was achieved towards achieving set targets, particularly in increasing access to basic education and closing the gender gap in enrolment at the primary school level. The national level enrolment and growth figures show increasing trend in both the Gross Enrolment Ratio (GER) and Net Enrolment Ratio (NER) at the primary and Junior High School (JHS) levels of basic education. At the primary level the GER grew from 92.1% in 2005/06 to 93.7% in 2006/07 while larger improvements were observed for the net enrolment ratios (NER). The NER at the primary school level for children in the age group 6-11 years increased from 69.2% in 2005/06 to an unprecedented high of 81.1%, indicating that a significant number of appropriately aged children enrolled in school in 2007 than in the previous year.

The Gender Parity Index (GPI) also registered an increase from 0.93 in 2005 to 0.96 in 2007. Similar improvements in the GER were also recorded at the Junior High School

Level. The national GER at this level increased from 74.7% in 2006 to 77.4% in 2007 with the NER also increasing from 41.6% to 52.4%, showing improvement in the proportion of students enrolled in appropriate grades in JHS 1-3.

Despite the observed growth in enrolment ratios at the national level, significant geographical disparities exist and improving access to education in poor regions and districts remains one of the key challenges facing the education sector. Access indicator values for deprived districts have remained conspicuously below those at the national level. District level analysis reveals, for example, that about 60% of children in the right age group in Bole in the Northern Region and Ajumako in the Central Region were not in school. In Wa in the Upper West Region, as high as 75% of children in the right age group were not in school in 2007 (MoESS, 2007). This highlights the need to reassess and address the constraints that hinder increasing access to education in poor districts.

Government continued with interventions to strengthen and improve educational planning and management; promote and support private sector participation in education; strengthen monitoring and evaluation framework and reporting channels; strengthen institutional arrangement for enhancing the role of CBO, CSO in advocacy, monitoring and evaluation. Despite these efforts, improving the quality of education appears to be compromised by: consistent decline in the proportion of trained teachers, especially at the primary level of education. The percentage of trained teachers has decreased from a high figure of 73.9% in 2003 to 62.1% in 2007. Persistent disparities in the distribution of trained teachers, suggests that the country still has a problem of ensuring effective and equitable distribution of trained teachers. Although Ghana has already achieved the Pupil-Teacher Ratio (PTR) of 35:1 set for the primary level, reducing disparities in PTR across and within regions still poses a challenge in the education sector.

## **Health**

The health sector interventions in 2007 continued to focus on bridging the equity gap in access to quality healthcare, ensuring sustainable financial arrangements that protect the poor; and strengthening efficiency in health service delivery. The government implemented the High Impact Rapid Delivery (HIRD) strategy for scaling up interventions for improving access to quality health care and achieving the health related MDGs. The HIRD makes use of cost effective interventions aimed at reducing maternal and child mortality. In the face of these interventions overall progress of health indicators has been mixed. Whereas some indicators made good progress, others remained unchanged or showed decline. Immunization coverage, for instance, continued to improve in 2007, and increased from 75% in 2004 to 88% in 2007 for Penta 3 and from 78% to 89% for measles. Similarly, access to antenatal care (ANC) services to ensure favourable birth outcomes for mother and child and reduce child and maternal mortality improved during the year. Coverage of ANC, for example, increased from 88.4% in 2006 to 89.5% in 2007. The outpatient (OPD) attendance per capita, which measures the level of utilization of health and nutritional services experienced significant increases from 0.52 in 2006 to 0.69 in 2007, exceeding the target of 0.60 set for 2007. This reflects the positive impact of expansion of coverage under the National Health Insurance Scheme (NHIS).

Despite the implementation of several interventions during the year under review and improvements in certain health indicators, there still remain areas of major concern due to the stagnation or slow progress being made in these areas. These areas include supervised delivery and guinea worm cases. In spite of improving access to health care

and ANC the percentage of births delivered by skilled health personnel is still low and has actually been declining from 46.0% in 2005 to 44.5% in 2006 and to 35.1% in 2007. It is not clear what factors are responsible for the observed consistent decline. The Ministry of Health Sector Review suggests that the ending of exemptions for delivery care may have contributed to the sharp decline in supervised deliveries in 2007. There was no funding for the implementation of the exemption policy for free ANC and delivery care in 2007.

Another area of concern is guinea worm cases. In line with the Global Eradication of Guinea Worm Initiative, Ghana should be reporting zero guinea worm cases by the end of 2009. Trend data, however, reveal that intervention efforts need to be strengthened if this target is to be achieved since the reported number of guinea worm cases has not reduced substantially since 2004. The number of cases reduced slightly from 4,136 in 2006 to 3,358 in 2007. The distribution of cases is still largely limited to the Northern region which recorded 96.5% of all cases in 2007.

The continued expansion of the NHIS has significantly increased the demand for health services, which is already causing problems in health facilities with shortages of staff. Inequity in the distribution of health personnel also poses a serious challenge. Of particular concern is the challenge of recruiting and retaining staff in hard to reach districts. Inadequate staff accommodation in these districts was identified as a critical factor in the 2007 Health Sector Review.

Overall, available figures show improvement in the number of key professional health workers. During the year, the number of medical officers increased from 2,057 to 2,231, general nurses increased from 7,304 to 9,946, and community health nurses from 3,246 to 3,732.

A pre-requisite for widening access to health care is ensuring sustainable financial arrangements that protect the poor. It is against this background that the NHIS has been introduced. The success of the scheme so far is indicated by the total number of members eligible for ID cards, which has increased in the past two years, from 4,400,279 in 2005 to 9,773,000 in 2007. Thus 48% of the total population was covered by the scheme and 42% of them ID card bearers in 2007. Coverage of indigents under the NHIS also improved during the period from 79,008 in 2005 to 248,379 in 2007, representing 2.5% of registrants. Despite the progress made in the implementation of the NHIS, serious challenges need to be tackled to move the scheme forward. These include: lack of portability, non-standardized scheme operations, limited scope of NHIS approved medicines, inadequate human capital, difficulty in identifying accredited providers, potential for fraud by members and providers.

Malaria is still the single major communicable disease in Ghana and has thus attracted increased attention of government. In 2007, the National Malaria Control Programme/Ghana Health Service intensified efforts to reduce the incidence of malaria in the country through the Roll Back Malaria programme. As a result of these interventions the use of Insecticide Treated Nets (ITNs) grew substantially from 32.3% to 58.3% between 2006 and 2007 for children less than 5 years of age and from 46.3% to 52.5% for pregnant women. The malaria case fatality for children under five years also showed improvement, declining from 2.8% in 2006 to 2.1% in 2007.

## **Population Management**

The management of Ghana's population is critical for achieving economic growth and reducing poverty. The current annual population growth rate is estimated at 2.5% compared to 2.4% in 2006, indicating a marginal increase of the country's population growth rate. According to the 2003 Demographic and Health Survey (DHS), the average number of children born to a Ghanaian woman at the end of her reproductive life remains high at 4.2 children. Yet the contraceptive prevalence rate remains low at only 26%, although slowly improving from 21% in 2004. The low uptake of family planning services in Ghana may be a factor associated with high incidence of unsafe abortions, which is estimated to account for 22-30% of maternal deaths in the country. With regards to progress made towards achieving universal birth registration, the proportion of births registered improved significantly from 54% in 2006 to 62% in 2007.

### **Water and Sanitation**

Over the years, the government and its development partners have made large investments in the water and sanitation sector with the aim of accelerating the provision of safe drinking water and adequate sanitation in rural and urban communities to enhance the achievement of the Millennium Development Goals. Despite increasing investments, there is concern about the slow pace in improving access to safe water in the country. Available data indicate that access to safe drinking water increased marginally for both rural and urban communities between 2006 and 2007, from 53.18% to 55.10% in rural areas and from 56.0% to 58.0% in urban areas. Ensuring equity in access to safe drinking water continues to present a fundamental challenge to the water sector. There are still wide variations in access across the regions, with some regions like Upper East and West showing improvements whereas regions like Ashanti and Western experienced decline between 2006 and 2007.

### **Housing and Slum Upgrading**

Investment in Housing and Slum Upgrading by government was directed at increasing access to safe and affordable housing, and the promotion of slum upgrading in 2007. The Ministry of Water Resources, Works and Housing continued the promotion of constructing low cost housing in 2007 with 1,500 flats each being constructed at Kpone and Borteyman in Greater Accra, 1,192 flats at Asokore-Mampong in Ashanti region, 200 flats at Tamale in the Northern region and 400 flats at Koforidua in Eastern region for public servants.

Lack of sufficient housing units in urban areas has also contributed to the development of illegal structures and young adults and children living in streets. According to UNDP, 17 areas in the Accra metropolis can be characterized as slum areas. The corresponding figures for other municipalities are 4 in Tema, 6 in Kumasi, 4 in Sekondi/Takoradi and 2 in Tamale.

## **5.0 GOOD GOVERNANCE AND CIVIC RESPONSIBILITY**

Ghana continues to deepen the practice of good governance in the country's body politic. This is evident in the increased levels of transparency in the conduct of government business, accountability, and equity as well as increased participation by non-state actors in public affairs. Testimonies to the increased levels of good governance include the

public hearings conducted by the Public Accounts Committee of Parliament on the Auditor General's report on the use of public funds, the high commendation the country received about the practice of good governance in Ghana at the Eighth Summit of the African Peer Review Mechanism Forum in January 30, 2008 at Addis Ababa. As part of efforts to deepen participatory democracy the Government Assurances Committee of Parliament, conducted town hall meetings with the general public in 5 regions (Northern, Upper East, Upper West, Central and Western) to canvass citizen's opinion on a number of government policy initiatives Free Compulsory Universal Basic Education (FCUBE, Health Exemption Policy, the National Health Insurance Scheme, and the Guinea Worm Eradication Programme among others).

Also contributing to this increased level of good governance was a national reorientation exercise undertaken by the Ministry of Information and National Orientation (MINO) to encourage a sense of civic responsibility among the general public. To bring governance even closer to the people, twenty five (25) new districts were created and more resources were made available for local governance by increasing the proportion of the District Assembly Common Fund from 5% to 7.5% of GDP. Resources to Parliament were also increased by 34% during the year.

Efforts were made to strengthen the practice of democracy, rule of law, and Parliament. In this direction Parliament initiated a process to set up a Legal Services Department of Parliament to assist in the preparation of Private Members Bills. It also supported the implementation of the APRM National Programme of Action as a way of rectifying gaps and deficiencies for the effective delivery of good governance in the country, and ratified certain international conventions. Parliament further organized workshops and tours to the UK and Germany to upgrade the skills and experiences of members in fiscal and monetary processes.

The fight against corruption in the public service received a boost during the year through upgrading the Public Procurement Board to a Public Procurement Authority for the regulation of public procurement and better streamlining of the public procurement process to make it more open and competitive. The auditing of accounts of Central Government, District Assemblies, Pre-university Educational Institutions, Public Boards and Corporations were intensified and a large number of accounts audited during the year than previously. With the view to fostering civic advocacy to nurture the culture of democracy, the dialogue between government, donors and civil society organizations was intensified during the year under review, through the establishment of a forum for NGOs to monitor the implementation of the Growth and Poverty Reduction Strategy (GPRS II). These interactions also opened the space for civic participation in a) the Annual Consultative Group Meeting with Development Partners b) the preparation of the 2007 Budget and Economic Policy c) the tracking of public expenditure d) conducting weekly media briefings by different Ministers of State e) promoting citizens' participation in the People's Assembly (meetings with the President), all of which have enriched the dialogue on the development options for the country.

### **Decentralization**

In order to enhance the decentralization process the government initiated efforts to expand the decision-making capacity of MMDAs in the preparation of composite budgets. Other measures introduced during the year include land demarcation, naming of streets, introduction of electronic ticketing machines, endorsement of district

development fund, etc. All these were part of measures to enhance the proper functioning and revenue generating capabilities of sub-districts and reduce the over-dependence on central government for their expenditure.

To ensure free and fair elections during the December 2008 Presidential and Parliamentary elections, government increased budgetary resources to the Electoral Commission to embark upon key activities. Government has begun investigating the possibility of setting up an Election Fund to allow election expenditures to be spread over the whole legislative period and also allow the government to solicit all year round support from the private sector and the donor community.

The Ministry of Local Government, Rural Development and Environment (MLGRDE) also undertook a number of activities to strengthen the decentralization system. A key activity was the completion of a comprehensive Decentralization Policy framework which defines the nature and type of decentralization being pursued and which aims to deepen political, administrative and fiscal decentralization. Other key milestones included a) training staff of district planning and coordination units (DPCUs) on how to prepare composite budgets b) establishing a local Government Service in December 2007, c) setting up a committee to draft the Legislative Instrument to facilitate the transfer of functions, resources and staff to the MMDAs and Regional Coordinating Councils. In addition government a) upgraded two Municipal Assemblies to Metropolitan Assemblies, b) upgraded twenty-six District Assemblies to Municipal Assemblies and c) created twenty-five new District Assemblies and three Municipal Assemblies bringing the total of MMDAs to 168 at the end of 2007.

### **Securing Rights under Rule of Law**

One of the critical ingredients of the democratic principles of good governance of the present government is to lend credence to the policy of securing rights of individuals under the rule of law. Accordingly, the Ministry of Justice launched an 'Agenda for Change' programme aimed at improving access to justice and to entrench the rule of law in Ghana. The main activities included the promotion of attitudinal change among staff and members of the public, improving infrastructure, enhancing capacities of staff and expanding the coverage of technology into the justice system. These activities have a) enhanced the ability of the justice system to better prosecute offenders in major crimes for which little information was previously available, b) decongested the courts, c) improved citizens' access to legal aid, d) increased public knowledge of rights, and e) expedited process of registering businesses in Ghana.

### **Ensuring Public Safety**

Ensuring public safety and security as a prime concern of the government was also given serious attention. Government has steadily increased the police population from 15,983 in 2001 to 20,454 as at December 2007 thereby improving the police to citizen ratio considerably from 1:1200 in 2001 to 1:994. In addition complementary community security arrangements have also been introduced. The initiative to promote community policing through equipping the youth under the National Youth Employment Programme with skills, has enhanced protection of life and property in the communities in which they operate

### **Public Sector Reforms**

Government recognises the importance of efficient public sector performance in the delivery of its services and ensuring increased output of the public sector. Thus based on the work of an Advisory Committee and extensive consultations with key stakeholders, government initiated actions were taken to restore and improve the service delivery capacity of the Ghana Civil Service and other public institutions. The activities embarked upon during the year included:

- re-organization, in-service training and re-designing of recruitment systems;
- promotion of effective communication of the public service reform agenda and making identified sub-vented institutions less dependent on government;
- introduction of performance based pay policy and pensions reform;
- making Public Financial Management more efficient; and
- promotion of better records management within the public service through the use of ICT.

Newly established client services units within MDAs are offering better services to the general public than previously. The Public Service is also becoming more professional as a result of the numerous capacity building programmes provided for the leadership of the Service. Finally, the time for registering business has been reduced and disputes associated with contracts are now more readily settled. These have led to improved security of investments generally, and ease of doing business in Ghana.

To enhance women's empowerment and also help to achieve the MDG on gender, the Ministry of Women and Children's Affairs a) organized an international conference to urge the implementation of AU Conventions and protocols promoting women's empowerment b) facilitated the passage of the Domestic Violence Act 2007, Act 732 through extensive sensitisation, advocacy and consultation across all segments of the Ghanaian society and c) established a secretariat and prepared a Draft Plan of Action for the implementation of the Human Trafficking Act 2006, Act 604. In addition, the Ministry undertook cross-sector gender policy coordination and implementation discussions with MDAs to enhance collaboration and effective gender policy implementation partnerships. It also established a core expert group of 18 persons on gender from Ministries of Manpower Youth and Employment, Health, Education Science and Sports, Food and Agriculture and Justice to facilitate gender training in MDAs.

There is no doubt that progress was made in promoting and entrenching good governance in Ghana during the year. This notwithstanding, the government continues to face challenges in ensuring the entrenchment of good governance in the country. A major challenge is getting the feedback of policy recommendations of the previous year's APR into government policies for implementation and policy re-engineering. It is, therefore, recommended that NDPC design appropriate measures for ensuring that the recommendations are implemented every year.

## **6.0 LINKING THE 2007 BUDGET TO GPRS II**

The preparation of the 2007 budget involved a consultative process which began in April, and ended when the 2007 Budget Statement and Economic Policy was presented to Parliament in November 2006. The macroeconomic targets set in the budget statement

were consistent with the GPRS II targets for the year, even though these targets had to be revised in view of the rising crude oil prices and the energy crisis.

The overall inflows (services and investment) to implement the GPRS II in 2007 amounted to US\$2,083.24 million, an increase of 33.8% over the 2006 inflows, and US\$2.52 million more than the projected GPRS II resource requirements for 2007. The increases in overall resource allocation have been attributed largely to GOG funding which increased by 58.4% from US\$815.5 in 2006 to US\$1,291.63.

In 2007, some degree of resource misalignment was observed in the actual resources released to the various priority areas of GPRS II. While GPRS II costing framework indicated that the bulk of the overall services and investment budget (53.6%) should be spent on Human Resource Development, actual releases show that Private Sector Competitiveness thematic area received the highest share of the resources (43.9%), while Human Resource Development received 41.9% primarily due to the re-prioritisation of resources to address the emergency situation in the infrastructure sector including energy and roads.

Discretionary expenditure on poverty reduction programmes and projects as a share of total government expenditure in 2007 saw a drop from the 2006 level even though it was higher than the level set in the budget. Majority of the poverty reduction expenditures continued to be focused on Basic Education.

## **7.0 IMPLEMENTING THE GPRS II AT THE DISTRICT LEVEL**

Strengthening Monitoring and Evaluation Systems at the District level to facilitate the assessment of the performance of the District Medium Term Development Plans (DMTDPs) continued to be a collaborative effort between the National Development Planning Commission (NDPC) and MMDAs in 2007. The NDPC reviewed the District Monitoring and Evaluation Plans to ensure compliance with key requirements of best monitoring and evaluation practices and guidelines for implementation.

For the first time, seventy-eight (78) Metropolitan, Municipal, and District Assemblies (MMDAs), (representing 57%) prepared and submitted Annual Progress Reports on the implementation of their DMTDPs and the performance of the Core District Indicators. The evidence so far suggests positive trends in the indicators submitted by a number of District Assemblies in 2007.

The MMDAs continued to derive their revenue for the implementation of the District Medium Term Development Plans (DMTDPs) from five main sources, namely, the District Assembly Common Fund (DACF), Internally Generated Funds (IGFs), Government of Ghana (GOG) Grants, Donor Grants, and the HIPC Fund. The DACF remained the most important source of funding to MMDAs, constituting about 37.7% of all revenue to MMDAs in 2007. This was followed by IGF, Donor Grants, HIPC Funds, and GOG Grants in that order.

The share of IGF in overall MMDAs funding increased from 14% in 2006 to 19.97% to become the second most important source of funding for the MMDAs. That notwithstanding, there were significant negative variances between estimated and actual IGFs realized by a number of MMDAs in 2007. This makes it imperative for the

MMDAs to continue to review, strengthen, intensify and sustain current efforts as well as explore innovative ways of increasing internal revenue mobilization ensure sustainable implementation of the DMTDPs.

A number of important poverty reduction interventions, including, the National Health Insurance Programme, School Feeding Programme, Capitation Grant Scheme, National Youth Employment Programme, Business Development Initiatives, and Free Ride on Mass Transit Buses for school children were adopted and implemented at the district level. These initiatives produced significant positive impacts on health conditions, gross enrolments, gender parity and self-employment in the districts in 2007.

# CHAPTER ONE

## INTRODUCTION

### 1.1 BACKGROUND

The 2007 Annual Progress Report (APR) provides a comprehensive assessment of the implementation of the policies and strategies outlined in the Growth and Poverty Reduction Strategy (GPRS II: 2006-2009) during the year. The emphasis of GPRS II is on growth inducing policies and programmes which have the potential to support wealth creation and sustainable poverty reduction. It focuses on promoting economic growth by stabilizing the economy and improving the quality of service delivery in three thematic areas- Private Sector Competitiveness, Human Resource Development and Good Governance, while addressing the crosscutting issues of HIV/AIDS, gender, vulnerability & exclusion, environment, MDGs and NEPAD.

This Annual Progress Report uses a set of performance indicators and targets that has been agreed upon by stakeholders to assess the progress of implementation of the key policies and programmes undertaken in 2007 to achieve the socio-economic development goals and objectives outlined in the GPRS II. The objectives of the APR include the following:

- provide a single source of information on the progress the country is making in the implementation of the GPRS II;
- identify challenges that are likely to hinder the achievement of the goals and objectives of the GPRS II; and
- propose policy recommendations for addressing these challenges.

The report, which is the output of a consultative process involving a number of key stakeholders, provides an update on the status of actions taken on the GPRS II policies, programmes and projects implemented in 2007 within the framework of GPRS II. In particular, it outlines and assesses the status of the following:

- the set of core indicators agreed upon in the GPRS II M&E Plan
- the linkage between the 2007 Annual Budget and the GPRS II
- follow-up actions on policy recommendations made in the 2006 APR

This report is presented in eight chapters. The first chapter is an overview of the monitoring and evaluation activities related to the development of the 2007 APR. Chapter two reviews macroeconomic performance and economic governance, while chapters three to six outline the status of actions taken towards on the policies and measures outlined in the three thematic areas, namely Private Sector Competitiveness, Human Resource Development, Good Governance and Civic Responsibility, including decentralization. Issues relating to the financing of the GPRS II at the national and district levels are discussed in Chapters seven and eight. Highlights of progress made in implementing the GPRS II in 2007 and recommendations for addressing the shortcomings identified in the monitoring of progress are presented at the end of each thematic area.

## **1.2 KEY ACTIVITIES FOR THE MONITORING AND EVALUATION OF GPRS II**

### **1.2.1 Sector and District M&E Guidelines**

The National Development Planning Commission (NDPC) prepared Monitoring and Evaluation guidelines, through a participatory process, for monitoring and evaluation of Sector and District Medium Term Development Plans prepared to support the implementation of the Growth and Poverty Reduction Strategy (GPRSII: 2006 – 2009).

Being the first of its kind, the NDPC organized an orientation and training programme on the guidelines for both Regional Planning Coordinating Units (RPCUs) and District Planning Coordinating Units (DPCUs) as well as representatives from the private sector and civil society organizations.

The regions were divided into three zones, as follows: Zone I consisted of Greater Accra, Western, Volta and Central regions; Zone II consisted of Brong Ahafo and Ashanti regions; and Zone III consisted of Northern, Upper West, Upper East and Eastern regions. The main goal of the orientation was to enhance the capacities of the district staff to prepare, implement, monitor and evaluate their own District Medium Term Development Plans under the GPSR II.

Additionally, the NDPC conducted an orientation workshop on Sector Guidelines for the monitoring and evaluation of the implementation of Sector Medium Term Plans for all MDAs as well as representatives from civil society organizations, development partners, and relevant research and training institutions.

A total of 119 out of 138 districts prepared and submitted their Monitoring and Evaluation Plans and District Annual Progress Reports to NDPC

Despite the relative progress made, the M&E system continues to be faced with challenges including the following:

- lack of adequate staff for M&E analytical work at all levels
- inadequate budgetary support to undertake M&E activities planned in work programmes
- increasing difficulty in attracting and retaining qualified staff at the district level

### **1.2.2 Ghana Info Database**

The GhanaInfo Database is a joint initiative launched by the Ghana Statistical Service (GSS) and NDPC in July 2005 to facilitate the compilation of data on key indicators into a national socio-economic database for use in planning, monitoring and evaluation at all levels.

Highlights of key activities undertaken in 2007 include the following:

- review, collection and definition of indicators for incorporation into the database.
- training of GhanaInfo staff.
- engaging five (5) temporary staff to augment the staffing requirements of the GhanaInfo secretariat
- launch of the web version of GhanaInfo

- roll-out of GhanaInfo to the 10 regions.
- roll-out of GhanaInfo to selected MDAs, DPs, GSS, and NDPC staff.

### **1.2.3 National Strategy for the Development of Statistics (NSDS)**

The GSS, in collaboration with NDPC, facilitated the preparation of the draft NSDS with the support of the key MDAs and the development partners. The programme which is based at the GSS, is financed by the African Development Bank (ADB). The NSDS has been formulated to ensure the development of an efficient National Statistical System to provide the required statistical input to facilitate planning and monitoring of socio-economic development. In particular the NSDS is expected to provide data to monitor the progress towards the achievement of the following:

- Millennium Development Goals
- Goals and Objectives of the national development agenda including the Growth and Poverty Reduction Strategy
- Goals of the New Partnership of Africa Development.

The NSDS is expected to address the following challenges to the availability of accurate, reliable and timely data for effective planning and policy formulation at all levels:

- disjointed time series data produced by many MDAs;
- several years lag in time series data due to delayed or slow update of statistical data. As a result updated time series data are not available when users need them;
- inadequately disaggregated statistical data to meet user needs. This has become a critical issue in the decentralization of public administration, socio-economic planning and development at the district level;
- inability to meet the data demands of new development strategies, both at the local and international levels; and
- lack of statistical data on emerging issues such as street children, child labour, child prostitution and pornography, etc.

The NSDS addresses the key problems and constraints that prevent the national statistical system from effectively producing the desirable and quality official statistics. It is now recognized that having comprehensive official statistics can only be possible when all MDAs are mainstreamed into the collection and compilation of statistics to develop the National Statistical System.

As part of the overall advocacy and sensitization drive of the NSDS initiative, RPCUs and DPCUs were sensitized across the regions and districts. The sub national drive was supported by UNDP.

### **1.2.4 Evaluation of the Multi-Donor Budget Support (MDBS)**

General Budget Support by development partners in Ghana has been provided since 2003 through a harmonised Multi-Donor Budget Support arrangement. An evaluation report prepared jointly by a team from the Overseas Development Institute (ODI), UK and the Centre for Democratic Development (CDD), Ghana, which considered the impact of Multi Donor Budget Support (MDBS) in Ghana, was reviewed by selected stakeholders.

The purpose of the evaluation was to assess to what extent, and under what circumstances General Budget Support (GBS) is relevant, efficient and effective for achieving sustainable growth and poverty reduction in Ghana.

Following a number of meetings between government and development partners on the MDBS programme a number of activities were agreed upon to inform the assessment of the M&E section of the 2007 – 2009 MDBS/PRSC PAF Matrix. Selected actions based on national priorities, as identified in the GPRS II M&E Plan were confirmed.

The Working Group whose membership is drawn from the development partners and relevant MDAs discussed practical ways of addressing issues concerning national M&E capacity and coordination to improve data availability to enhance decision making. Discussions focused on strengthening M&E capacity at all levels with particular reference to the districts. It was also agreed to motivate and provide incentives to M&E staff at all levels to retain them in the public sector. For this purpose it was agreed that adequate resources needed to be provided to support M&E activities by both DPs and GoG.

### **1.2.5 Dissemination of 2006 APR**

The National Development Planning Commission (NDPC) organized dissemination workshops in all the 10 regions to discuss the 2006 Annual Progress Report (APR) with stakeholders.

The objectives of the workshops were to:

- share information on the progress made towards the achievement of the targets of GPRS II as contained in the 2006 Annual Progress Report;
- receive comments on performance of selected indicators; and
- solicit ideas to improve upon subsequent APRs.

Participants at the workshops represented a cross-section of organizations in the country. Among those represented were:

- District Planning Coordination Units (DPCUs)
- Regional Planning Coordination Units (RCCs)
- Ministries, Department and Agencies (MDAs)
- Development Partners
- Civil Society Organizations
- Community Based Organizations
- Private Sector Groups
- Traditional Authorities

### **1.3 DATA COLLECTION FOR THE PREPARATION OF THE 2007 APR**

Data required for the preparation of the 2007 APR were obtained mainly from MDAs and MMDAs. As with previous reports, several problems were encountered in the collection of data for the 2007 APR since most of the problems encountered in previous years still persist. These include:

- inconsistencies in data collected from the MDAs for the same variables for the same period. APRs submitted by 79 MMDAs lack consistency.

- data for certain indicators do not exist at the MDAs since relevant institutions have no mechanism to track such indicators and where they exist are at the development stage.
- delay by MDAs in providing requisite data due to lack of effective coordination which results in the inability of reporting agencies to submit their inputs on time;
- inadequate technical and financial resources to conduct monitoring and evaluation activities at all levels and/or to undertake regular and systematic studies.

### 1.3.1 Specific Data Collection Challenges by Thematic Areas

The specific challenges to data collection for assessing progress in the various thematic areas are presented in Tables 1-5:

**Table 1.1: Data gaps - Macroeconomic Performance & Linking the Budget to GPRS II**

Thematic Area	Indicator	MDA	Frequency	Comments/Challenges
<b>Macroeconomic Performance and Economic Governance</b>	Nominal GDP	MOFEP/GSS	Annual	<b>Data inconsistencies:</b> Values provided by MOFEP differ slightly from those computed by Ghana Statistical Service. GSS values were used in the analysis
	Incidence of Poverty	GSS	Annual	<b>Data not available to assess progress:</b> The GLSS is not conducted on an annual basis to allow for the computation of this indicator. The GLSS 5 was analysed for the 2006 APR. Proxies were used in 2007 analysis.
	Interest Rates	BOG	Annual	<b>No baseline target set:</b> The GPRS II does not provide targets for the prime rate, savings rate and the lending rates.
	Government Expenditures	CAGD/MOFEP	Annual	<b>Gaps in data:</b> The late submission of final reports by schedule officers to the MOFEP means that MOFEP could not provide infoon time.
<b>Linking the Budget to GPRS II</b>	GPRS Expenditures	CAGD/MOFEP	Annual	<b>Double counting:</b> Using the MTEF template to generate the summary of GPRS II expenditures entails some level of double counting.

**Table 1.2: Data gaps - Private Sector Competitiveness**

Thematic Area	Indicator	MDA	Frequency	Comments/Challenges
<b>Private Sector Competitiveness</b>	Percentage change in Research & Development expenditure (Public)	MOESS/MOFE P/WDI	Annual	MOESS has no mechanism for tracking the indicator. It cites lack of adequate resources to undertake regular studies, as the key challenge.
	Percentage increase in tourist arrivals	MOTDR/GTB/ Ghana Immigration Service	Annual	Data could not be collected in 2007 because of lack of coordination among the key institutions responsible for collecting information at the entry points of the country (i.e. Ghana Immigration Service, MOTDR and Ghana Tourist Board). The embarkment and disembarkment forms which used to be the source of information on this indicator has been changed, thereby making it difficult to get information on tourists readily.

Thematic Area	Indicator	MDA	Frequency	Comments/Challenges
	The number of new jobs created by sector	MMYE/Labour Dept./GSS	Annual	The Labour Information system being developed by MMYE is still in progress and data on this indicator will readily be available when the system becomes fully operational by the close of the year 2008.
	Percentage increase in agro-processing and agro-business enterprises and micro-enterprises registration	MOFA	Annual	The Ministry of Food and Agriculture (MOFA) is developing a mechanism that will make data on this indicator available in subsequent editions of the report.
	Percentage change in resources spent for Corporate Social Responsibility, including livelihood programmes	MLFM/Forestry Commission/Mineral Commission	Annual	The Minerals Commission has initiated a programme to collect information on resources spent in the mining sector on Corporate Social Responsibility.

**Table 1.3: Data gaps - Human Resource Development**

Thematic Area	Indicator	MDA	Frequency	Comments/Challenges
<b>Human Resource Development</b>	Proportion of the youth benefiting from skills / entrepreneurial training	GSS(GLSS)/MMYE	5-yearly	GLSS is conducted once every 5 years. Last survey was in 2005. Data was therefore not available
	Health expenditure as Percentage of GDP	MOFEP/MOH	Annual	Data could not be collected in 2007 because of lack of coordination among the agencies.
	Percentage of population with access to secure housing	GSS/MWH	Periodic	There is inadequate data to assess indicator. There is no effective mechanism to generate data on regular basis.
	Percentage of rural population with access to improved sanitation.	CWSA/GSS/District Assemblies	Annual	Process have been initiated to collect baseline data in 2008, hence no data was available for 2007.
	Percentage of urban population with access to improved sanitation.	CWSA/GSS/District Assemblies	Annual	Process have been initiated to collect baseline data in 2008, hence no data was available for 2007.
	Maternal mortality ratio	GSS	5-yearly	GLSS is conducted once every 5years; no survey was conducted in 2007 therefore no data is available. Last survey in 2005.

**Table 1.4: Data gaps - Good Governance and Civic Responsibility**

Thematic Area	Indicator	MDA	Frequency	Comments/Challenges
<b>Good Governance and Civic Responsibility</b>	Reduction in rate of infraction of rules and regulations	Police/Courts/MoJ	Annual	Ministry of Justice has been unable to make data available.
	Amount voted for establishing Election Fund as a proportion of total cost of elections	Annual Budget/Electoral Commission	Annual	Data does not exist because Election Fund has not been still established.
	Number of Performance Contracts completed by MDAs	MPSR/OoP/MOFEP	Annual	Annual report of MPSR did not mention performance contracts. Presumably performance management contracts were signed in the previous years. The focus in 2007 was to rather enforce new performance management process.
	Corporate Governance Score Cards	Identifiable Civil Society Groups	Annual	No civil society report available

**Table 1.5: Decentralized M&E**

Thematic Area	Indicator	MDA	Frequency	Comments/Challenges
<b>Decentralized M&amp;E</b>	Sources of funding of MMDAs: District Assemblies Common Fund (DACF)	MLGRDE, DACF Secretariat, MMDAs	Annual	<p><b>Decentralization:</b> As with previous years, conflicting figures were obtained from MLGRDE and DACF Secretariat. This makes analysis very difficult and causes delays in the preparation of report.</p> <p>The following may explain the discrepancies:</p> <ul style="list-style-type: none"> <li>• the Common Fund disbursement is always in arrears by one quarter at the beginning of the financial year;</li> <li>• lack of data sharing among the key agencies involved in reporting on the DACF;</li> <li>• use of different definitions by different MDAs; and</li> <li>• failure of the MMDAs to separate DACF arrears from current disbursements.</li> </ul>

#### 1.4 SUMMARY OF PROGRESS MADE IN 2007 – GPRS II CORE INDICATORS

Assessment of progress made towards the implementation of GPRS II is based on analysis of indicator achievement, as well as progress made in implementing key reforms outlined in the GPRS II. In situations where indicators fail to achieve their targets, assessment of underlying reforms provides additional information for holistic assessment of progress in respect of that policy objective.

A total number of 157 indicators were assessed in 2007, compared to 159 in 2006. Some process/input indicators were dropped in 2007. About 40 of the indicators achieved their respective targets, compared to only 31 in 2006, while 45 made steady progress in 2007 compared to 19 in 2006. The number of indicators which did not achieve their targets reduced from 63 in 2006 to 52 in 2007, and the number of indicators without data reduced from 46 in 2006 to 20 in 2007 (Figures 1.1a & 1.1b) . This reflects overall improvement in the monitoring and elevation system to generate the relevant data needed to assess progress towards the implementation of the GPRS II.

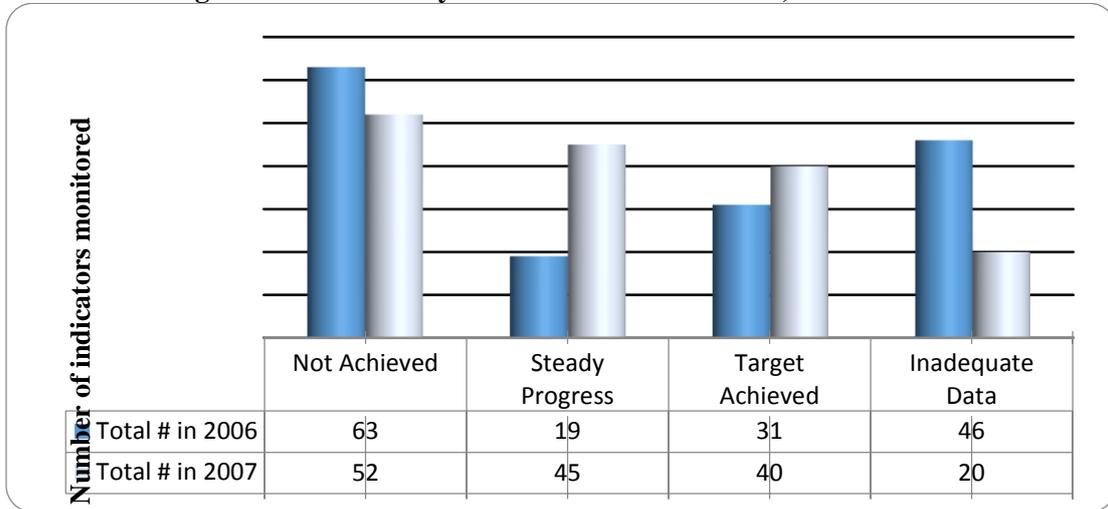
The overall assessment of progress based on the indicators shows significant improvements over the 2006 level. Progress in the key thematic areas is presented in Table 1.5 below:

**Table 1.6: Summary of Progress made on Indicators**

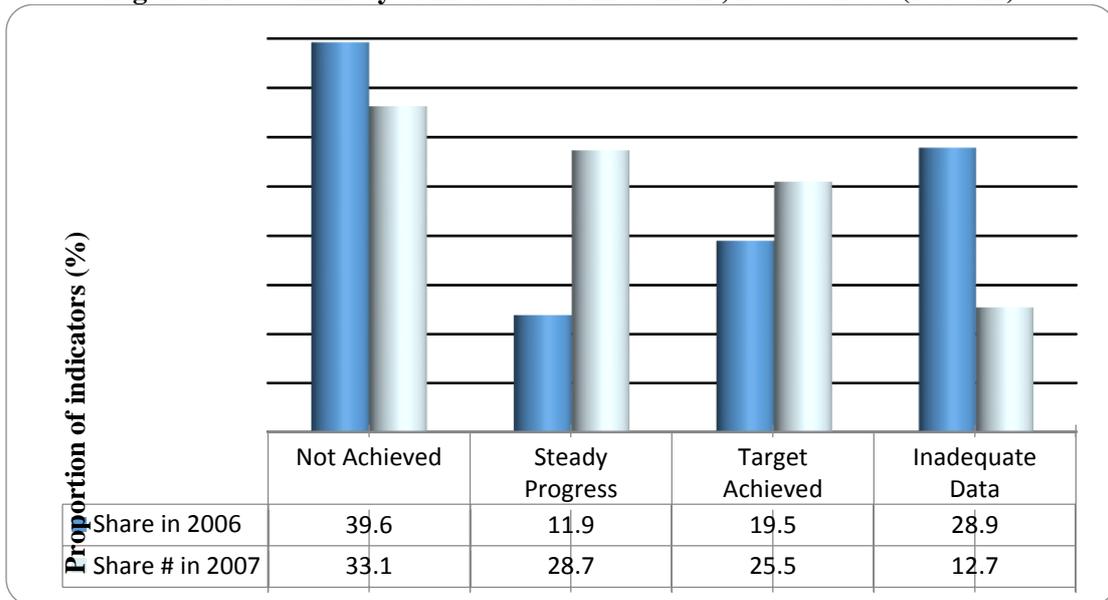
Thematic Area	Not Achieved	Steady Progress	Target Achieved	Inadequate Data	Total	Percentage of Targets Achieved/ Steady Progress (%)
Macroeconomic & Economic Governance	1	6	7	3	17	76.5
Private Sector Competitiveness	37	18	22	7	84	47.6

Human Resource Development	11	1	8	3	23	39.1
Good Governance & Civic Responsibility	3	20	3	7	33	69.7
<b>TOTAL</b>	52	45	40	20	157	

**Figure 1.1a: Summary of Indicator Achievement, 2006 & 2007**



**Figure 1.1b: Summary of Indicator Achievement, 2006 & 2007 (Percent)**



## **CHAPTER TWO**

# **MACROECONOMIC PERFORMANCE AND ECONOMIC GOVERNANCE**

### **2.1 INTRODUCTION**

The GPRS II is guided by the overall objective of doubling the size of the Ghanaian economy (in terms of real production) and raising the per capita income of the average Ghanaian to that of middle income country by 2015. The assumptions underlying this broad objective include:

- a population growth rate that does not exceed 2.6% per annum;
- containment of inflation within single digit limits as from 2006;
- keeping the cedi depreciation below 4% per annum;
- reducing the cost of credit as incentive for stimulating investments;
- containment of fiscal deficits and preventing them from being a major source of monetary instability and price inflation;
- an aggressive domestic revenue mobilization and its efficient use in driving the key development targets;
- an efficient re-prioritization of expenditure in favour of development expenditure; and
- growth in aggregate investment.

The review looks at trends in selected macroeconomic and economic governance indicators, trends in selected poverty indicators as a way of assessing the impact of the macroeconomic variables on poverty outcomes, and developments in the macroeconomic and economic policy environment in 2007.

### **2.2 TRENDS IN SELECTED MACROECONOMIC AND ECONOMIC GOVERNANCE INDICATORS**

#### **2.2.1 Real GDP Growth Rate**

Per capita GDP has seen a steady increase in Ghana since the year 2004 as a result of rapid growth in nominal GDP and a relatively stable exchange rate of the cedi against the major trading currencies. This has enabled the country to make steady progress towards the 2015 target for GDP per capita of US\$1,000. In 2007, the country exceeded its target for GDP per capita by over 13% to reach US\$661 as against the GPRS II target of US\$584.

The increasing growth in GDP per capita in recent years has been aided in substantial part by growth in real GDP which in most years has been higher than the GPRS II projected growth rates. The economy showed a strong performance of 6.2% growth in real GDP in 2007 as against the GPRS II target of 6.11%. This growth was achieved in spite of the energy shock and rising crude oil prices. The strong growth in real GDP can be attributed to higher than projected growth rates in both the Industrial and Services sectors of the economy. The broad industrial sector achieved growth of 6.6%, higher

than the GPRS II target of 5.8%. This was complemented by substantial growth in the Services sector of 10%, exceeding the GPRS II target of 5.9%.

The agricultural sector saw lower than projected growth rates in 2007, just as in the previous two years. The 3.1% growth achieved by the agricultural sector in 2007 is well below the GPRS II target of 6.7%. The lower than projected growth in the agricultural sector in 2007 has been as a result of the lower than expected growth performances in all sub-sectors except Fishing. The Crops and Livestock (C&L) sub-sector failed to achieve either the GPRS II target of 5.8% growth in output or the 2007 budget target of 6.6%, settling for a growth rate of 4.0%. Erratic rainfall during the farming season in the northern part of the country led to losses in millet, sorghum and rice output. Favourable rainfall in the middle and southern belts however helped to increase output of plantain, cassava, cocoyam and other food crops mainly grown in these belts.

In terms of structural transformation of the economy, the agricultural sector's contribution to GDP has been on a gradual decline with corresponding increases in the percentage share of services and industry in GDP. While agriculture has seen a decline in its share of GDP from 36.6% in 2004 to 33.8% in 2007, the services sector share improved from 29.9% to 32.2% during the same period with Industry's share improving from 24.7% in 2004 to 25.8% in the period under review (Table 2.1)

The Forestry and Logging (F&L) sub-sector grew by only 2.5% in 2007, below the GPRS II target of 4.8%. Cocoa recorded a negative growth rate in the year, declining by 3.5% in 2007, well below the 6.0% budget target and the 2.6% GPRS target. Fisheries was the only sub-sector which experienced a growth rate of 5% which is higher than the GPRS II projected growth rate of 4.71% but well below the 15% growth achieved in 2006.

**Table 2.1: Selected Macroeconomic and Economic Governance Indicators**

Indicator	GPRS 2007 Target	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards Target in 2007
1. Per capita GDP (in US\$)	584	418.39	492.4	570.1	661.0	Achieved
2. Nominal GDP (million \$)	12887.4	8871.81	10710.58	12714.86	15104.11	Achieved
3. Population (in million)	22	21.20	21.78	22.30	22.85	Above projected
4. Real GDP growth rate	6.11%	5.8%	5.9%	6.4%	6.2%	Achieved
5. Real sectoral growth rate (in %)						
- Broad Agriculture	6.71	7.0	4.1	4.5	3.1	Slow progress
- Broad Industry	5.83	4.8	7.7	9.5	6.6	Achieved
- Broad Services	5.90	4.9	6.9	6.7	10.0	Achieved
6. Percentage contribution of sub-sectors to GDP (in %)						
- Broad Agriculture	33	36.6	36.0	35.8	33.75	Slow Progress
- Broad Industry	28.8	24.7	25.1	25.4	25.48	Slow Progress
- Broad Services	30.3	29.9	30.0	30.4	32.22	Achieved
7. End-year Inflation	8.3	11.8	14.8	10.9	12.75	Good progress
8. Nominal Exchange Rate Depreciation (cedi/\$)	0.4% - 4%	-2.2	-0.9	1.1	4.8	Slow progress
9. Interest Rate (%):						
- Bank of Ghana Prime Rate		18.50	15.50	12.50	13.5	No targets set by GPRS II for these indicators for 2007
- Demand Deposits (Annual Av.)		7.50	7.13	7.13	7.13	
- Savings Deposits (annual Av.)		9.50	6.38	4.75	4.55	
- Lending Rates (Annual Av.)		28.75	26.00	24.25	24.3	
- 91-Day Bills (Annual Av.)		17.08	11.45	10.70	10.61	
10. Foreign remittance as a percentage of GDP		14.5	16.8	15.5	12.72	No targets set by GPRS II
11. Gross international reserve (months of imports of goods and services)	>3 mths	3.04	3.8	3.0	3.0	Good Progress

12. Ext. Debt service as percentage of exports of goods and services	4.4%	5.36%	5.81%	3.17%	3.1%	Good progress
13. Domestic revenue (excluding grants) as percent of GDP	23.4%	23.9%	23.9%	22.7%	26.1	Achieved
14. Budget deficit excluding grants/GDP Deficits as % of GDP	<4%	3.2 8.85	2.7 7.2	4.9 7.7	6.2 6.9	Slow progress Slow progress
15. BOG financing of Deficits/Domestic Revenue (excl. grants)	<10%	1.57	-8.79	-0.8	-8.1	Achieved
16. Incidence of Extreme Poverty		39.5%	Na	28.5%	Na	Target measured every 4 years
17. Computerization of the inter-bank foreign exchange market				Ongoing	Ongoing	Steady Progress
18. Establish credit referencing bureau				Bill in Parliament	Bill Passed	Achieved

Sources: Ghana Statistical Service, Bank of Ghana, MOFEP, Budget Statements 2005-2008

**Table 2.2: Percentage Sectoral Growth Rates (2005 – 2007)**

	2005 GPRS Target	2005 Budget	2005 Actual	2006 GPRS Target	2006 Budget	2006 Actual	2007 GPRS Target	2007 Budget	2007 Actual
GDP	5.0	5.8	5.9	6.11	6.0	6.4	5.83	6.5	6.2
<b>AGRICULTURE</b>	<b>4.8</b>	<b>6.5</b>	<b>6.5</b>	<b>5.24</b>	<b>6.2</b>	<b>4.5</b>	<b>6.71</b>	<b>6.1</b>	<b>3.1</b>
Crops and Livestock		6.0	6.0	6.11	6.2	3.5	5.83	6.6	4.0
Cocoa		13.2	13.2	2.99	12.2	2.0	2.62	6.0	-3.5
Forestry and Logging		5.6	5.6	3.86	5.6	2.6	4.85	4.0	2.5
Fishing		3.6	3.6	3.9	3.6	15.0	4.71	5.0	5.0
<b>INDUSTRY</b>	<b>5.2</b>	<b>5.8</b>	<b>5.6</b>	<b>6.11</b>	<b>6.4</b>	<b>9.5</b>	<b>5.83</b>	<b>7.7</b>	<b>6.6</b>
Mining & Quarrying		4.9	3.0	3.22	6.3	13.3	4.84	6.0	20.0
Manufacturing		5.5	5.5	5.53	5.0	4.2	6.53	5.5	-2.3
Electricity and Water		4.5	6.6	6.11	4.0	<b>24.2</b>	5.83	10.0	-15.0
Construction		7.0	7.0	6.11	7.5	8.2	7.19	10.0	15.0
<b>SERVICES</b>	<b>5.1</b>	<b>5.4</b>	<b>5.4</b>	<b>5.75</b>	<b>5.5</b>	<b>6.7</b>	<b>5.90</b>	<b>6.7</b>	<b>10.0</b>
Transport, Storage & Communication		6.0	5.8	6.11	6.0	7.2	5.83	6.0	7.0
Wholesale & Retail Trade		6.1	6.1	6.11	6.2	7.5	5.83	7.0	8.0
Finance & Insurance		5.6	5.6	6.06	5.7	9.0	5.83	10.0	10.0
Government Services		4.3	5.0	5.13	5.0	5.7	5.83	6.0	5.0
Community, Social & Personal Services			4.3	5.54	4.2	4.2	5.83	5.0	4.5
Producers of private Non-profit services		3.8	3.8	4.92	3.8	4.0	5.59	5.0	5.0

Sources: Ghana Statistical Service, 2006 Annual Progress Report/ 2005-2008 Budget Statements

The improved performance in the industrial sector in 2007 can be attributed to the huge expansion in output from the Mining & Quarrying, and the Construction sub-sectors. The Mining & Quarrying sub-sector grew by a phenomenal 20%, on the back of exceptional performance of gold as a result of favourable world market price for the commodity, while the Construction sub-sector experienced a 15.0% increase in output, bolstered by increased construction in anticipation of the hosting of the African Cup of Nations (CAN 2008) football competition. Government expenditure on construction for the tournament was estimated \$200 million. The electricity and water, as well as the manufacturing sub-sectors of the economy experienced negative growth in 2007, resulting in part from the energy crises that engulfed the country from 3<sup>rd</sup> quarter of 2006, until the last quarter of 2007. While the manufacturing sub-sector which is a key user of energy experienced a 2.3% reduction in output, electricity and water production experienced a 15% reduction.

In 2007, the Services sector which has continuously achieved higher than targeted growth rates over the past few years continued to experience growth in all sub-sectors.

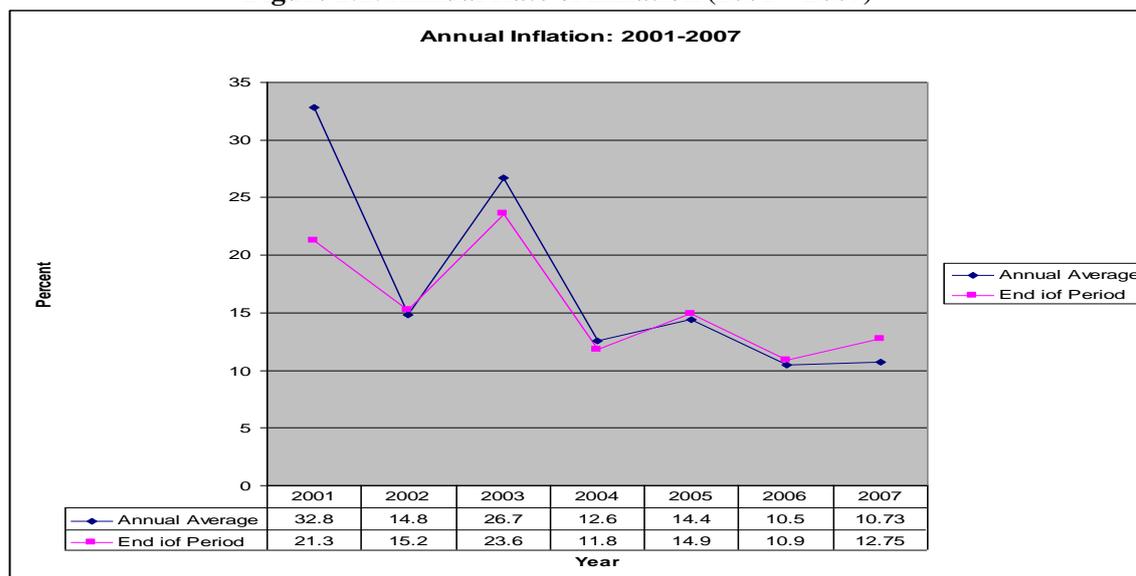
However, while Transport, Storage & Communication, Wholesale & Retail Trade, and Finance & Insurance experienced high growth. Government Services, Community, Social & Personal Services, as well as activities undertaken by Producers of Private Non-profit Services did not achieve their targets. While growth in these sectors was lower than projected, they were still higher than growth rates achieved in the previous two years (Table 2.2). The highest performing sub-sector was Finance and Insurance as government continued to encourage competition among the bank and non-bank financial institutions in the economy. The competition generated by the opening up of the financial sector has ensured the creation of new financial instruments at an accelerated rate, leading to the deepening of the financial sector. Wholesale and Retail trade also experienced substantial growth in output and has exceeded GPRS II targets every year since 2005.

## 2.2.2 Trends in Inflation

The macroeconomic framework for the economy as outlined in the GPRS II set an inflation rate target of between 6% and 9% for 2007. Ghana's inflation rate barely hit single digit in March (9.9%) and April (9.5%) 2006, but could not be sustained owing to the impact of the upward adjustment in domestic prices of petroleum products in line with the rising price of crude oil in the international market.

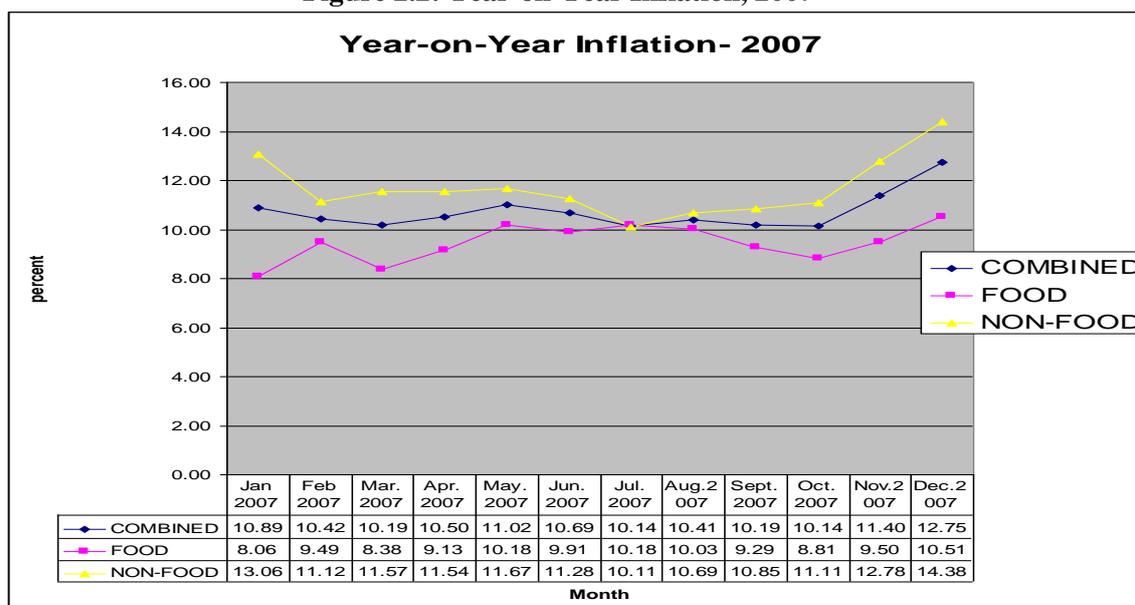
By the end of the year 2007 inflation was up to about 12.8%, while the average annual rate was estimated at 10.8%, compared to the end-of-year budget target of between 7% and 9% (Figure 2.1). This implies that the single digit inflation targeted by both the GPRS II and the 2007 Budget Statement and Economic Policy was not achieved, in spite of the initial evidence in October 2007 which suggested that the country was still on track to achieve the single digit inflation since the overall movement of actual inflation showed a lower inflationary pressure than it was estimated (Figure 2.2).

**Figure 2.1: Annual Rate of Inflation (2001 – 2007)**



This development was driven mainly by the strong favourable seasonal impact on food prices. The inflation rate for non-food was higher than that for food throughout the year (Figure 2.2).

**Figure 2.2: Year-on-Year Inflation, 2007**



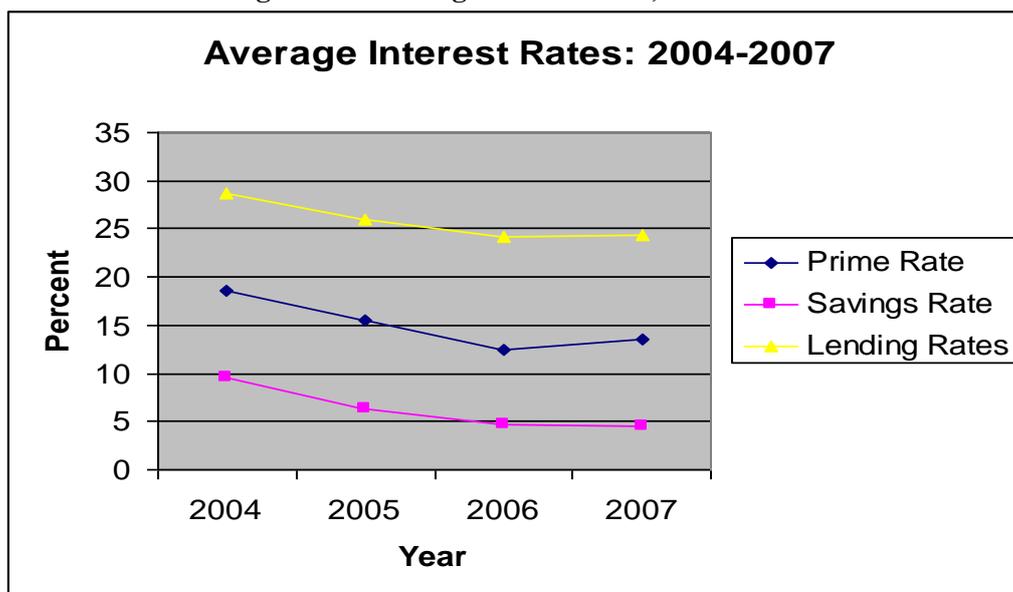
### 2.2.3 Interest Rates

Interest rate policy for 2007 was to ensure real interest rates that enhance effective mobilization of savings and make credits affordable to the private sector. In order to ensure that this objective was achieved, and to promote fair and competitive interest rates the Bank of Ghana directed all bank and non-bank financial institutions, early in 2007, to publish the Annual Percentage Rate (APR) of interest applicable to their loans. All advertisements for loans were to include loan processing and administration fees. These were to be disclosed transparently to all prospective borrowers, to allow them to make a more accurate comparison of the true cost of borrowing.

The Bank of Ghana Prime Rate which was set at 12.5% at the end of September 2007 went up to 13.5% at the end of the year. Government issued a 5-year bond as part of its strategy to further lengthen domestic debt profile. This resulted in an extension of the yield curve with the issue of the 5-year bond. There has been considerable reduction in interest rates on all securities and for the first time in several years, the 91-day treasury bill registered a single digit interest rate.

The annual average interest rate on the 91-day treasury bills was 10.6% at the end of 2007. The annual average interest rate on savings deposits trended downwards from 4.75% in 2006 to 4.55% in 2007. The rate ranged between 0.1 to 9% on savings deposits. The annual average interest rate on demand deposits however remained stable at about 7.13% for the last three years, ranging between 0.25% and 14%. However, average lending rates of deposit money banks trended upwards in 2007, with the annual average stagnating around 24% (Figure 2.3).

Figure 2.3: Average Interest Rate, 2004 - 2007



The large spread between the Bank of Ghana’s Prime rate and the lending rates in the financial markets has generated concern for investors in the industrial sector and borrowers in general. The Association of Ghana Industries (AGI) has suggested that Government should to intervene in the money market by strengthening the use of moral suasion to get banks to reduce lending rates if the high interest rates are not to crowd out private investment. However, to the extent that the lending rates incorporate elements of inflation premium as well as default premium, action would have to be taken in ensuring that inflation follows a downward trend while the default rate is reduced, if the lending institutions are to substantially reduce their lending rates. The establishment of credit referencing bureaus is also expected to reduce the default rate and hence reduce the default premium component of the lending rates.

## 2.2.4 The Government Budget

### *i. Domestic Revenue*

The thrust of fiscal policy in the GPRS II is the pursuit of a vigorous domestic revenue mobilization and its effective use in driving the national development priorities. This is to be attained through mostly administrative measures and by enhancing the capacity of existing tax collection instruments and personnel.

The provisional fiscal outturn for the period under review indicates that total receipts amounted to Gh¢4,508.2 million, representing 32.1% of GDP. This is an improvement over the outturn of Gh¢3,236.8 million (28.2% of GDP) registered for the same period in 2006. The outturn is however lower than the budgeted amount of Gh¢4,657.0 million for the year.

The GPRS II target for domestic revenue (excluding grants) as a share of GDP for 2007 was 23.4%. Domestic revenue for the year stood at Gh¢3,650.9 representing 26.1% of GDP, indicating that the target for the year was achieved. Tax revenue for the year amounted to Gh¢3,312.6 million (23.6% of GDP) while non-tax revenue also stood at Gh¢338.3 million (2.5% of GDP) at the end of the year.

## ii. Overall Budget Deficit

A budget deficit equivalent to 3.2% of GDP was projected in the 2007 Budget Statement and Economic Policy. This was revised to 5.7% during the course of the year. At the end of the year, the overall budget balance showed a deficit of Gh¢1,132.1 million equivalent to 6.9% of GDP. The domestic primary balance also recorded a deficit of Gh¢861.6 million, equivalent to 6.2% of GDP. The worse than expected position of the budget balance were in large parts attributed to the escalating crude oil price on the international markets and government expenditures in response to the energy crises that hit the country in the year.

### **2.2.5 Developments in the External Sector**

#### i. Exchange Rate

The thrust of exchange rate policy under the GPRS II is to maintain a flexible exchange rate with foreign exchange interventions used as an instrument to smooth out volatility in the exchange rate market. The strategy is to ensure a stable Ghana Cedi exchange rate with prudent management that will keep the depreciation of the Cedi below 4% per annum and provide for relatively stable real exchange rates that promote international trade.

Despite some marginal fluctuations, exchange rate developments indicate that the Ghanaian foreign exchange market remained quite stable in 2007. The Cedi lost value to the US Dollar by 4.8%, and by 7.2% and 15.7% to the British Pound and the Euro respectively. During the same period in 2006, the Cedi had depreciated by 1.1% against the US Dollar, 13.4% against the British Pound and 10.9% against the Euro.

The higher depreciation of the Cedi vis-à-vis the British Pound and the Euro during the review period could be explained by the relative strength of the British Pound and the Euro in the international currency markets. The 4.8% depreciation rate against the US Dollar is however higher than the GPRS II target of less than 4.0% per annum.

#### ii. Balance of Payments

The 2007 Budget Statement and Economic Policy projected an overall balance of payments surplus of about US\$198 million to enable the government to continue to build-up the country's external reserves. This was premised on the assumption that merchandise imports would continue to grow, with oil prices projected to remain at US\$50.0 per barrel. Merchandise exports growth was also expected to be quite robust with gold performing strongly in 2007 to dominate merchandise exports receipts. This was on account of expected increases in both volumes exported and realized average price.

The overall balance of payments for 2007 indicates a deficit position of US\$413.1 million, compared with a deficit of US\$415.12 million, for the same period in 2006. This was the result of strong growth in merchandise imports which went up from US\$6753.68 million in 2006 to US\$8,066.11 million, an increase of over 19%. Merchandise exports for 2007 increased by just under 12% from US\$3,726.67 million in 2006 to US\$4,172.14 million. This implied that the merchandise trade balance was

in deficit of US\$3,893.98 million. However, on account of strong showing by Private Transfers (net) and the Financial Account, the overall balance of payment showed a better position than in 2006.

### iii. Foreign Reserves

The GPRS II targets accumulation of international reserves enough to cover at least three (3) months of imports. As at end December 2007, gross international reserves could cover 3 months of imports. The stock of gross reserves was estimated at US\$2,836.65 million, an increase of over 25% over the 2006 end of period reserve of US\$2,266.7 million. However, the impact of the rising crude oil prices and the effect of the energy crisis on the import bill culminated in the level of gross international reserves being just enough to cover 3 months of imports at the end of the year.

### iv. External Debt

Following the substantial reduction in the external debt under the debt relief initiatives, the external debt constituted about 48% of public debt as compared to 52% for domestic debt by end December 2007. Total public external and domestic debt was the equivalent of 48.5% of GDP at the end of 2007. However, the total external debt outstanding as at the end of 2007 was US\$3,606.56 million, higher than the end of period value for 2006 of US\$2,773.0 million, an increase of 30%.

In terms of creditor category, multilateral debt continued to dominate with about 46% of total external debt in spite of the substantial debt relief from MDRI. Bilateral debt constitutes 28% with the remaining 26% owed to commercial creditors. The World Bank continues to be the largest creditor, contributing over 33% to the total external debt.

## **2.2.6 Domestic Debt Stock and Domestic Debt Service**

### i. Domestic Debt Stock

Total public debt has since 2005 declined substantially as a result of both fiscal prudence and debt relief under the enhanced Heavily-Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). This has resulted in a significant reduction in domestic debt service and allowed the "crowding-in" of private sector investment through a sharp drop in interest rates reducing the borrowing costs (lower interest rates) of the various debt instruments.

Within the context of GPRS II a major fiscal consolidation effort has been pursued aimed at improving revenue mobilization and streamlining expenditures with the ultimate aim of reducing the domestic debt to GDP ratio along with an anti inflationary monetary policy stance. The main goal of domestic debt management policy in 2007 was to deepen the money market, maintain the domestic debt stock at sustainable levels, and to improve on the achievements of 2006.

The domestic debt portfolio in 2007 was restructured by extending the maturity profile, diversifying the investor base to include non-resident investors and promoting and facilitating the development of the domestic capital markets. The marketable debt stock

arising from the primary issuance of securities stood at Gh¢2589.37 million at the end of 2007.

The main holders of government securities are the banking sector, the non-bank sector and the foreign sector (non-residents). In terms of proportion, the banking and non-bank sectors' shares decreased from 80.4% to 69.9% and 19.6% to 19.3% respectively between 2006 and 2007.

#### *ii. Domestic Debt Servicing*

Interest payment on domestic debt amounted to Gh¢322.18 million in 2007, higher than the projected amount of Gh¢250.5 million for the year. This represents about 8.8% of total domestic revenue collection and 2.4% of GDP. Interest payment on external debt was however substantially lower at Gh¢117.818 million due to the relief obtained under the HIPC and MDRI initiatives.

### **2.3 TRENDS IN SELECTED POVERTY INDICATORS**

The macroeconomic policies of the Government as prescribed in the GPRS II are expected to lead to economic growth and poverty reduction. The impacts of these policies are normally assessed through analysis of data relating to various dimensions of poverty. These include income poverty, access to certain assets; and the various social dimensions of poverty. The current analysis is based on tracking the various poverty related aspects of the MDGs.

Ghana has already achieved the MDG target of halving the 1992 level of those living in extreme poverty by the year 2015, eight years ahead of time. According to the Ghana Living Standards Survey (GLSS 5), extreme poverty declined from 36.5% in 1991/92 to 26.5% in 1998/99 and 18.2% in 2005/2006. Overall poverty has also declined from 51.7% to 39.5% and to 28.5% over the same period. Small-scale programmes in agriculture, industry and mining, rural energy, micro credit as well as employment generation programmes have variously led to improvements in incomes and to the food security situation in Ghana

### **2.4 DEVELOPMENTS IN THE MACROECONOMIC AND ECONOMIC POLICY ENVIRONMENT**

The section examines specific actions in terms of policy implementation in an effort to create the enabling environment for sustained economic growth and poverty reduction, with respect to fiscal policy, the analysis looks at Government's efforts in ensuring an improvement in expenditure management, promoting effective debt management and improving fiscal resource mobilization in 2007. Efforts made to improve liquidity management, improve the institutional, legal and regulatory framework of the financial sector and to deepen capital markets are also discussed.

## **2.4.1 Management of Fiscal Policy**

### ***i. Improving Expenditure Management***

#### *Develop a more Effective Data Collection Mechanism:*

The thrust of the Budget and Public Expenditure Management (BPEMS) agenda for 2007 was to ensure that the integrated financial management system was fully functional in the remainder of MDAs in Accra and the regional capitals plus some pilot district capitals. This was to be achieved by ensuring that all MDAs and sub-vented agencies, whose payroll were run on the IPPD2 will have full access to the system so that they could avail themselves of the full functionality of the Oracle Human Resources Management System (OHRMS). In this regard, the IPPD2 and the BPEMS were to be made to run on the same infrastructure, using a combination of fibre optic and VSAT Wide Area Network in all the Accra offices of MDAs and the regional and district treasuries.

The BPEMS was to be purged and loaded with 2007 government accounts opening balances. This was then to run live in all MDAs for all government financial transactions including budget releases and CAGD disbursements to the treasuries of all MDAs, RCCs and MMDAs.

Progress made towards implementing the programme included the award of a contract to lay Fibre Optic to connect the remaining MDAs as well as the completion of the procurement process for the acquisition and installation of VSAT. The Ministry of Finance and Economic Planning continued the implementation of BPEMS by deploying two additional modules (Cash Management and Accounts Receivable) bringing the total modules deployed to date to five. This has enhanced financial reporting, budgetary control and reduced transaction processing time.

#### *Ensure Transparency in the use of Public Funds:*

The Controller and Accountant General's Department (CAGD) completed the first phase of the Treasury Reforms. The modalities for the consolidation and expansion of the gains made from the treasury re-alignment and the Sub-Consolidated Funds Bank Account to cover the management of other public funds including Internally Generated Funds (IGF) and Donor Funds was agreed on and six MDAs were selected for the pilot program. The pilot MDAs are Ministry of Health, Ministry of Education, Sports and Science, Ministry of Transportation, Ministry of Food and Agriculture, Ministry of Lands, Forestry and Mines, and Ministry of Local Government, Rural Development and Environment.

To ensure that there is transparency in the use of public funds the Public Procurement Authority undertook the retooling of the Public Procurement Model of Excellence (PPME) software to take account of concerns raised during the External Review of Public Financial Management (ERPFM) exercise in May 2007. The Authority also undertook preparatory work for the assessment of 500 procurement entities and organized training programmes for 500 procurement entities in the posting of tender and contract award notices on the Public Procurement Authority's Website. The web-based procurement planning system was also developed and the high spending procurement entities were trained to use the software for their procurement planning.

Enforce Budget Controls on State Owned Enterprises (SOEs):

Under the performance monitoring and evaluation (PME) system the State Enterprises Commission (SEC) continued to facilitate the negotiation and conduct of the signing of performance contracts for SOEs. It also reviewed quarterly reports of SOEs as part of the PME system. The Commission in collaboration with MoFEP instituted measures to ensure that SOEs and joint venture enterprises honour their financial obligation in the form of taxes, SSNIT contributions, dividends and withholding tax payments

***ii. Promote Effective Debt Management***

Monitor the Size of the Domestic Debt:

The main goal of domestic debt management policy in 2007 was to deepen the money market; maintain the domestic debt stock at sustainable levels, and to improve on the achievements made in 2006. The marketable debt stock arising from the primary issuance of securities stood at Gh¢2,589.37 million as at end of 2007. This represents an increase of 56.7% over the end 2006 stock of Gh¢1,652.09 million.

Restructure the Domestic Debt Stock:

The domestic debt portfolio in 2007 was restructured by extending the maturity profile, diversifying the investor base to include non-resident investors and promoting and facilitating the development of the domestic capital markets. The marketable debt stock arising from the primary issuance of securities stood at Gh¢2,589.37 million at the end of 2007. As part of prudent debt management strategy, government elongated the maturity profile of the outstanding stock by issuing securities of longer maturity.

Reduce the Stock of Domestic Debt (20% of Projected HIPC Funds Applied to Domestic Debt Stock Reduction)

The 2007 Budget Statement and Economic Policy projected a total of Gh¢ 221.084 million of HIPC funds to be utilized for projects in the various thematic areas, of which Gh¢44.218 million representing 20% was targeted for reducing the stock of the domestic debt. Provisional estimates indicate however, that only 4.5% of HIPC funds were utilized for domestic debt reduction on the account of 39% shortfall in overall HIPC funds releases and improved debt servicing situation.

**Table 2.3: Utilization of HIPC Fund in 2007 – Planned Expenditures and Releases**

<b>Pillar</b>	<b>Planned ( Gh¢ million)</b>	<b>Share (%)</b>	<b>Releases ( Gh¢ million)</b>	<b>Share (%)</b>
Human Resource Development	50.097	22.6	43.83	27.47
Private Sector Competitiveness	113.836	51.49	92.87	58.20
Good Governance	12.933	5.58	15.75	9.87
Domestic Debt	44.218	20.00	7.12	4.46
<b>Total</b>	<b>221.084</b>	<b>100.00</b>	<b>159.58</b>	<b>100</b>

Source: MoFEP, 2007

### ***iii. Improve Fiscal Resource Mobilization***

#### **Minimize Revenue Leakages in all Collecting Agencies:**

To ensure that revenue leakages are significantly reduced the Government now publishes a comprehensive report on tax exemptions under domestic revenues and the corresponding expenditure is also reported under payments as tax expenditure. This allows for the full volume of transactions in revenues and expenditures to be recorded more transparently. In 2007 Government also started the process of providing a comprehensive report on the gross amount of revenue generated by MDAs internally and its utilization.

The VAT Service also stepped up the test purchases and physical surveillance of VAT businesses to complement the invoice invigilation and improve compliance. The exercise was extended to all the regions. Non-compliant businesses were assessed and penalties were imposed where necessary.

#### **Review and Revise Existing Taxes, Fees and User Charges:**

The Tax Policy Unit (TPU) of the Ministry of Finance and Economic Planning completed work on the migration from ad valorem excise duty rates to specific excise duty rates as contained in the 2007 Budget Statement and Economic Policy of Government. A bill to effect the change was passed by Parliament and the new Act (i.e., Customs and Excise (Duties and other Taxes) Amendment Act 739, 2007 became operational from September, 2007.

The TPU began a review of the existing exemptions regimes under the various enactments with the view to scaling down their negative impact on national revenue. The work will also assist in increasing the number of income taxpayers in the informal sector and also improving on tax compliance.

#### **Strengthen Revenue Collection Institutions**

Improved revenue mobilization efficiency can be measured by the cost of mobilization vis-à-vis the amount of revenue mobilized.

A diagnostic study for the Revenue Agencies Governing Board (RAGB) with the view of meeting its mandate was completed. A Strategic Planning Committee was inaugurated and it commenced work to formulate a Strategic Plan for the Board.

A Transaction Advisor was also appointed to commence the full computerization of IRS operations. NYEP and NSS personnel were also employed to monitor the process of administering the rent tax and tax stamp in all districts.

A vehicle valuation database in Ghana Customs Management System (GCMS) has been created and tested by Ghana Community Network (GCNet) to facilitate the verification for duty and tax purposes. Training of staff on the module was initiated. Capacity building in all areas of CEPS operation (e.g. risk management, post clearance, valuation, procurement etc) was also initiated. The GCNet Unit in the Research Division of CEPS was made operational during the year and is providing information to district offices and tax audit units for follow-up actions. As part of the measures to

introduce an Electronic Transactions Price Database for easy reference to ensure that correct values are assigned to commodities, a CEPS Valuation office has been created at the Head Office.

#### *Strengthen the Capacity of MDAs for Improved Non-Tax Collection*

Several workshops were held countrywide for the general public and identifiable groups on the rights and responsibilities of taxpayers. To improve Non-Tax Revenue Collection, MDAs Retention of Funds Act 2007, (Act 735) was passed by Parliament in May, 2007. The law granted 12 MDAs legislative approval to retain portions of their IGFs and 20 MDAs approval to generate IGFs.

### **2.4.2 Monetary Policy**

#### *i. Improve Liquidity Management*

Broad money including foreign currency deposits (M2+) grew by 36.3% to Gh¢5,767.4 million during the twelve months of 2007 compared with 38.8% for the same period in 2006. Broad money excluding foreign currency deposits (M2) rose by 43.5% (Gh¢1,446.7 million) mainly on account of currency outside the banking system (29.3% or Gh¢298.8 million) and quasi money (48.1% or Gh¢892.4 million). Foreign currency deposits also increased from Gh¢902.44 million in 2006 to Gh¢992.9 million.

The Deposit Money Banks (DMBs) lending to the various sectors of the economy remained robust against the backdrop of heightened competition. The annual growth rate of DMBs outstanding credit to public and private institutions during the year went up significantly by 64.6% (Gh¢1,626.8 million) compared with the 40.5% (Gh¢726.3 million) increase recorded in 2006. The annual growth rate of DMBs outstanding credit to public institutions during the year went up significantly by 86.7% (Gh¢850.9 million) compared with the 31% (Gh¢455.7 million) increase recorded in 2006. The public sector share of disbursed credit stood at 20% in 2007, up from the 19.2% recorded in 2006.

#### *ii. Improve the Institutional, Legal and Regulatory Framework*

At the beginning of the year 2007, there were two outstanding bills relating to the Financial Sector that were before Parliament i.e. Central Securities Depository Bill and the Apex Bank Regulations Bill. By the end of the year only the Central Securities Depository Act, 2007, Act 733 had become law leaving the latter outstanding. These bills have been drafted to assist in providing diversified sources of credit to the private sector and to streamline the activities of operators in the financial sector.

#### *iii. Deepen the Capital Market*

The development of a vibrant capital market requires a well balanced bond market, which implies that instruments on the market must have regular issuances with varying maturities to promote secondary activity and thus liquidity on the capital market.

#### *Implement Schemes to Increase Long-Term Savings/Funds:*

Government has been implementing a program to issue long-dated instruments as part of measures to lengthen the yield curve of Government debt to serve as a benchmark for the pricing of medium- to long-term corporate bonds. Government issued the 5 year bond as part of its strategy to further lengthen domestic debt profile. This resulted in considerable reduction in interest rates on all securities and for the first time in several years, the 91-Day Treasury bill registered a single digit interest rate. In order to ensure that all Ghanaians are given an opportunity to participate in the development of the country, Government issued a Golden Jubilee Bond. The bond is targeted to raise the cedi equivalent of US\$25 million for landmark infrastructure projects. A committee formed to work out modalities for the issuance of the bonds submitted its report to Government by September 2007.

#### *Expand the Bond Markets*

In 2007 the Government successfully sold two issues of a debut 5-year fixed rate bond on the domestic market and a maiden US\$750 million dollar Eurobond with a maturity of 10 years on the international capital market. In furtherance of its objective to develop the long term investor segment of the domestic capital market, Government started the process which is expected to lead to the issue, for the first time, of a 10-year domestic bond in 2008.

#### iv. ***Strengthen the Financial Sector***

##### *Facilitate the Development of Database for Credit Management:*

One critical requirement for the development of a database for credit management would be the successful implementation of the National Identification Scheme (NIS) and the establishment of Credit Reference Bureaus. During the year the NIS secretariat:

- completed a strategy document on mass registration. It outlines in detail the planned activities of the NIA during the implementation period of the mass registration exercise;
- designed a Registration Official's Manual to serve as a reference document for registration officers;
- designed a registration Application Form to record personal information of applicants during the registration period on resident and non-resident Ghanaians, and permanent resident non-Ghanaians;
- identified and compiled a list of the registration centres that will be used during the registration exercise. Most of the centres will be the same as the Electoral Commission's twenty-one thousand polling stations;
- submitted the NIA draft Bill on Data Capture and Protection of Personal Information to Cabinet to Parliament; and
- continued with its field visits and conducted orientation programmes in April for temporary returning officers across the country.

## **2.4.3 International Trade Policy**

### ***i. Improve Import Competitiveness***

Revenue loss from exemptions granted on duties and taxes continued to increase. It is estimated that in 2007, a total amount of Gh¢230.7 million of revenue due on imports cleared through customs was given away on exemptions. This trend undermines government's efforts at increasing the share of total revenue that is generated from domestic sources. In order to reverse the trend and rationalize the use of exemptions to effectively service productive areas of the economy, government started the review of the exemption regime as a whole to reduce the scope and to eliminate abuses in the administration and application of the facility.

### ***ii. Diversify and Increase the Export Base***

#### **Promote new areas of Competitive Advantage**

In recent years trade relationships between countries have expanded to include services that in the past were not considered tradable. Developments in other countries indicate that a wide range of services are exportable. These include the export of expertise in key service areas such as peacekeeping services, health, sports, banking, accounting, legal and information technology services. In 2007 Ghana sought to take advantage of these opportunities to increase the contribution of the services sector to balance of payments and GDP.

In 2006 Government initiated the International Financial Services Centre Project to enable Ghana to provide a wide range of banking and non-banking financial services to offshore customers. In 2007, government started the initiative to make the provision of global services a major contributor to export earnings and GDP growth. This project is expected to become fully operational by March 2008.

The Ghana Export Promotion Council (GEPC) facilitated the participation of 35 companies and 4 product associations in various investment fora. These were the Ghana-South African Investment Forum in Midrand, South Africa; California Gift Show in Los Angeles, USA; Product Launch for Horticultural Products in Dubai (IPM); and Ghana@50 Product Launch in Saudi Arabia.

Non-traditional exports (NTE) revenue for 2007 exceeded the targeted US\$1 billion mark for the first time, reaching an all time high of US\$1.165 billion. This represents a 30.5% growth over the 2006 figure of US\$893 million, and accounts for 27.9% of the country's US\$4.19 billion total merchandise exports for 2007.

#### **Engage Fully in Multilateral Trading Negotiations**

Ghana together with other West African countries is negotiating an Economic Partnership Agreement (EPA) with the European Union (EU). This is to replace the existing non-reciprocal Cotonou preferential trade regime under which about 97% of the exports of the African Caribbean and Pacific (ACP) countries, including Ghana entered the EU duty-free. The current regime is being implemented under a waiver which expires on 31st December 2007. Under the new regime, the West African

countries and the other 5 ACP regions negotiating similar agreements with the EU are expected to also open their markets in an asymmetrical manner to EU exports over time.

This is expected to be accompanied by EU-supported measures to accelerate West Africa's integration processes, upgrade industries and build productive capacity and competitiveness to enable West Africa take full advantage of market access opportunities offered by the EU as well as integrate into the global economy.

### *iii. Institute Mechanism to Manage External Shocks*

The impact of the rising crude oil prices and the effect of the energy crisis on the import bill and the economy as a whole have shown that despite the progress made the economy has still not developed enough resistance to external shocks. The accumulation of adequate international reserves serves as a buffer against such shocks. Even though the stock of gross reserves at the end 2007 was estimated at US\$2,836.65 million, an increase of over 25% over the 2006 end of period reserve of US\$2,266.7 million, as at end December 2007, the gross international reserves could cover just about 3 months of imports

Since about one-third of the end-year reserves are unused proceeds of the Eurobond issued in September 2007, in the absence of these unused proceeds, the import coverage would have fallen to 2.4 months.

## **2.5 SUMMARY OF POLICY RECOMENDATIONS**

The following recommendations are made on key issues in the chapter:

- i. The Controller and Accountant General's Department payment system should be aligned to the MoFEP MTEF system, which allows expenditure releases to implement the GPRS II to be tracked on a regular basis.
- ii. Accelerate the process of computerization of the Internal Revenue Service which is currently underway.
- iii. The formulation of the Strategic Plan of the Revenue Agencies Governing Board (RAGB) should be accelerated to allow for its timely implementation.
- iv. The Controller and Accountant General's Department should provide training for MDAs on the management of public funds including Internally Generated Funds and Donor Funds.
- v. The process of reviewing obsolete and unrealistic charges by MDAs should be accelerated
- vi. The seven Financial Sector Laws that received Presidential assent in 2007 should be operationalized to provide a facilitative framework to strengthen financial market infrastructure.

# CHAPTER THREE

## PRIVATE SECTOR COMPETITIVENESS

### 3.1 INTRODUCTION

The focus of medium-term policies outlined under the Private Sector Competitiveness thematic area is to achieve accelerated growth through modernized agriculture, led by a vibrant and competitive private sector. The broad policy areas of this thematic area are:

- private sector development;
- modernized agriculture;
- development of the fisheries industry including aquaculture;
- restoration of the degraded environment and improvement in natural resource management;
- promotion of trade and industrial development;
- development of transport infrastructure in road, rail, water and air transport;
- improvement in energy supply to industry and households;
- increased support to science and technology for enhancing productivity and development;
- development of Information and Communication Technology (ICT);
- harnessing the revenue and employment generation potential of the tourism sector; and
- increased generation of employment and improvement and expansion of the social safety nets.

This chapter attempts to review the progress that was made in 2007 towards achieving the objectives outlined under these broad policy areas.

### 3.2 STATUS OF SELECTED INDICATORS, AND KEY POLICY MEASURES, AND STRATEGIES IN 2007

The following is an assessment of the progress that was made in 2007 in the context of specific indicators and key policy measures and strategies that were implemented.

#### 3.2.1. Private Sector Development

The overall strategy towards developing the private sector focuses on; (i) improving Ghana's position in global and regional markets, (ii) enhancing efficiency and accessibility of national markets, (iii) strengthening firms competency and capacity to operate effectively and efficiently, (iv) enhancing government capacity for private sector policy formulation, implementation, and monitoring and evaluation, (v) facilitating private sector access to capital, (vi) facilitating the removal of institutional and legal bottlenecks, (vii) facilitating innovation and entrepreneurship, (viii) ensuring accelerated development of strategic sectors, and (ix) supporting and promoting mindset change of the population towards the private sector.

### **Status of Selected Indicators:**

The key indicators selected to monitor progress towards the attainment of these objectives include:

- ease of doing business ranking;
- FDI net inflows;
- private fixed investment (as % GDP);
- number of days to register a business;
- the number of days spent on resolving commercial disputes; and
- domestic credit to the private sector as a percentage of GDP.

Overall the private sector showed some resilience in the face of severe domestic energy crisis and global economic instability during the greater part of the year. Economic activity picked up significantly as indicated by the overall GDP growth, private fixed investment, retail sales, and credit to the private sector.

The real GDP registered a significant growth of 6.2% and the Bank of Ghana's Composite Index of Economic Activity rose by 5.1%. Even though the agricultural sector continued to constitute the bulk of the GDP (about 33.8% in 2007), the major share of the GDP growth of about 2.9% (total of 6.2%) observed in 2007 was attributed to the Services sector comprising of. wholesale & retail trade, restaurants & hotels, finance, insurance, real estate and business services etc .

Outstanding credit to public and private institutions by deposit money banks rose by 64.6% at the end of the year, compared to 40.5% in 2006. Aggregate outstanding credit stood at Gh¢4,146.5 million (US\$4,450.71 million), out of which the private sector accounted for 80%. The stock market recorded significant improvements. The GSE All-Share index, which measures the stock market performance and the private sector access to equity capital, showed an increase of 13.4% compared to 3.7% in 2006. Increases in equity prices and additional listings during the year marginally pushed up market capitalization by 0.4% to Gh¢11,750.7 million (US\$12,612.7 million).

A number of the bottlenecks associated with the private sector continued to be removed thereby impacting positively on the environment for doing business. The reduction in the number of days to register business (limited liability company) was 14 days in 2005 to 5 days in 2007, the reduction in number of days spent on resolving commercial disputes which also improved from 90 days in 2006 to 80 days in 2007, as well as the increasing access to domestic credit by the private sector which stood at 22.5% of GDP in 2007 compared to 18% in 2006, have all contributed to improve the environment for doing business (Table 3.1).

**Table 3.1: Private Sector Development**

<b>INDICATOR</b>	<b>Target in 2007</b>	<b>Indicator Level at 2005</b>	<b>Indicator Level at 2006</b>	<b>Indicator Level at 2007</b>	<b>Progress towards target</b>
1. Ease of Doing Business ranking	Within the first 55 countries in the world by 2009	102	94	87	Steady progress
2. Complementary Indicator: Composite Index of Economic Activities (CIEA)					

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
CIEA – Nominal Movement =	Na	225.39%	285.69%	341.84%	
CIEA – Year-on-Year growth (Nominal) =	Na	19.28%	26.8%		
CIEA – Real Movement =	Na	160.43%	140.17%		
CIEA – Year-on-Year growth (Real) =	Na	10.71%	-12.6%		
3. FDI net inflows (in millions of US\$)	Na	144.97	434.50	501.20	Significant improvement over the previous year's level
4. Private fixed investment (as % GDP)	18%	17%	17.4%	18.3%	Target exceeded
5. Number of days for registering a Limited Liability Company	6	14	5	5	Target exceeded
6. The number of days for resolving a commercial disputes	120	185	90	80	Target exceeded
7. Domestic credit to the private sector as a ratio of GDP	19.6% by 2009	14.9%	18.0%	22.5%	Target exceeded

Source: MOTIPPSI/BOG, 2007

According to the “Doing Business Report” for 2007 issued by the World Bank, the ease of doing business ranking for Ghana has improved from 94<sup>th</sup> position in 2006 to 87<sup>th</sup> in 2007 out of 175 countries assessed. Subsequently the confidence of business improved and FDI net inflows increased from US\$144.97 million in 2005 to US\$501.20 million in 2007.

Strong investor confidence (both domestic and foreign) in the economy led to an increase in the private fixed investment of 18.3% of GDP in 2007, compared to 17.4% in 2006.

**Box 3.1: Overview of FDI in 2007:**

In 2007 about 305 projects were registered by the Ghana Investment Promotion Centre (GIPC), representing a 28% increase over the number of projects registered in 2006 (238). Major sectors were manufacturing, trading and services. The total estimated value of the projects was Gh¢5.27bn (US\$5.67 bn) against the Gh¢ 2.22bn (US\$2.36 bn) of 2006.

The total new cash investments for 2007 was Gh¢1.15bn (US\$1.2bn), made up of Gh¢1.01bn (US\$1.08bn) of re-investments by existing companies (capital goods imported) and initial equity transfers of Gh¢144.06 million (US\$154.9mil) for newly registered enterprises. For the same period last year, Gh¢787.87 million (US\$847.17 million) of re-investment and Gh¢50 million initial equity transfers was recorded.

The FDI component for 2007 was Gh¢5.18 bn (US\$5.56 bn) and a local currency component of Gh¢92.93 million (US\$99.9 million). In 2006 the FDI component of the registered projects was Gh¢2.15bn (US\$2.31 bn) with a local component of Gh¢46.86 million (US\$50.38 million). The expected employment to be generated from the 305 projects registered during the year is 25,367 and this is almost double that of the same period in 2006, when 12,044 jobs were expected to be generated.

However the area where challenges exist relate to weak capacity and low competencies at the firm level to efficiently take advantage of the emerging opportunities in the economy. There were a number of on-going initiatives to address these constraints in order to position the domestic firms to operate competitively at the international and national levels. These initiatives focus on providing general business support services; training/extension; technology development; and business ethics.

**Key Policy Measures and Strategies:**

The following specific policy measures were pursued in 2007 to support Private Sector Development:

*Improve Ghana's Competitiveness in the Global Market*

To enhance Ghana's competitiveness in global and regional markets, policy reforms continued to be implemented to lower trade barriers, lower cost of doing business and promote greater efficiency among local entrepreneurs. The following are the major policy interventions pursued in 2007:

### **i. Trade Policy**

Under this priority area, the planned activities under the Trade Sector Support Programme (TSSP) continued to be implemented. Government continued to explore various trade initiatives such as AGOA, ACP – EU Cotonou Partnership, and NEPAD among others to promote private sector led trade. The highlights of activities undertaken in 2007 include the following:

- *Multilateral Trade*
  - Work on drafting the Consumer Protection Bill begun in 2007, and is expected to be completed in 2008. Also, contract for drafting of the Competition Bill was awarded and work begun, with inception report due in second quarter 2008.
- *Trade Facilitation*
  - The inter-agency meetings by key institutions involved in trade facilitation which was initiated in 2006 by Ministry of Trade, Industry, Private Sector and Presidential Special Initiatives (MOTIPSD/PSI) continued in 2007. An Inter-Agency Committee has subsequently been formed to review and improve on the quality of trade data generated from the GCNet. Also a study to review the valuation procedures has successfully been completed and final report submitted to CEPS.
  - Meanwhile the services of consultants were procured to design Customized Doing Business Methodology, as well as carry out “Trading Across Borders” indicator survey of which a pilot methodology has already been validated.
- *Import-Export Regime*
  - The process of upgrading export training programmes and facilities begun and it was expected to be completed after the National Export Strategy has been prepared. Evaluation of the technical proposal for the strategy was completed and consultants were expected to complete their work by second quarter of 2008.
  - A study on the impact of tariffs on companies which begun in 2006 has led to the development of rules and regulations to guide the work of the Tariff Advisory Board when established. The technical secretariat of the Board was established and training in tariff impact analysis for core personnel has been completed.
  - Following the development of methodology for computing the effective rate of protection in 2006, an electronic template for determining effective rate of protection was created in 2007, and data from the tariff survey was successfully used to test the model. The template was ready for use in tariff impact analysis and there was on-going education to orient organizations to provide accurate and consistent data to facilitate effective analysis.
- *Export Trade Support Services*

- To further improve on export trade support services, the processes of trade promotion agencies was harmonised, and an export strategy was developed by the Ghana Export Promotion Council. In addition the Ghana Export Promotion Council (GEPC) Export School was upgraded to provide high quality export management training.
- Under the Export Development Investment Fund (EDIF) an amount of Gh¢16.5 million (US\$17.65 million) was disbursed to 50 companies operating in various sectors of the economy in order to strengthen their capacities in non-traditional exports. This was complemented by a Gh¢50,000 (US\$53,500) programme, rolled out by GEPC to support exporters to have access to international exporting companies.
- The Ghana Export Promotion Council (GEPC) facilitated the participation of 35 companies and 4 product associations in the various trade and investment shows abroad, and embarked on extensive mango nursery projects at Kpeve, Salaga, Nkonya and Sege to get potential planting materials for mango growers.

## **ii. Quality Standards:**

Key measures to enhance Ghana's competitiveness in 2007 included the following:

- separating core services (standards and technical regulations) from non-core services (testing and quality assurance), while outsourcing limited activities to the private sector.
- streamlining the process by which Technical Regulations are drawn up to ensure that they meet international standards.
- Ghana Standards Board (GSB) embarked on a number of campaigns to educate the private sector on the need to obtain international quality standards certification such as ISO 9000 and 14000 to enable Ghanaian products penetrate global markets.
- effort was made to complete the designing and hosting of an interactive website for SPS/TBT National Enquiry Points. The website is expected to provide information to exporters on standards and technical regulations required by international markets, including an SPS/TBT alert system to enable the Enquiry Point send alerts to exporters and importers.
- GSB upgraded its metrology laboratory in mass, temperature and pressure, with the aim of obtaining accreditation under ISO 17025 by March 2008. To complement this effort, a comprehensive audit of key public laboratories was carried out to assess their upgrading and accreditation requirements.
- 32 standards (out of the planned 51) were developed, while a total of 116 were adopted to support industries and to promote public safety. Inspection and calibration of 3,513 Industrial Instruments, 26,672 fuel pumps and accessories, 5,030 Trading scales and 148 weighbridges were undertaken to enhance fair trading practices.
- Supported industry and promoted export of fruits/vegetables as well as ensure public safety, 4,656 food and agricultural samples, 149 pesticide residue and 4,372 drugs/cosmetics samples were analyzed to verify compliance to quality standards.
- Enhanced traceability of products a discussion begun with the Institute of Packaging on monitoring of data and storage of information to promote the adoption of bar coding system by private entities. A pilot survey was conducted on palm oil sold within Accra and Tema Metropolis, as part of a nationwide survey to identify artificial colorants and other additives used in producing local foods and drug.

## **iii. Investment Promotion**

The GIPC is the main institution of government responsible for promoting investment in the country. The medium term objectives of the centre are to:

- create a ‘one stop shop’ for both international and national investor approvals;
- reform investment regulations and advocate for an enhanced investment climate;
- develop partnerships and networks between potential and actual investors and policy makers; and
- target overseas investment promotion initiatives.

China and India continued to be the major sources of foreign investment. Others include Lebanon, UK, USA, Germany, the Netherlands, Nigeria, France, South Africa, Korea, La Cote d’Ivoire, Benin, Austria, Bahrain, Sweden and Cyprus. An overview of the implementation of priority activities in 2007 shows the following:

- the GIPC established an inter-agency monitoring team to ensure that all enterprises with foreign participation operating in the country complied with the regulations in the GIPC 1994, Act 478. This special exercise which started in Accra resulted in some of these companies meeting the minimum requirements of the law.
- all wholly Ghanaian owned companies were registered to establish a credible database of wholly Ghanaian owned companies, the sectors in which they operate, level of employment and other details. In all nineteen new wholly Ghanaian owned companies were registered with seven in the manufacturing sector, five in general trading, one in tourism, three in the services sector, one in export trading and the remaining two in agriculture.
- twenty-six delegations from Italy, China, the Netherlands, USA, South Africa, India, France, Lebanon, Sweden, Germany, Israel, Malaysia, South Korea, Turkey, U.K. and Denmark were hosted by GIPC with a view to exploring trade and investment opportunities.
- the Divestiture Implementation Committee (DIC) set out to complete the divestiture of some eighteen companies including the sale of government’s shares in five joint venture companies and another five large state owned enterprises. The companies involved include:
  - GIHOC Meat Products - Tema
  - GNTC Dept Store Building - Takoradi
  - GNTC Property – Dunkwa-On-Offin
  - GNTC Property – Agona Swedru
  - Ghana Consolidated Diamonds – Akwatia
  - Western Veneer & Lumber Co - Takoradi
  - SCC Yard 2 – Koforidua
  - SCC Yard - Bolgatanga

### **i. Macroeconomic Environment**

The enhancement of the macroeconomic environment and the stability of the key macroeconomic indicators are essential in promoting efficiency of the national market. The following are the highlights of the major activities undertaken in 2007 to enhance the macroeconomic environment:

- to improve the participation of the private sector in the macroeconomic policy formulation and implementation, three workshops were organized by Ministry of Finance and Economic Planning (MoFEP) to solicit inputs into the national budget from civil society and identifiable groups like AGI, FAGE, PEF, GNCC, etc.
- extensive pre-budget consultations and fora were organized, including a special Trade and Industry Forum, organized by the Public Private Dialogue Unit of MOTIPSD/PSI in September 2007, which provided a platform for the private sector to directly contribute to the 2008 Budget Statement and Economic Policy.

### **ii. Financial Sector Reforms**

The implementation of financial sector reforms embarked upon under the Financial Sector Strategic Plan (FINSSP) continued in 2007. The highlights of some of the key activities undertaken in 2007 are as follows:

- signing of bilateral MOU under the IOSCO by the Security and Exchange Commission (SEC) with South Africa to enhance cross border collaboration.
- listing of five new corporate entities on the Ghana Stock Exchange as a result of increased awareness of the benefits of the capital markets.
- sixteen (16) out of 20 banks have signed on to have their quotes on the real time dealer screen which is part of the initiative to acquire equipment to support gathering and dissemination of market information.
- creation of excess liquidity as a result of the removal of secondary reserve requirement, and restructuring of government debt instrument towards longer maturities. In addition, declining base rates resulted in credit growth to the private sector.
- Bank of Ghana achieved 70% compliance with Basel Core principle as determined by World Bank/IMF BCP ROSC review through investment in training in both on site/off site and risk based supervision programmes.

### **iii. Public Sector Reform**

The activities implemented under the public sector reforms in 2007 continued to focus on the key areas of the reforms, including implementing the recommendations of the institutional review, establishment of client services units, implementation of customer charters, and delivery of the culture change programmes. Highlights of activities included the following:

- Client Service Units (CSUs) at Town and Country Planning, CAGD head office, PRAAD and RGD were all refurbished, while those for VAT, CEPS and IRS were 70% completed.
- about 22 front office staffs of RGD were trained in customer care and service delivery. Public sensitisation on new ways of doing business at RGD ended and it is expected that improved public awareness of the functions and procedures would improve compliance and also change the organization's image.

- websites were developed for BDR, DVLA and PURC, while those for GSB and NCA has begun.
- service charters/citizens charters were printed for VAT, CEPS and IRS.
- A request for proposals (RFP) was issued by management for the automation of front and back office operations of DVLA. The automation forms a critical success factor for the implementation of the new processes and recommendations from the business process review exercise.
- preparatory work towards the implementation of the culture change programme began and it is projected that over 1500 staff would benefit in 2008.

***Internal Revenue Service (IRS) –Implementation of Recommendations made by the Foreign Investment Advisory Services (FIAS)***

In relation with the recommendations of the FIAS regarding IRS, the following activities were undertaken in 2007:

- consultations on computerization programme for Tax Districts in the Accra-Tema Metropolitan area began, and a Transaction Advisor appointed.
- quality assurance and compliance division was set up in all regional offices to review tax payer files from district offices to ensure compliance to operational procedures.
- enforcement of tax stamp mode of payment continues in all tax districts. Proportion of tax stamp contribution to total revenue improved from 0.15% recorded at the end of 2006 to 0.21% at the end of December, 2007. Self-employed contribution to total collection increased marginally from 5% in 2006 to 5.6% at the end of December, 2007.
- training programmes to improve the supervisory skills of all fifty one (51) IRS District Managers were organized, while 140 staffs were trained in basic computer applications.
- enforcement of the use of the Tax Collection Manual continued in 2007, and currently all the 50 District Offices of IRS were using the manual.

***Customs Reforms – Customs, Excise and Preventive Service (CEPS)***

To enhance customs clearance procedures & trade data generated through the GCNet/GCMS, the following initiatives were undertaken in 2007:

- all the major customs posts comprising Tema, KIA, Jamestown collection, Takoradi, Aflao, Elubo, Paga and Kulungugu were connected to GCNet. The necessary infrastructure was put in place to connect Hamile in the Upper West Region by the first quarter of 2008. Also all registered and licensed Clearing Agents were connected to the GCNet/GCMS to facilitate sending of FCVRs to CEPS.
- customs declarations at all major ports and frontier stations can now be obtained on-line and declarants can access GCMS remotely from their premises. Key licensing and import & export permit issuing authorities such as Shippers Council, GIPC, Ghana Standards Board, Free Zones Board, and the Minerals Commission were connected to the GCMS.
- training were conducted on WTO Valuation procedures for stakeholders and there is an ongoing arrangement by which CEPS officers are attached to Destination Inspection Companies to acquire skills in valuation. A valuation tool was activated in GCMS to enable CEPS compile values of similar and identical goods for comparison during commodity valuation.

- a satellite tracking mechanism for monitoring transit cargo was activated in GCMS, and this has made it possible for CEPS to monitor cargo in transit along the Ghana corridor.

#### ***Business Registration Reforms:***

The highlights of activities implemented in 2007 under these reforms include the following:

- Registrar-General's Department (RGD) was connected to the TIN centre, and this has made it possible for the names and details of registered companies to be uploaded onto the IRS system on a regular basis.
- orientation training programme was organized for members of staff of RGD in customer service, leadership, and change and performance management.
- Kumasi and Takoradi offices of the RGD were made operational, while the establishment of Tamale office was in progress.
- construction of customer friendly front office for the RGD was commissioned. Daily takings from the public have increased 400% since the commissioning.

#### ***Judicial Service Reforms***

The objective of reforming the judicial system in order to make it more responsive to the business community and ensure overall confidence in the judicial system remains paramount. The highlights of activities in 2007 towards the attainment of this objective are as follows:

- a programme to equip 5 Circuit Courts in Kumasi, Takoradi, Cape Coast, Sunyani and Koforidua, as well as deliver training in customer care and anti-corruption practices to commercial and fast track court staff was initiated. Also process servers and bailiffs in various courts were selected for training on their roles in ensuring speedy contract enforcement.
- the schedule of fees charged was amended and number of cases filed at the commercial court has increased by 60%.
- with a view to promote the use of mediation outside the commercial courts an ADR desk was established by the Judicial Service. Cases from other high courts were referred for mediation through the National Alternative Dispute Resolution (ADR) Secretariat. Trained mediators were assigned to 9 out of 12 district courts in Accra. Plans initiated to extend the court connected service/facility in stages to the regional capitals and districts.
- a general programme to roll-out ADR to district courts commenced with the recruitment of personnel in Central, Western, Eastern and Volta Regions. About 8 district courts including those of Cape Coast, Elmina, Sekondi/Takoradi, Tarkwa, Koforidua and Ho were selected for the initial phase of the programme, while 113 lawyers were identified in these areas for training in ADR and commercial court processes.
- over 75% of all cases that were brought before the commercial courts in 2007 were settled through ADR (mediation). A draft ADR process manual and guidelines for use in the commercial court was ready for publication.
- two high court judges of the commercial court were trained in foreign investments and investor-state dispute settlement, while 5 zonal sensitization workshops were organized for the Regional Bar and stakeholders on the operation of the commercial court. To improve the awareness of the ADR mechanism 4 workshops were held

for 200 members from AGI, EMPRETEC, Chamber of Commerce, as well as MSME.

### ***Business Law Reforms***

Under this initiative, approval was obtained for the appointment of the Business Law Reform Advisory Council to work with the Implementation Task Team which has so far been established in the Ministry of Justice (MOJ). Approval was obtained for the appointment of Business Law Reform Commission to expedite work on the review of the companies Code. MOJ organized an open dialogue with the private sector to solicit views on specific reform issues.

### ***Strengthening Firm's Competency and Capacity***

There were a number of on-going initiatives to address firm level constraints affecting the competence and capacity of firms. Highlights of the activities towards increasing competence and capacity at firm level in 2007 include the following;

- in the area of general business support services, technical and financial proposals in respect of the development of a branding strategy were evaluated for approval by the Entity Tender Committee. An implementation plan to provide communication support to private sector was being developed.
- a process begun to assess the future skills requirements of industry in order to be able to provide the relevant training/extension services to firms.
- the National Industry Policy which is expected to provide the framework for industrial development is being developed. The process for recruitment of experts to develop the policy begun.
- the Ministry of Trade, Industry, PSD and PSI has secured a loan facility of US\$150m for the development of the MSME sector.
- as part of the District Industrialization Programme (DIP), the old structures of the Pwalugu Tomato factory now Northern Star Tomato Company, were refurbished and new plant installed. Test was successfully conducted and the factory was commissioned. Volta Star Textiles (formally Juapong Textiles Limited) was successfully re-commissioned and is now in operation.

### ***Enhancing Government Capacity for Private Sector Policy Formulation, Implementation, Monitoring and Evaluation***

Priorities change over time due to changes in global environment, thus creating a shift in the environment in which private sector operates. To be able to understand the changes and address the challenges that come with it in the private sector environment, government's capacity to formulate, implement, monitor and evaluate private sector development policy need to be strengthened. The highlights of the activities undertaken in 2007 in this respect were as follows:

- to establish and implement a structured mechanism to provide regular Public-Private Dialogue forums and feedback, the bi-monthly breakfast meetings with the private sector, and bi-annual Trade and Industry fora continued to be organized. A Trade and Industry forum was held in September 2007 to collate views of the private sector for the preparation of the government Budget Statement and Economic Policy for 2008.
- in terms of management and coordination of policy relating to the private sector, the implementation plan for PRIA/PIET tools, which was approved by government

in 2006 to strengthen Government decision-making, was prepared. A PIET/PRIA Unit was expected to be established at the Cabinet Secretariat in 2008.

- to monitor policies aimed at the development of the private sector a pilot Management Information System (MIS) was developed, tested and installed. MIS application training was conducted for participating MDAs and the rolled out plan was finalized. Also the “Doing Business Survey methodology” was customized and pilot tested for 2 indicators. The main survey was expected to commence in February 2008.

### 3.2.2. Modernized Agriculture

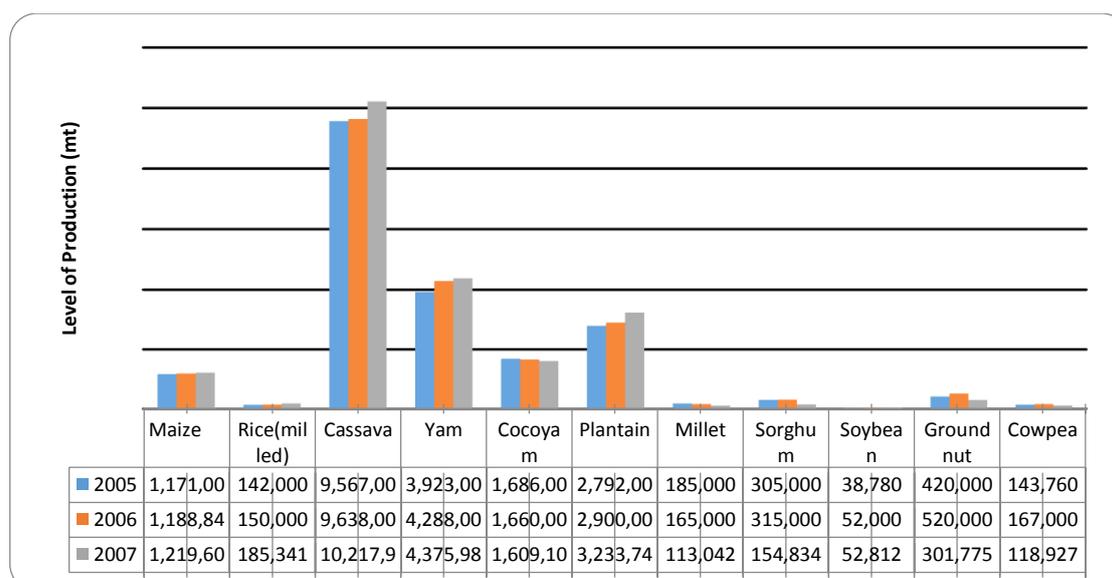
#### Status of Selected Indicators:

Agricultural sector policies under the GPRS II are aimed at achieving: (i) sustainable increase in agricultural productivity and output to support industry and provide stable income for farmers; (ii) food security for all and increase the access of the poor to adequate food and nutrition; and (iii) the development and strengthening of the requisite institutional capacity to support increased productivity.

The key indicators selected to monitor progress towards implementation of policies include the following:

- the percentage change in the yield of selected traditional crops;
- percentage change in volume of export and the value of non traditional crops;
- percentage of cultivated lands under irrigation;
- the share of credit to agriculture, forestry and fisheries by Deposit Money Banks (excluding cocoa);
- per capita production of key staple foods;
- farm and non-farm household incomes; and
- ratio between subsistence crop/livestock and commercial crop/livestock farming.

**Figure 3.1: Production Levels of Selected Staple Food Crops (2005-2007)**



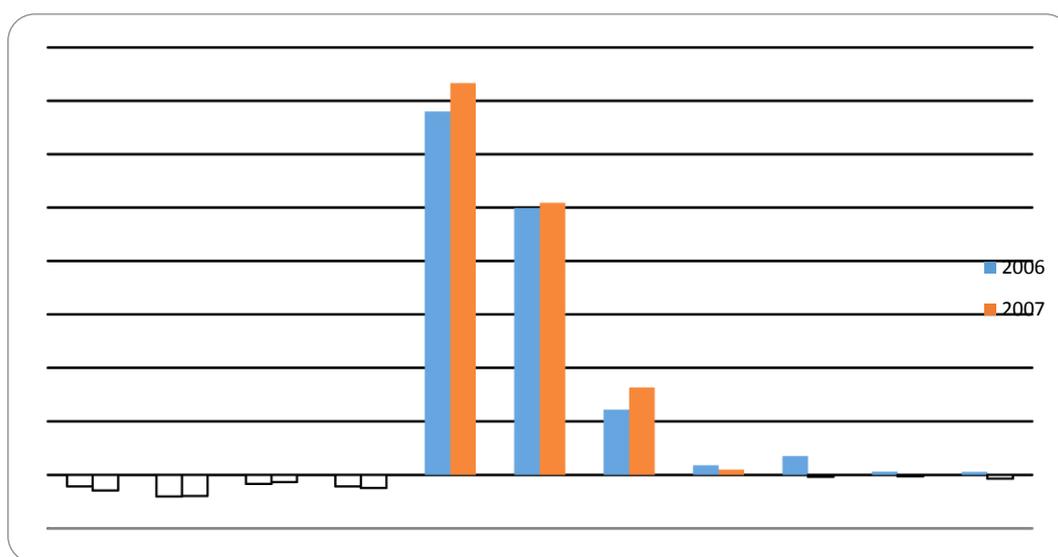
Source: MOFA, 2007

Review of performance in 2007 showed that agriculture continued to be the largest share of the country’s GDP, representing 33.8% in 2007, even though its growth rate

declined from 4.5% in 2006 to 3.1% in 2007. Total domestic production of major staple foods recorded a modest increase from 21,044,000 metric tonnes in 2006 to 21,583,008 metric tonnes in 2007 representing 2.6% increase (Figure 3.1).

Total production for human consumption in 2007 far exceeded the national consumption (16,347,000 metric tonnes) far exceeded national consumption needs of 9,863,200 metric tonnes, implying that food security of the country was met. The total surplus recorded for all staples was estimated at 6,483,800 metric tonnes in 2007 as compared to 6,334,830 metric tonnes in 2006. This was accounted for by root and tuber crops which received a major support under the Root and Tuber Integrated Programme (RTIP) in 2007 (Figure 3.2).

**Figure 3.2: Supply and Demand of Key Staples (Deficit/Surplus MT)-2006 – 2007**

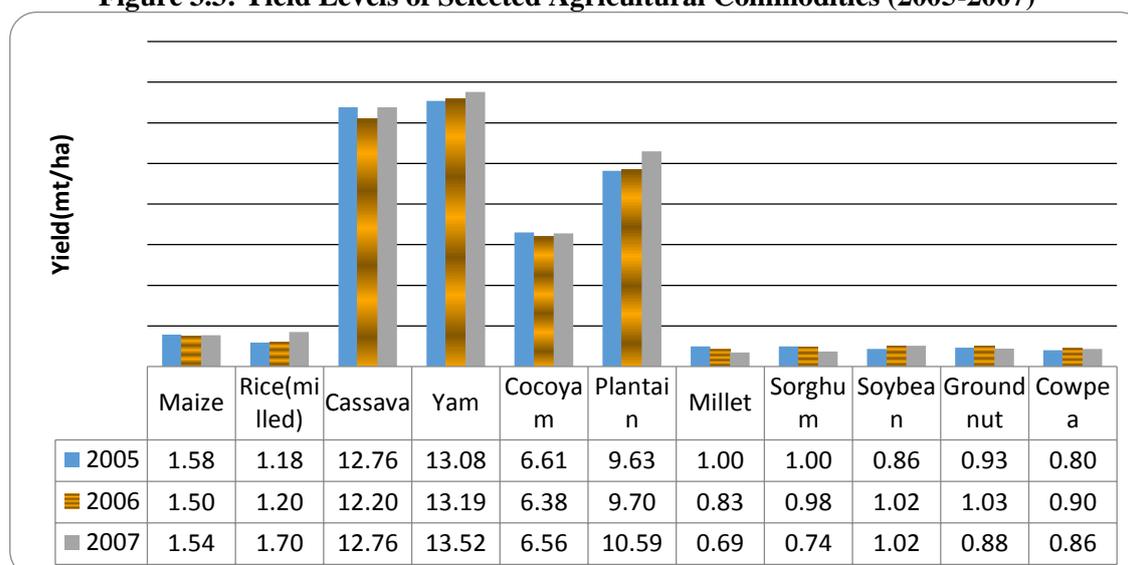


Progress made in specific areas of the GPRS II is as follows:

***i. Sustainable Increase in Agricultural Productivity and Output:***

Productivity of five of the major staple crops including millet, sorghum, groundnut, cowpea and cocoyam continued to decline during the year (Figure 3.3 and Table 3.2a), primarily due to the flood that hit the northern part of the country in 2007. However, there were increases in yields of maize by 2.7%, rice by 41.7%, cassava by 6.0%, yam by 2.04% and cocoyam by 2.8%. This represents a reversal of the trend in 2006 in which yields of maize and cocoyam declined.

**Figure 3.3: Yield Levels of Selected Agricultural Commodities (2005-2007)**



Source: MOFA, 2007

Overall total output continued to increase with rice and plantain recording the highest increases of 23.6% and 11.5% respectively over the previous year. The increased rice production has been attributed to the Inland Valley Rice Development Project and the NERICA Rice Development Project which supported farmers with improved varieties of seed, agro-chemicals and extension services. On the other hand, the increases in plantain production has been attributed to the Agricultural Improvement and Land Access Programme (AILAP) in Brong Ahafo Region and the *Taungya*<sup>1</sup> system of farming practiced in Ashanti and part of Western Region which are the major producing areas of plantain in the country. Aside these, there were marginal increases in maize, cassava, yam, and soya beans production. However, the production of millet, sorghum, cocoyam, groundnut and cowpea reduced by 31.5%, 50.9%, 3.1%, 42.0% and 28.8% respectively from 2006 to 2007. This is attributed to the drought and floods that occurred in the northern part of Ghana which is the major producing area of most of these crops.

**Table 3.2a: Productivity of Crops and Livestock**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Change in yield of selected traditional crops and productivity of livestock.					
Maize	0.39	0.01	-0.08	0.06	Significant progress. Maize, Rice and Cassava recorded positive outturns compared to 2006 when they recorded a decline.
Rice(milled)	1.17	- 0.02	0.02	0.50	
Cassava	0.57	0.56	- 0.56	0.63	
Yam	0.49	0.58	0.11	0.33	
Plantain	1.5	1.61	-0.38	0.45	
Cocoa	0.10	0.46	0.46	0.58	
Poultry	0.12	0.11	Na	Na	
Sheep	0.08	0.03	Na	Na	
Goat	0.05	0.04	Na	Na	
Cattle	0.11	0.01	Na	Na	

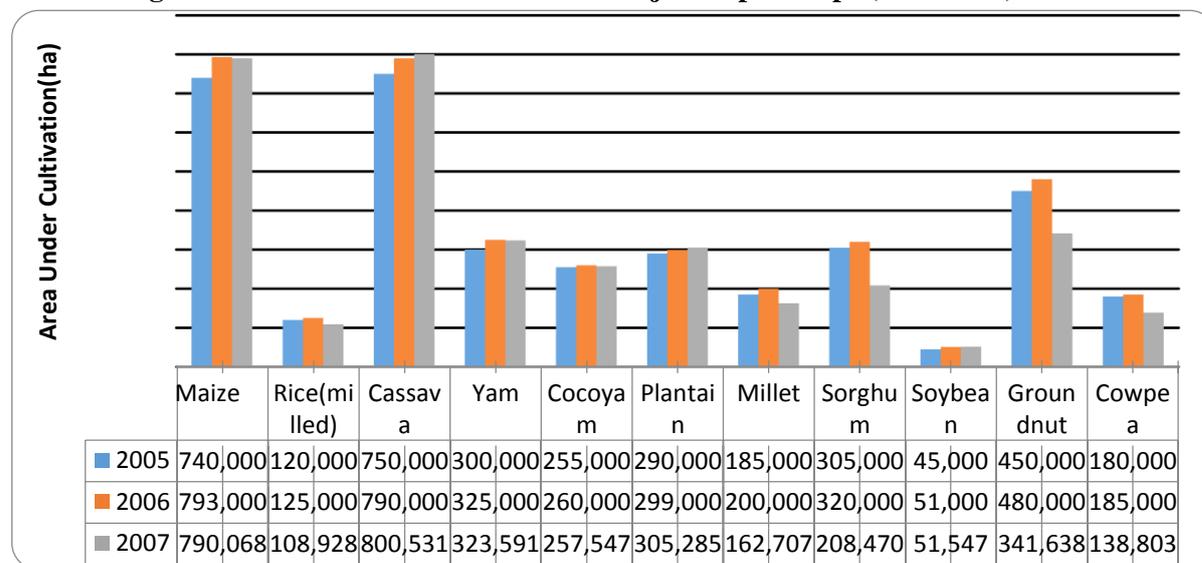
<sup>1</sup> Taungya system is a system of farming where forest reserve is released to farmers to plant plantain alongside trees

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
2. Percentage change in export volume and value of non traditional crops.					Slow progress
Pawpaw					
Volume =( 3,751,947Kgs in 2004)	200	-14.40	-54.0	-37.56	Declining pattern observed in the value and volume of some export crops in 2006 persisted in 2007.
Value =(US\$1,226,695 in 2004)	200	-11.85	-35.0	8.94	
Mango					Total volume of pineapple and pawpaw declined in 2007, while mango and banana recorded increases in export volumes
Volume = (375,911Kgs in 2004)	400	8.33	-52.0	351.45	
Value =(US\$163,850 in 2004)	400	-17.88	-34	1099.6	
Pineapple					
Volume =(71,804,617Kgs in 2004)	400	-74.41	196	-33.4	
Value =(US\$13,316,459.48 in 2004)	400	-42.07	33.0	-29.40	
Banana					
Volume =(725,365Kgs in 2004)	1500	53.94	1,830	17.79	
Value =(US\$208,938 in 2004)	1500	119.65	1,291	-3.54	

Source: MOFA, 2007

Another significant trend observed in 2007 is that the increases in output resulted from land intensification instead of land expansion as was observed in 2006 (Figure 3.4). Available data indicate that area cultivated for selected major crops reduced while production increased, an indication of farm intensification. This observation is supported by the increasing trends in the consumption of fertilizer and other agro-chemicals reported across the country.

Figure 3.4: Area under Cultivation of Major Staple Crops (2005-2007)



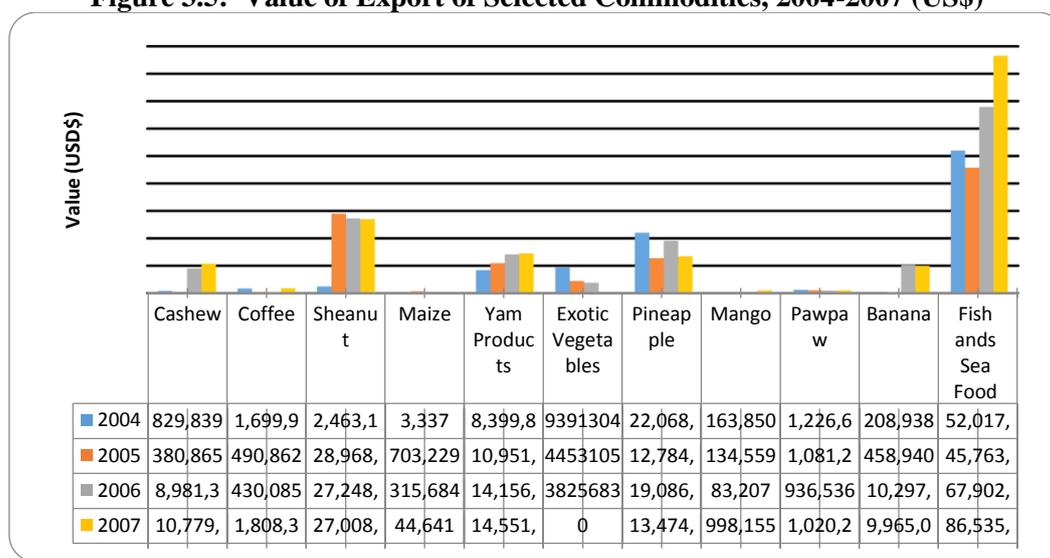
Source: MOFA, 2007

In the livestock subsector, available estimates show that the rate of growth in the production of the various species has increased by an average of 4.2%, compared to 4% observed in 2006 (Cattle; 1.1%, sheep; 3.2%, goat; 5%, pigs; 3%, and poultry; 9%). It is estimated that a total of 1,407,000 cattle, 3,421,000 sheep, 4,196,000 goats, 491,000 pigs and 37,038,000 poultry were raised in 2007, while a total of 19,938 head of live animals (cattle, sheep and goats) were imported compared to 185,277 head of live animals in 2006. The observed increases in the livestock production has been attributed to the increasing numbers of Community Livestock Workers (CLW) used by the Animal Production and Veterinary Services Directorates in making animal health and care accessible to livestock owners and caretakers as well as the early warning systems

put in place by the Veterinary Services Directorate to reduce livestock mortality rates in the country. On the other hand the fall in imported live animals has been attributed in part to the conflicts in several parts of the northern regions which represent the entry point for these imports, the bulk of which (about 99.8%) originates from the Sahelian countries of Burkina Faso; Mali and Niger.

The declining pattern observed in the value and volume of some export crops in 2006 persisted in 2007. Available data indicates that total volume of maize, pineapple, cashew, yam, pawpaw and sea foods exported declined in 2007, while coffee, mango and banana recorded increases in export volumes. The value of these crops exported is as shown in figure 3.5, with fish, and sea food, and cashew recording the highest increases in value.

**Figure 3.5: Value of Export of Selected Commodities, 2004-2007 (US\$)**



Source: MOFA, 2007

### **Key Policy Measures and Strategies:**

The attainment of the overall objective of the Growth and Poverty Reduction Strategy (GPRS II) is anchored on the Agricultural Sector showing a strong growth, and leading to increased productivity, employment and incomes. In line with this, the following policy interventions received attention during the year:

### **Crops Sub-Sector**

The Ministry of Food and Agriculture (MOFA) continued to supply quality seeds and planting materials to farmers to boost increases in crop production.

### **Grains and Legumes:**

Under its cereal programme, the Grains and Legumes Development Board (GLDB) produced 70 metric tonnes, 16 metric tonnes and 2 metric tonnes of maize, rice and sorghum foundation seeds, respectively, for the production of 3,500 hectares of certified seeds of maize and 400 hectares each of rice and sorghum seeds by seed growers.

In addition, 20 metric tonnes of rice foundation seeds and 405 metric tonnes of certified rice seed were harvested under the Nerica Rice Development Project (NRDP). Under

the legumes production programme, GLDB also made available 16 metric tonnes and 40 metric tonnes of cowpea and soybean foundation seeds to farmers for the production of certified seeds.

### ***Roots and Tubers:***

To increase the production of root and tuber crops in the country, varietal trials for cassava, yam, cocoyam, sweet potato and Frafra potato were carried out at various locations under the Roots and Tubers Improvement and Marketing Project (RTIMP). This was to select high yielding varieties for multiplication and distribution to farmers. Also, GLDB produced about 100,000 high yielding plantain suckers for farmers to plant 60 hectares of plantation for the multiplication of plantain planting material. These farmers were trained on improved technology for plantain production through demonstrations and provision of production guides.

### ***Horticulture:***

Activities were implemented to increase the supply of seeds and planting materials for horticultural crops. To supply quality planting materials to farmers in the cashew industry, about 4 metric tonnes of improved cashew nuts seed were procured from Benin for distribution to farmers for planting. Also GLDB produced 20,000 citrus seedlings at the Afraku nursery in the Ashanti Region for supply to farmers for cultivation in order to promote citrus cultivation.

In response to the high demand of MD2 pineapple variety on the world market, Ministry of Food and Agriculture supplied 1,000,000 plantlets of MD2 to 20 nursery operators (farmers) for the production of 6,000,000 units of pineapple suckers for small holders. Also the rehabilitation of Shed 9 at Tema Harbour was completed to improve the export of the horticulture crops.

Under the Cashew Development Project, about 15,258 unproductive cashew trees were grafted with scions, and Ministry of Food and Agriculture facilitated the establishment of about 901.8 hectares of new cashew farms.

### ***The Cocoa Industry:***

During the 2006/2007 crop season, a total of 614,469 metric tonnes of cocoa were declared purchased and the producer price paid per tonne of cocoa was Gh¢915.00 (US\$979.05), representing 72.2% of the net f.o.b price. The producer prices paid to Ghanaian farmers has increased nearly 300% since 2001 when farmers were paid Gh¢347.50 (US\$371.83) per metric tonne.

The tarring of a number of feeder roads in the cocoa growing regions, in Ashanti, Brong Ahafo, Eastern, Central, Volta and Western continued in 2007. Another 531 km of roads were expected to be tarred at a total contract sum of Gh¢47,240,000.00 (US\$50,460,800.00). Major cocoa roads were also rehabilitated and new roads constructed to create easy access to the cocoa growing areas of Ghana.

The Cocoa Diseases and Pests Control Programme was continued in 2007 and in all, 627,750 cocoa farms and 607,827 cocoa farmers had their farms sprayed with either fungicides or insecticides against the black pod disease and capsid respectively. The

total area covered was 2,282,549 hectares, of which 838,006 hectares were under the black pod control and 1,444,543 hectares under the capsid control. The programme also employed 50,575 youth from the remote communities for the spraying exercise. For the 2006/2007 crop season an amount of Gh¢63,782,402.89 (US\$68,247,170.95) was spent on fertilizer purchases.

Under the Cocoa Farmers Housing Scheme, two houses out of the expected ten houses were completed, while the remaining were at various stages of completion. It is expected that additional twenty housing units will commence in the first quarter of 2008. The experience from the pilot phase will enable the Department of Rural Housing (DRH) replicate the project in other cocoa growing regions of Ghana at a much faster pace than before.

### **Plant Protection and Regulatory Services**

To reduce the frequency of interception of agricultural exports to foreign markets, as well as ensuring compliance with phytosanitary regulations and pest free trade in agricultural produce, 52 Wood Packaging Materials (WPM) manufacturers were trained and accredited with certification that meet International Standards for Phytosanitary Measures (ISPM) No. 15. Also in order to control the Larger Grain Borer (LGB), 35,000 bioagents of *terrestrius nigrescens* as well as 805,000 bio-agents of *typhrodromalus manihoti* were produced and released.

### **Irrigation**

Fifty one (51) new dams, dugouts and boreholes were constructed in 2007. This was made up of 39 dugouts and small dams and 12 boreholes. About 80 boreholes were expected to be constructed but only 12 were completed due to technical problems.

Under the Small Scale Irrigation Project, an area of 100 hectares was developed and handed over to farmers for cropping while another 2,236.5 hectares were being developed. Programme on tapping underground and surface water for irrigation purposes was also in progress. In the Dangme West and Accra Metropolitan Assembly 15 mechanized boreholes were drilled in a pilot programme.

The Ghana Irrigation Development Authority (GIDA) prepared a draft National Irrigation Policy, Strategy and Regulatory Measures to support the development of irrigation. To increase public-private partnership, about 280 farmers from 14 irrigation schemes were provided with training in Joint Irrigation System Management (JISM). Civil works for the rehabilitation of major irrigation facilities such as Weija, Aveyime, Afife, Kpando Torkor, Tanoso and Subinja, Bontanga, Sata and Akumadan schemes were completed.

### **Agricultural Mechanization Services**

The use of animal traction as a viable mechanization option was vigorously promoted. A total of 120 farmers (including 50 women) were trained in the technology as trainer-of-trainers. To enhance farmers' access to mechanized services, 900 tractors, 21 power tillers and 39 water pumps were assembled and distributed to individual farmers, farmer groups and district assemblies throughout the country.

## **Livestock Services**

As part of the livestock development programme the Ministry of Food and Agriculture supplied improved breeds of livestock to farmers and trained farmers in good animal husbandry practices. Key services and activities included:

- the supply of 339 pigs, 608 sheep/goats and 59 cattle as breeding stock to farmers;
- awareness creation on rangeland management,
- establishment of 139 acres of fodder bank to ensure the availability of fodder and the production of stylosanthes seeds;
- training of 1,721 ruminant farmers (1,308 males and 413 females) on hay silage conservation and utilization of forage; and
- training in the use of urea to treat crop residue (rice straw and maize stover) for use as feed in the dry season.

The Ministry of Food and Agriculture also secured permanent sites for the establishment of 2 communal grazing grounds at Maame Krobo in the Afram Plains District and Dawadawa in the Kintampo District, and it continued to train farmers on how to recognize, prevent and control African Swine Fever (ASF), Foot and Mouth disease, Contagious Bovine Pleuropneumonia (CBPP), New Castle Disease (NCD) and Pestes de Petit Ruminants (PPR).

For the control of endemic poultry diseases such as New Castle, 5 million doses of gumboro vaccines and 14 million doses of live newcastle disease vaccines were procured and administered in the poultry industry. The Accra Veterinary Laboratory produced 4,250,000 doses of I2 vaccines for the control of New Castle Disease in village chicken.

The increases in the number of Community Livestock Workers (CLW), and MoFA's early warning system led to the early detection of the bird flu (Avian Influenza). Follow up awareness creation was effectively used as a tool to prevent the spread of bird flu and other diseases and this contributed to the reduction of livestock mortality rate. Procurement and distribution of viral vaccines to the regions supported the growth of the poultry industry.

## **Formation of FBOs and Access to Services:**

Farmer Based Organizations (FBOs) have gradually become one of the main channels through which agricultural services are provided to farmers. The number of functioning FBOs increased from 3,949 in 2006 to 4,369 in 2007, representing 10.6%, while new FBOs created increased by 89.7% between 2006 and 2007. Out of 4,369 functioning groups 26.4% are accessing financial services, while 19.98% are accessing market information.

## **Agricultural Financing**

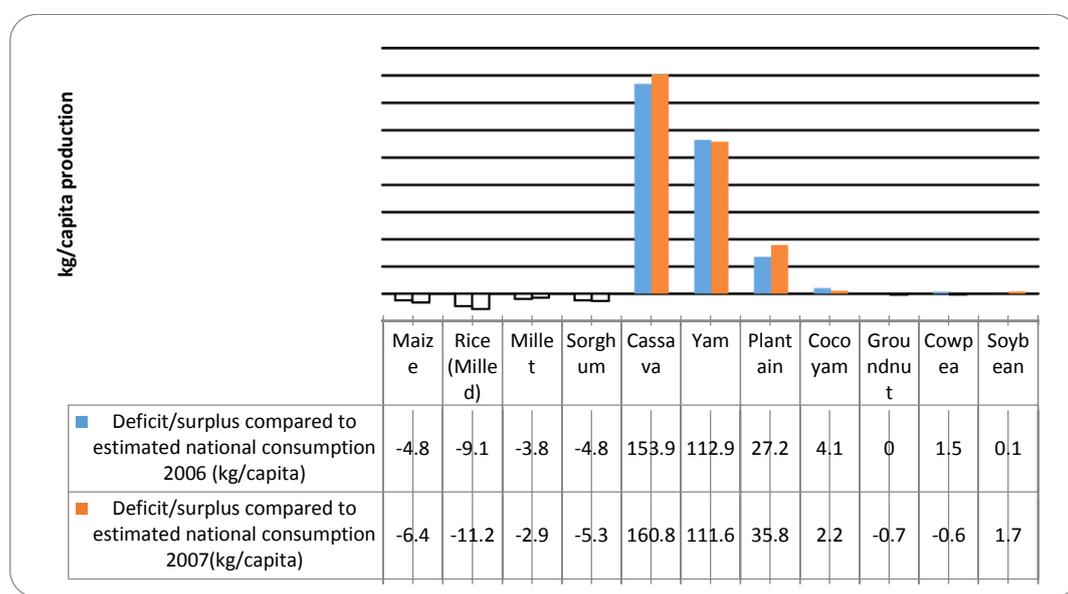
The major sources of financing agriculture in Ghana are the Deposit Money Banks, Small Loans and Credit Schemes operated by government through a number of MDAs, and microfinance schemes by NGOs. The Ministry of Food and Agriculture collaborated with the Agricultural Development Bank (ADB) to extend credit to a significant number of farmers under the National Livestock Development Project and Cashew Development Project. A total sum of GH¢544,238.92 (US\$582,335.64) was

disbursed as credit to farmer groups in production, storage, processing and marketing activities in the project districts.

**ii. Food Security and Increase in the Access of the Poor to Adequate Food and Nutrition:**

In terms of the per capita production of key staple foods, which is an important indicator of the level of food security, the results were mixed. Per capita production for both legumes and cereals decreased from 33.5kg to 20.5kg and 82.4kg to 70.2kg respectively from 2006 to 2007, while that for roots and tubers generally increased from 836.4 kg to 856.0kg over the same period. For cassava and plantain there were increases in per capita production by 2.8% and 8.8% respectively, while yam and cocoyam recorded marginal decreases in per capita production compared to 2006 (Figure 3.6).

**Figure 3.6: Per Capita Production of Key Staples (kg/capita), 2006 – 2007**



Source: MOFA, 2007

In general, production of roots, tubers (yam, cassava, and cocoyam) and plantain recorded a surplus of 310.4kg per capita over national consumption need in 2007, while cereals and legumes recorded a deficit. The reduction in per capita production of cereals and legumes were attributed to the natural disasters (i.e. floods, rainstorms and dry spells) experienced in the three northern regions and some parts of the Brong Ahafo, Western and Ashanti regions.

However, available data indicate that food access is improving with additional weekly food markets, better mobility of commodities and relatively good access road network. The number of food markets increased by 225 markets nation-wide representing an increase of 12.5% in 2007 over the 2006 level. The average weekly/daily number of food markets per district was estimated to be 14 with the minimum and maximum number of food markets per district being 7 and 44 respectively.

An analysis of available data indicates that farm incomes increased to nearly 63% of all household incomes of most farmers in 2007, compared to 61% in 2006, and exceeded

the target set for 2007. Consequently the number of vulnerable households also reduced from 5.1% in 2006 to 4.8% in 2007.

**Table 3.2b: Farm Household Incomes and Food Security**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Per capita production of key staple foods (crops), livestock and fish; (in kg/Annum, except * which is in live animal/annum)					Progress is mixed.
Maize	54.0	55	54	55.6	Per capita production for both legumes and cereals decreased from 33.5kg to 20.5kg and 82.4kg to 70.2kg respectively from 2006 to 2007 while that for roots and tubers generally increased from 836.4 kg to 856.0kg over the same period.
Rice(milled)	33.0	11	11	9.4	
Sorghum	157.0	14	14	7.3	
Millet	44.0	9	7	5.4	
Cassava	22.0	445	436	459	
Yam	2.0	182	194	197	
Plantain	4.0	130	131	147	
Cocoa	3.0	15.3	33.5	46.2	
Poultry*	1.82	1.49	1.52	1.57	
Sheep*	0.17	0.16	0.15	0.15	
Goat*	0.22	0.20	0.18	0.18	
Cattle*	0.07	0.07	0.06	0.06	
Fish	0.022	0.21	0.29	17.2	
2. Farm Household incomes	60%	-	61%	63%	Significant progress with target exceeded.
Non-farm Household income	40%		39%	37%	

Source: MOFA, 2007

### **Key Policy Measures and Strategies:**

#### **Post-Harvest Losses:**

To reduce post harvest losses and to improve the quality of local crops, 2 sites for the establishment of demonstration centres were identified for the construction of Pack houses. In addition, the Post-harvest Management Unit (PHMU) of the Ministry of Food and Agriculture procured 10,000 metric tonnes capacity grain pro-cocoon for distribution to farmers to improve the quality of stored grains. The Ministry of Food and Agriculture went a step further to use the pro-cocoon technology to store 400 metric tonnes and 500 metric tonnes of maize at Ejura and Sunyani, respectively, as part of the National Strategic Buffer Stock.

#### **iii. Improving the Environment for Increased Agricultural Productivity:**

For agriculture to continue to lead growth and poverty reduction, priority efforts to modernize agriculture are: i) increase the share of commercial agriculture by both expanding farm size and farm intensification; ii) add value to production by promoting and consolidating the agricultural non-farm value chain, in particular the agro-processing and agro-business sector; iii) facilitate timely access to credit and mechanization to motivate increased production and investment in commercial agriculture.

Efforts made at moving towards commercial farming begun yielding some results as the target set to attain subsistence-commercial farming ratio of 2.5 in 2007 was virtually achieved, up from ratio of 3.16 recorded in 2006. This was as a result of increased household farm sizes at the expense of fallow lands.

Similarly the cultivated lands under irrigation increased from 14,928 ha in 2006 to 15,108.3 hectare in 2007, representing only about 0.21% increase over the 2006 level. Out of the total developed area of 15,108.3 hectare, the Greater Accra, Upper East and Volta Regions continued to account for 82% of the area under irrigation. The major crops cultivated are cereals (rice and maize) and vegetables (tomato, onion, chillies and okra). Yield levels obtained under irrigation at the Tono and Vea projects in 2007 showed that yield levels under irrigation were higher than that under rainfed conditions. For example, yield for rice under irrigation was 4.5 tons/ha as compared to 2 tons/ha under rainfed farming. Yield levels obtained for tomato, and onion were 8.6 tons/ha and 3.3 tons/ha respectively.

Available data indicates that the share of credit to agriculture, fisheries, and forestry (excluding cocoa) continued to stagnate at 4.8% after a decline from 8.1 in 2004. The medium term objective is to ensure that the overall credit to agriculture is maintained above 10% in order to support the agenda of modernizing agriculture. The decline in this indicator reduces the opportunities for increased investment by the private sector into agriculture.

**Table 3.2c: Improving the Environment for Agricultural Productivity**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Ratio between subsistence crop/livestock and commercial crop/livestock farming	2.5	-	3.16	2.51	Significant progress with target exceeded
2. %age of cultivated lands under irrigation (Area developed for irrigation/ha)	0.34 (24,200)	0.26% (19,000)	0.21% (14,928.5)	0.21% (15,108.3)	Slow progress. Target not attained  <u>Regional distribution:</u> Ashanti - 188 Brong Ahafo - 4,12.8 Central - 386 Greater Accra - 5,147 Northern - 690 Upper East - 3,690 Upper West - 2,11.5 Volta - 3,503 Eastern - 772 Western - 108 <b>Total - 15,108.3</b>
3. The Share of Credit to Agriculture, forestry and Fishing by Deposit Money Banks (excluding Cocoa)	≥10%	6.2%	4.8%	4.8%	Slow progress. Indicator continues to stagnate after a decline in 2005

Source: MOFA, 2007

### **Key Policy Measures and Strategies:**

#### **Extension Services:**

The challenge of inadequate Agriculture Extension Agents (AEAs) continued to be a major constraint to extension service delivery. As against 4,268 AEAs required, 2,020 were at post. To cope with the problem of inadequate AEAs in the short term, AEAs had to combine operational areas in order to reach more farmers. The total number of rural communities reportedly covered in 2007 was 46,253, compared with 20,979 in 2006. The number of communities covered every month in 2007 generally increased over the 2006 level. Ashanti Region recorded the highest of 1,127 representing 11% increase in the total number of communities reached.

To enhance the application of science and technology in food and agricultural development 18,000 demonstration plots were established to show to farmers the effect of modern inputs such as fertilizer on production.

### **Development of agricultural research, technology dissemination and adoption**

A total of 41 agricultural technologies were transferred to 1,252,439 clients (including farmers, processors and sellers) during the year as against 865,521 in 2006, representing a 44.7% improvement over the previous year. These technologies included 12 for crops, 13 for livestock, 6 for fisheries and 10 other technologies. Beneficiaries of crop demonstrations increased by 213,588 (58.6%) over the 2006 figure. The major technologies transferred in animal production were crop residue treatment with urea, and rabbit and grass-cutter production and processing.

### **3.2.3. Fisheries and Aquaculture Development**

Fish contributes 60% of the animal protein intake of Ghanaians, which translates to a per capita consumption of 25 kg/annum. With a recommended per capita consumption of 40kg/annum, the total annual fish requirement for Ghana is estimated to be 880,000 metric tonnes, while the annual average production is estimated at 420,000 metric tonnes over the past 10 years. This leaves a huge deficit in demand of 460,000 metric tonnes, part of which is met through imports.

To reduce overdependence on marine fisheries which has reached optimum sustainable yield, the focus of policies under this broad area include: (i) develop aquaculture infrastructure including fish hatcheries; (ii) promote private investment in aquaculture; and (iii) utilize irrigation systems and other impounded reservoirs for aquaculture; and (iv) ensure value addition of fisheries products to improve fisheries contribution to Ghana's GDP.

The key indicators selected to monitor progress towards the attainment of the objectives, in this regard, include:

- total fish production;
- quantity of fish produced per hectare of pond per year; and
- total surface of pond/cage/pen under fish farming

Estimated total supply of fish for the year 2007 stood at 591, 600.07 metric tonnes, representing about 15% increase over the 2006 level. Out of this figure, nearly 50% is accounted for by marine fisheries, while 36% is from import. Production from aquaculture accounted for only about 0.6% of the overall fish supply. A shortfall of about 12% was recorded in marine fisheries production, which was compensated for by increases in imports and inland captured fisheries. The decrease in catch in the marine fisheries has been attributed, in part, to the high pressure exerted on the resources by the numbers of fishing crafts and fishing days per craft. The unfavourable climatic regime (i.e. increased sea-surface temperature and lowered salinities) coupled with the rampant use of light attraction and other illegal fishing methods also contributed to the decreasing catch.

The total surface area under functional fish ponds increased from 508.58 hectare in 2006 to 1,150.45 hectare in 2007, even though productivity of fish continues to stagnate since 2005, particularly among small-scale fish pond farms. A total of 152 ponds

(comprising of 133 earthen ponds and 19 concrete ponds) were constructed in six regions in 2007, covering 18.59 hectare of earthen ponds and 0.113 hectare of concrete ponds respectively, while cages are common with commercial farmers. Fish production from cages increased from 418.50 metric tonnes in 2006 to 1,504.0 metric tonnes in 2007.

The operation of hatcheries is undertaken by both public and private investment. The public hatcheries at Ashaiman and Cadbury Hall in Accra and Kumasi respectively, produced a total of 426,247 (tilapia and catfish-tilapia comprised over 95% of the total).

**Table 3.3: Fisheries and Aquaculture Development**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Total Fish Supply (mt)					
a. Marine		334,789.5*	334,409.9	293,398	Significant Progress over 2006 output (Total domestic production increased by 8%, while output from aquaculture increased by 95.3%)
b. Inland Capture fisheries		Na	14,481	82,989.8	
c. Harvesting of Ponds/Cages		6,900	1,667*	3,256.87	
- Ponds & Reservoirs			1,248.97	1,725.67	
- Cages			418.50	1,504.0	
<b>Total Domestic Production (mt)</b>		-	<b>350,557.9</b>	<b>378,654.7</b>	
d. Import		166,003.1	165,559.7	212,945.4	
2. Quantity of fish produced per hectare of pond per year	2.5 Tons/ha/yr	1.5	1.5	1.5	Slow progress. This exclude data on commercial farm which is estimated to be about 6mt/ha/yr
3. Total surface water Area under fish farming (excluding cages)	600ha	231.4	508.58	1,150.45	Target exceeded

Source: MOFI, 2007

\* = Data updated based on recent field validation

### **Key Policy Measures and Strategies:**

The overall objective of the fisheries sub-sector is to promote sustainable and thriving fisheries enterprises through research, technological development and extension services to fishers, processors and fish mongers. To achieve the objectives of the fishermen sub-sector the following measures were pursued in 2007:

- the fisheries regulations that give effect to the Fisheries Act 2002, Act 625 have now been submitted to Parliament for consideration;
- the draft National Fisheries Policy document was completed and ready to be submitted for stakeholders' discussion and subsequent to Parliament for approval;
- the relevant Security Agencies particularly the Navy have intensified their coast guard patrols and surveillance of the country's Exclusive Economic Zone (EEZ) and territorial waters to ensure that acceptable fishing methods and gears are used to fish in our waters and also prevent poachers;
- the restocking of the Volta Lake, other reservoirs, dams and other water bodies in the 3 northern regions begun in 2007. Also a restocking programme on the Okyereko Irrigation Project in the Ewutu Efutu Senya District in the Central Region to serve as a pilot project has been initiated;
- a total amount of GH¢740,000 (US\$791,800) was advanced to 3,500 fish processors throughout the country as micro-credit to increase fish processing and income levels. A further, Gh¢500,000 (US\$535,000) was advanced as aquaculture credit for some existing and newly trained fish farmers for pond construction, fingerling and feed procurement to increase production of farmed fish;
- the production of fingerlings commenced in earnest in the Ashaiman Aquaculture Demonstration Centre (AADC), after extensive rehabilitation of the centre. It is

expected that the AADC will produce one million fingerlings annually to meet the ever increasing demand for fingerlings by fish farmers in the country. The Pilot Aquaculture Centre (PAC) in Kona-Odumase in the Ashanti Region was upgraded to resume production;

- during the year, DHV of Holland was commissioned to undertake the survey, feasibility studies and design for the construction of ten fish landing sites and two fishing harbours in selected fishing communities in the country. A report was submitted including the estimated cost for the construction of the sites to enable the work to commence. To be able to deal effectively with post harvest losses, a study was commissioned to help select sites for the construction of ice plants and refrigeration facilities. The sod cutting for the construction of cold stores for 6 coastal towns was done; and
- a number of training programmes in fishery technology were organized for beneficiaries across the country and 75,399 people benefited from the programme. This represented 11.2% increase in the number of beneficiaries over 2006. The technology adopted by most stakeholders was improved fish processing techniques which attracted 17,397 beneficiaries (representing 23% of the total).

### **3.2.4. Restoration of Degraded Environment and Natural Resource Management**

#### **Status of Selected Indicators:**

Strengthening environmental governance is key to ensuring that natural resources contribute to greater wealth and sustainable growth. The major policy measures implemented in 2007 were all aimed at achieving the following set of policy objectives outlined under the GPRS II: (i) secure the current natural resources through the promotion of sustainable natural resource management practices and the restoration of degraded natural resources, (ii) improve the environmental and natural resource governance through the building of the requisite institutions and strengthening of the regulatory framework; (iii) ensure that benefits are equitably distributed to resource owners; and (iv) take advantage of opportunities existing under the various regional and global arrangements to build linkages toward the management of natural resources.

To help monitor progress towards implementation, the following indicators have been identified:

- cost of environmental degradation as a ratio to GDP (lands, forests, fisheries);
- rate of deforestation;
- number of Timber Utilization Contracts (TUCs) awarded;
- number of Social Responsibility Contracts (SRC) signed;
- hectares of degraded forest, mining, dry and wet lands rehabilitated/restored;
- proportion of timber royalties going to resource owners; and
- time taken to register land.

Review of performance in 2007 reveals challenges in achieving key targets. The cost of environmental degradation as percentage of GDP continued to be high, accounting for nearly 7% of GDP in 2007, while hectares of degraded forest, mining, dry and wet lands rehabilitated or restored stood at 17,000 hectares instead of 20,000 hectares expected in 2007. This shortfall has been attributed, in part, to budgetary constraints.

During the year a total of 915,604 seedlings were raised by the Forest Services Division (FSD), private and community producers for planting, while 42,206 cubic meters of plantation production (representing 56% of target) was established. Also, nearly 6,241

hectares of degraded forest reserve land (representing 70% of target) were planted by FSD.

So far nearly 29,600 hectare of plantation have been established in Forest Reserves under the government plantation development programme which begun in 2003, in addition to the establishment of 15,000 hectares of plantations in off-reserve forest under its Community Forest Development Programme. The programme currently employs 12,100 workers, all of whom are engaged in plantation establishment on Forest Reserves and also contributes 7,000 tonnes of foodstuff, mostly maize, annually.

The number of Timber Utilization Contracts (TUC) expected to be awarded through competitive and transparent process in 2007 did not materialize due to inability of bid winners to pay the Timber Right Fees (TRFs). Subsequently the number of Social Responsibility Agreements (SRAs) expected to be signed could not be followed through since it is based on the number of TUCs awarded. Thus none of the 125 timber utilization contracts (consisting of 100 conversions to TUCs and 25 competitive bidding of natural forests), were awarded in 2007 in respect of Natural Forest.

However the inventory report of 12 pilot concessions to be converted to timber utilization contracts were completed and the modulation factor to determine the timber rights fees were presented to the concessionaires for validation. On the other hand 23 companies submitted their bids during a competitive bidding process conducted in 2007 for plantation timber, of which only 3 companies fulfilled their obligations and hence only 3 contracts were awarded. The remaining therefore were withdrawn for re-bidding.

Areas where significant progress were recorded include the time taken to register land, mineral production, and the proportion of timber royalties going to resource owners in both on-reserve and off-reserve areas in 2007. The time taken to register land reduced further from 7 months in 2006 to about 5 months in 2007. This has been attributed largely to the establishment of more deed registries across the country. Available information from the Land Administration Project (LAP) indicates that transaction cost of processing land administration services reduced in the pilot land registration regions. The number of registered deeds for women in the eight land registries were 930(22.6%) while 349(8.7%) registered as joint ownership. Three hundred and fifty-nine (19.7%) titles were issued to women and 402 (17.25%) were issued to joint owners.

In the mining sub-sector, total output of the various mineral resources continued to increase, generating more employment as well as attracting more investment. The overall investment into the sector increased from US\$900 million in 2006 to US\$2.5 billion in 2007, while total output of the various mineral resources increased by 7.4% on the average over the 2006 level. The total employment generated by the sector was 524,742 representing a decline of 11.4% over the level in 2006.

The gains recorded under the policy objective of ensuring more equitable distribution of the benefits from natural resources in favour of resource owners, was sustained in 2007. The proportion of timber royalties going to resource owners in both on-reserve and off-reserve areas has been reviewed with the Forestry Commission receiving 50% of timber royalties from forest reserves while the resource owners also receive 50%. Similarly, the sharing of royalties outside forest reserves is now 40% for the Forestry Commission and 60% for the resource owners.

**Table 3.4: Restoration of Degraded Environment and natural Resource Management**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Cost of environmental degradation as a ratio of GDP (lands, forests, fisheries)	4.5%	5.5%	6% <sup>2</sup>	7%	Slow progress The estimate is provided by the analysts of the Economic Sector Work (ESW) on national Resource Management and Growth, and the Country Environmental Analysis (CEA, 2007). The figure is expected to reduce in subsequent years due to the massive reforestation programme of government and other complementary conservation measures being adopted by MLFM and the Forestry Commission
2. Rate of deforestation	1.0%	1.7% Current Forest = 5,517,000ha	1.2%	1.2%	Steady progress This estimate is based on FAO report and need to be updated to reflect the reforestation programme of government
3. Number of Timber Utilization Contracts (TUCs) awarded  a. <u>Natural Forest:</u>  b. <u>Plantation:</u>	125 Consists of: <i>Conversion to TUC's = 100</i> <i>Next Comp. Bidding (Nat.Foests) = 25</i>  30	6 TUCs signed and ratified by parliament  Na	4 TUCs signed and ratified by parliament  16 TUCs signed	0  3TUCs Signed	Slow progress No TUC were awarded in 2007 in respect of Natural Forest due to inability of bid winners to pay the Timber Right Fees (TRFs)  However report on 12 pilot concessions to be converted to TUCs was completed by the FC  About 23 companies bids during a competitive bidding process conducted in 2007 for plantation timber. Out of this number, only 3 companies fulfilled their obligations and hence only 3 contracts were awarded. The others withdrawn for re-bidding
4. The number of Social Responsibility Contracts (SRC) signed	55 Consist of: <i>SRA (Nat. Forests) = 25</i> <i>SRA (Plantation) = 30</i>	8 Consist of: <i>SRA (Nat. Forests) = 6</i> <i>SRA (Plantation) = 2</i>	18 Consist of: <i>SRA (Nat. Forests) = 4</i> <i>SRA (Plantation) = 14</i>	3 Consist of: <i>SRA (Nat. Forests) = 0</i> <i>SRA (Plantation) = 3</i>	Three social responsibility agreements were signed by the three companies that were awarded the TUCs. More SRAs will be signed as more TUCs are awarded.  Several SRAs were signed with communities outside forest reserves permit areas. Several others were signed in teak patchy areas outside plantations
5. Hectares of degraded forest, mining, dry and wet lands rehabilitated/ restored a. Forest  b. Mining	20,000 ha  238ha by 2009	16,800ha  Na	17,500ha  Na	17,000 ha  238ha	Steady Progress. This target is in addition to the maintenance of previous year's targets. This therefore shows significant achievements of the target. About 107,000 ha of plantations has been established since the programme was launched in 2001. 46,000 full time jobs and 1.1 million part-time jobs have been created

<sup>2</sup> CEA report of the World bank

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
6. Proportion of timber royalties going to resource owners	50:50 for on-reserve royalties (i.e. 50% for forestry commission and 50% for resource owners)  40:60 for off-reserve royalties	60:40  40:60	50:50  40:60	50:50 (on reserve)  60:40 (off reserve)	Target achieved (Revenue mobilization increased from Gh¢9.9 million in 2006 to Gh¢12.41 million in 2007, representing 25.35% The ratio of revenue sharing on-reserve remains 50% for FC and 50% for other stakeholders)  Target Achieved (Similarly, the sharing of royalties outside forest reserves remains at 40% for the Forestry Commission and 60% for the other stakeholders)
7. Statistical Overview of the Mineral Sector					
a. Mineral Production					
- Gold (thousand ounces)	2,600,000	2,138,944	2,423,265	2,500,000	Steady Progress. Target achieved in some cases.
- Diamonds	1,000,000	1,065,923	967,864	980,000	
- Bauxite	800,000	606,700	753,320	850,000	
- Manganese	1,800,000	1,719,589	1,607,176	1,800,000	
b. Labour					
Large Scale	22,000	21,916	21,950	24,742	Significant progress with target exceeded for large scale mining
Small Scale (legal & illegal)*	600,000	540,000	570,000	500,000	
c. Foreign Direct Investments (in million US\$)	2,700	744	900	2,500	Steady progress even though target not achieved
d. Benefits of Mining					
Mineral Revenues (Gh¢)					Significant progress
Royalties	41,600,000	24,538,998	32,890,498	42,174,316	
Taxes	83,200,000	20,891,156	22,890,920	85,425,417	
Corporate Social Responsibility	Na	Na	Na	Na	
e. Mineral Rights Granted (Mining Lease, Prospecting, Reconnaissance, Salt, Quarry, Clay, Sand Winning, Small Scale Gold/Diamond, Mica)	200	152	189	110	Slow progress
8. Time to register land	6mths	12mths	7mths	5mths	Steady progress

Source: MLFM, 2007

### **Key Policy Measures and Strategies:**

The attainment of the objectives of the Growth and Poverty Reduction Strategy (GPRS II) is expected not to be at the expense of the environment. In order to ensure proper environmental governance and natural resource management, the following policy interventions were pursued in 2007.

#### **Forestry Sub-Sector**

Day and night patrol duties on 6,750 sq kms of forest reserve were undertaken, leading to the arrest and prosecution of 36 poachers. Also sixty-seven field staff of the Wildlife Division (WD) of the Forestry Commission were trained by the Mobile Training Units in law enforcement, weapon handling and wildlife laws, while measures were instituted to curb illegal harvesting of timber.

The Wildlife Division (WD) of the Forestry Commission started implementing competitive and transparent international tendering for concession management of eco-tourism facilities in wildlife protected areas. Three of such concessions were signed for

Kakum and Mole National Parks. The Wildlife Division also piloted Community Resource Management Areas (CREMA) as sustainable production of wildlife resources in fringed communities of protected areas. Measures were in place to commission a 60 bed lodge at Mole National Park in the Northern Region, while socio-economic studies were undertaken in and around Ankasa to explore the possibility of establishing more Community Resource Management Areas (CREMAs) around Ankasa Conservation Areas. The trans-boundary collaboration between Kyabobo and adjoining FAZAO National Park in Togo has also been established.

Ghana initiated the process of negotiating a Voluntary Partnership Agreement (VPA) with the European Union (EU) in line with the EU's forest law enforcement, governance and trade initiative which seeks to deny access of illegal timber into the EU market. The negotiation follows earlier work done under the Validation of Legal Timber Programme (VLTP) which seeks to establish a legality assurance scheme that will better enforce forest laws as well as contribute to securing forest revenues. The negotiations are expected to be concluded during the second quarter of 2008. The agreement will maintain Ghana's access to the EU market which remains the major export destination for Ghana timber. The VPA is also providing guidance for future collaboration with our development partners in the forestry sector.

### **Mining Sub-Sector**

In order to strengthen internal controls within the mining sector, the Ministry of Lands, Forestry and Mines received a review Mission from the Kimberley Process Certification Scheme (KPCS) to review Ghana's adherence to the administrative directives. In compliance with the directives, the Ministry carried out the identification of artisanal diamond mining sites with the view to registering them and capturing their production.

Additionally, sensitization and educational programmes were held for security agencies at three border posts namely; Elubo, Sampa and Bole as part of the measures to inform the security agencies to identify and prevent the smuggling of conflict diamonds into Ghana.

Under the Mining Sector Support Programme (MSSP):

- Satellite Imagery interpretation and Magnetic and Spectrometry survey of Keta and Voltaian Basins were completed. Regional Time Domain ElectroMagnetic (TDEM) Airborne Surveys were commenced in six (6) selected areas and as at December 2007 about 80% of the work was completed.
- under the geological mapping component of the programme, six (6) map sheets in the Central, Upper West, Western and Volta Regions were mapped and production of the respective maps were in progress. Two additional map sheets were selected in the Brong Ahafo and Eastern regions for geological mapping in the first quarter of 2008. This is expected to assist in the exploration of traditional and non-traditional minerals in Ghana and forms the basis for the compilation and upgrading of the existing geological map of Ghana. About 100% of field work, covering the 6 map sheets were carried out.
- 1,200 geochemical samples were collected from 3 field sheets for analysis. Out of this, 100 have already been analyzed to assist in the exploration of non-traditional minerals in Ghana as well as develop capacity in new geochemical mapping techniques.

- the first phase mercury pollution abatement component of the MSSP was completed in 2007. Direct smelting of concentrates, which is a high-temperature processing technique for recovering metals from ores and concentrates, was found to be the most appropriate. Additionally, “sika bukyia”, a locally manufactured furnace that uses charcoal as fuel was designed. Field demonstration of the equipment was carried out in some selected sites across the country. Training of selected miners in the usage of the furnace was also undertaken. The next phase of the programme includes resolving some of the technical problems identified during the first phase and for countrywide trials and education of the new system.
- under the Environmental Impact Assessment/Strategic Environmental Assessment (EIA/SEA) component of the MSSP, field work on several selected areas were completed and samples taken for analyses. The results of the analysis led to the selection of some areas for pilot remediation trials, which is expected to take place in 2008.

The Geological Survey Department analyzed twenty five clay/kaolin samples to promote investment in the Brick & Tile and Ceramic Industry in Ghana. In addition, 100 clay/kaolin samples were collected from Kibi and 60 were prepared (press pellets) for analysis by XRF method. This was aimed at improving the quality and the reliability of clay maps in all the regions of the country. Programmed work was 90% completed.

To enhance information provision to investors on a timely basis, the Ministry of Lands, Forestry and Mines updated the mineral information and upgrading database systems. There were follow ups on request for detailed information on prospects for gold, diamonds, manganese and iron deposits after the investment promotion conference in Indaba, South Africa and PDAC, Canada.

Ten prospecting companies were visited to monitor their activities. Small scale mining sites were also visited for the purposes of education on best mining practices in the industry as well as transfer of technology. Twenty eight (28) training sessions were organized on mercury pollution abatement in the seven District Mining Centres by the Minerals Commission to increase awareness of dangers of mercury pollution by small scale miners.

In pursuance of the alternative livelihood agenda to extend the frontiers of sustainable development to selected mining communities in the Wassa West District, a 10,000 acre oil palm estate programme is being undertaken with funding from HIPC funds. The project is expected to be implemented over the period 2007 - 2012. About 800 acres of land were planted with 48,000 of oil palm seedlings, and two 350,000 oil palm capacity nurseries were established for use during the 2008 planting season.

## **Lands**

The following activities were undertaken in 2007:

- an inventory of state acquired and occupied lands was completed by the private sector in ten pilot districts in Yilo Krobo, Manya Krobo, Suhum Kraboa Coalta, Birim South, Sunyani Municipality, Techiman Municipality, Wenchi, Atwima Nwabiagya, Amansie East and Sekyere West;
- a computerized database on property and farm ownership was developed for the Kyebi and Wassa Amenfi Customary Land Secretariats. All the records held at the Lands Commission on land transactions on Gbawe lands were electronically duplicated for the Gbawe Customary Lands Secretariat. Studies were also

undertaken at Sandema on land rights and how to improve upon security of tenure in the area;

- land registers were established in three cities including Wa, Bolga and Ho.
- in collaboration with the Millennium Development Authority (MiDA) all the consultation processes needed to commence rural land title registration services in the Awutu-Efutu-Senya District were completed;
- a contract was awarded for the mapping of 15,000 sq. km. of selected areas to produce digital orthophoto maps for good land use planning and development;
- Draft legislation for institutional arrangements for land administration was submitted to Cabinet for approval. It provides for a new Lands Commission with four functional divisions namely the Surveying and Mapping Division, Land Registration Division, Land Valuation Division, and State and Vested lands Management Division; and
- to improve on earthquake monitoring in the five regions of southern part of the country, the identification of epicentres and magnitudes of recorded tremors and earthquakes were completed. About 60% of digitized earthquake map of Central, Eastern, Volta and Greater Accra regions were carried out.

## **Fisheries**

In the fisheries sub-sector some of the major activities undertaken to improve the management of the fishery resource include the following:

- the Vessel Monitoring Systems (VMS) was installed at Tema and the Navy Headquarters at the Burma Camp and operate to ensure responsible fishing.
- to facilitate the monitoring of fishing vessels, 50 additional transponders were procured for installation on Ghanaian registered industrial fishing vessels operating in Ghanaian waters.
- for efficient and effective management of fisheries resources, Community Based Fisheries Management Committees (CBFMC) were formed throughout the country. All the 17 district draft Fisheries Bye-laws were submitted to the Attorney General's Office out of which 5 were gazetted.
- AaFish Health Unit was established within the Fisheries Directorate for disease management and quality control of fish produced in the country to meet the required standards on the local and exports markets, while the capacities of Marine Fisheries Research Division of the Fisheries Directorate was strengthened to forecast more accurately on the health of the fish stock in the country. The basic scientific information relevant for fisheries management were collected, analyzed and documented for the development of the marine fisheries sub-sector. The feasibility studies and design for the setting up of a Fish and Shrimp Processing plant was completed.

## **Environmental Management**

In the area of good environmental management, the following activities were undertaken in 2007:

- air and noise quality monitoring was completed, with reconnaissance survey and determination of 50% of sampling sites.
- environmental compliance and enforcement, as well as environmental permits and certificates were issued to about 800 undertakings throughout the country in

- the areas of tourism, manufacturing industries, mining, transportation, health, general construction and agriculture;
- the National Man and the Biosphere (MAB) Committee met regularly to deliberate on issues involving the biosphere.
- a research plan was completed on the aquatic weeds control programme, and a National Coordinating Unit was constituted and sensitization workshops held in Jomoro, Sogakope and North Tongu districts;
- the final draft of the manual for school-based environmental clubs was completed; and
- activities towards the Cleaner Production Programme (CPP) commenced with the registration of the Cleaner Production Centre (CPC). A consultant was selected for the preparation of a Business Plan for the Centre.

A final Draft of National Sanitation Policy was completed and forwarded to Cabinet for approval, while the other hand twelve Metropolitan/Municipal Assemblies were trained in the preparation of waste management plans.

A total of thirty officers of five waste management departments (AMA, SAEMA, KMA, TAMALE and TEMA) and selected private service providers were trained on the use of monitoring tools for effective monitoring of waste management services at the Metropolitan/Municipal Assembly level. Also twenty District Environmental Health officers from selected MMDAs were trained in Supervisory Management to improve on their supervisory skills to better manage Environmental Health and Sanitation Services while ninety Environmental Health Officers from thirty selected MMDAs were trained in Environmental Health Inspections and Compliance Enforcement Skills.

In order to strengthen the Environmental Health and Sanitation Units of MMDAs to perform their routine duties of Sanitation Education and Law Enforcement, a total of 1,780 youth were recruited under the National Youth Employment Programme in all the 138 MMDAs and trained in basic skills in Public Health Education, Premises Inspections and Sanitary Law Enforcement.

### **3.2.5. Promoting Trade and Industrial Development**

#### **Status of Selected Indicators:**

As part of the strategic growth framework of the GPRS II, the trade and industry sector was expected to play a complementary role, as well as act as catalyst towards the long term objective of an agro-industrial economy. Within this strategic objective, policy measures continued to be implemented in 2007 towards: (i) ensuring proper integration of the nation's production sector into the domestic market, (ii) enhancing access to export markets, (iii) increasing industrial output and improving the competitiveness of domestic industrial products, (iv) strengthening the legal, regulatory and institutional framework to support industrial production and trade, and (v) ensuring the health, safety and economic interest of consumers.

To monitor progress towards the attainment of these objectives, the following indicators have been identified:

- percentage change in value of non-traditional exports (NTE);
- average number of days for clearing goods from the nations ports;

- manufacturing value added share in GDP;
- share of manufacturing in total export;
- composite index of competitive industrial performance (CIP); and
- time taken to get duty drawback.

Review of performance in 2007 showed an overall industrial sector growth of 6.6% compared to 9.5% recorded in 2006. The major sources of growth for the industrial sector were Mining & Quarrying, and the Construction sub-sectors which recorded 20% and 15% growth rate respectively. Available data indicates that manufacturing value added share of GDP declined to 8.1% in 2007 compared to 8.8% in 2006, largely on the account of the severe energy crisis which the country experienced in 2006 and 2007. This notwithstanding, the share of manufacturing in total export continued to rise from 14.2% in 2006 to 15.2% in 2007.

Overall, domestic and international trade registered strong growth during the year. Estimates of trade statistics show that total merchandised exports for 2007 amounted to US\$4,172.14 million, compared to US\$3,726.67 million in 2006. Exports of Cocoa beans and products amounted to US\$1,362.96 million, higher than US\$1,187.39 million recorded in 2006. Gold export was US\$1,733.78 million as against US\$1,277.26 million recorded for 2006. Increased earnings from gold (in both volume and value terms) contributed significantly to the higher export earnings.

Non-traditional exports recorded a significant growth of 30.5% amounting to US\$1.2 billion in 2007 compared to US\$892.88 million recorded in 2006. Total merchandise imports grew by 18.5% (US\$1,252.43 million), with petroleum and related products accounting for 35.8% (US\$448.85 million).

On the domestic front, Wholesale and Retail trade continued to record substantial growth of 8% in 2007 compared to 7.5% recorded in 2006. This level is higher than the target set under the GPRS II. Trade through the ports was further enhanced by the introduction of simplified procedures for transaction at the ports and the provision of additional ports infrastructure, and the involvement of the private sector in ports operations. Subsequently the number of days to clear goods from the ports was reduced to an average of 2 days, compared to an average of 4 days pertaining in 2005.

**Table 3.5: Promotion of Trade and Industrial Development**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Percentage change in non-traditional exports (NTE) = (Value in Million US\$)	10%	10.3% (777.59)	15% (892.88)	30.5% (1,200.0)	Significant progress. Target was exceeded
2. Average number of days for clearing goods from the nations ports	2days	4days	2days 6 hours at the airports	2days at the sea port; 6 hours at the airports	Target achieved
3. Industrial Sector Performance: a. Manufacturing value added share in GDP b. share of manufacturing in total export c. composite index of competitive industrial performance (CIP)		8.9% 1.3% Na	8.8% 14.2% Na	8.1% 15.2% Na	Mixed results Manufacturing value added share in GDP declined, however the share of manufacturing in total exports increased
4. Time Taken to get duty drawback	≤3wks	6mnths	6 months	6 months	Slow progress

Source: MOTIPPSI, 2007

### **Key Policy Measures and Strategies:**

Some of the major policy interventions that were pursued in 2007 are as follows:

Ghana and other West African countries began negotiations on an Economic Partnership Agreement (EPA) with the European Union (EU). This is to replace the existing nonreciprocal Cotonou preferential trade regime under which about 97% of the exports of the African Caribbean and Pacific (ACP) countries, including Ghana entered the EU duty-free. Under the new regime, the West African countries and the other 5 ACP regions negotiating similar agreements with the EU are expected to also open their markets in an asymmetrical manner to EU exports over time. This will be accompanied by EU-supported measures to accelerate West Africa's integration processes, upgrade industries and build productive capacity and competitiveness to enable West Africa take full advantage of market access opportunities offered by the EU as well as integrate into the global economy. While negotiation is going on Ghana entered into an interim arrangement with EU known as the EPA-Lite to ensure that trade is not disrupted when the waiver expired on 31<sup>st</sup> December 2007.

The Ghana Free Zone Board (GFZB) registered 16 companies bringing the number of companies registered so far to 170. It also commenced the installation of an electronic monitoring system in all free zones companies to make monitoring more efficient. The GFZB also started the installation of electronic seals to monitor and track imported consignment in transit.

The Technology Improvement Programme (TIP) identified strategic investors for the Technology Innovation Centre for capital goods. About 5 local banks namely: Ghana Commercial Bank (GCB) Ltd, National Investment Bank (NIB) Ltd, ECOBANK (Gh) Ltd, Prudential Bank Ltd, Cal Bank Ltd and Industrial Development Corporation (IDC) of South Africa were invited to take equity in the centre. Also under the District Industrialization Programme (DIP), Gh¢2.0 million was released for the rehabilitation and operation of the defunct Juapong Textiles under a new name Volta Star Textile Company Limited and the Pwalugu Tomato Factory under the name Northern Star Tomato Company.

The National Board for Small scale Industries (NBSSI) established eight additional Business Advisory Centres (BACs) in the following district capitals, New Abirem, Nsakaw, Dambai, Bole, Goaso, Gwollu, Kedjebi and Saltpond to make business support services easily accessible to rural entrepreneurs. In addition, it organized 197 Business Improvement Programmes (BIP) for 6,410 entrepreneurs and supported 100 micro and small enterprises (MSEs) to participate in international and national fairs.

The Ghana Standards Board (GSB) verified and calibrated 17,701 weights and measures, developed and made available to stakeholders 944 standards and tested 6,775 products in Food, Agriculture, Drugs, and Cosmetics and also analyzed forensic samples.

Under the President Special Initiatives (PSI) 3,200 sewing machine operators were trained at the Clothing Technology Centre in Accra and negotiations took place with 2 new investors in garment and textiles to operate in Ghana.

### **3.2.6. Transport Infrastructure: Road, Rail, Water and Air Transport**

#### **Status of Selected Indicators:**

In addition to being strategic support services sector to facilitate productivity in agriculture and agro-industry, the sector is also expected, to integrate the rural economy and the urban economy through: (i) improvement of the overall maintenance of the transport infrastructure, (ii) rehabilitation of farm-to-market roads, bridges and ferries, (iii) promotion of Intermediate Means of Transport (IMT), and (iv) improving and encouraging general aviation and aviation support services. These are expected to lower transportation costs, lengthen vehicle life, save foreign exchange in fuel and spare parts imports, and generate savings in travel time.

Progress toward the attainment of the objectives, was monitored by the following indicators:

- total funds disbursed for routine maintenance, periodic maintenance, reconstruction and upgrading works, relative to the maintenance needs of each modal network;
- proportion/length of roads maintained/rehabilitated;
- annual accident statistics for each transport mode;
- passenger traffic and goods traffic by railways;
- maritime traffic: goods loaded and unloaded;
- total air freight and number of air traffic passengers; and
- road condition mix

With respect to road transport, the total funds disbursed for routine maintenance, periodic maintenance, minor reconstruction and upgrading works, relative to the maintenance needs exceeded their projected targets under the GPRS II. Out of projected maintenance needs of US\$193 million, nearly 73% were disbursed. Overall the total length of roads maintained or rehabilitated in 2007 was 28,243km, representing 53.6% of the total road network that required maintenance. This situation arose partly as a result of the use of significant amount of the planned resources from the Road Fund (which is the main source of funding road maintenance) to settle road maintenance

arrears. The lack of resources, therefore, stalled most of the planned road maintenance activities, particularly during the last two quarters of 2007. In all, feeder road accounted for the bulk of all maintenance and rehabilitation works for 2007, constituting about 48.2%, followed by trunk road and urban road in that order.

The inventory of national network size of roads was 62,954km instead of the projected network size of 64,276km. However this represents 30.1% increase over the 2006 network size. The condition report indicated a road condition mix of 43.4% in good condition, 26.9% fair and 29.6% poor, representing a degrading road condition mix compared to that of 2006. This situation was, primarily, due to the following two reasons:

- i. Rebasement of the total road network size in the condition mix survey: Most of the new road networks included in the condition mix survey for 2007, particularly from urban roads, were of poor quality. During the year under review urban road network in the condition mix survey increased from 4,064Km in 2006 to 9,764km in 2007, of which about 64% were in poor condition; and
- ii. Large number of on-going road projects was yet to be included in the condition mix survey.

The increase in total national network size was accounted for by increases in the network size of feeder and urban roads which stood at 41,000km and 9,765km respectively in 2007, compared to 32,594Km and 4,064Km in 2006. With the exception of urban road network which experienced deterioration in road condition mix, the remaining two road types recorded improvements during the year under review. The road condition mix for the trunk road network constitutes 57% good, 17% fair and 26% poor, compared to 46% good, 29 % fair and 25% poor recorded in 2006. With the feeder road network, the condition report indicates a further improvement in road condition mix from 34% good, 15% fair, and 51% poor in 2006, to 42% good, 30% fair and 28% poor.

Available data on the annual accident rate indicate that road accidents declined marginally from 11,698 in 2006 to 11,643 in 2007. Fatalities resulting from these accidents also declined marginally by 0.4% from 1,378 in 2006 to 1,346 in 2007. This represents one fatality in every 8.7 accidents, compared to one fatality in every 9 accidents in 2006.

**Table 3.6a: Development of the Road Transport**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Total funds disbursed for routine maintenance, periodic maintenance, relative to the maintenance needs of the road network	(\$121.06mil) 60%	(\$130.57mil) =54.9%	(\$168.85mil) = 93.3%	(\$140.89mil) = 73%	Target was exceeded
2. Proportion/length of roads maintained/Rehabilitated	95%	(37,153km) 67%	(36,021km) 75.6%	(28,243km) 53.6%	Slow Progress
<u>Trunk Roads (in km):</u>					The total length of roads maintained or rehabilitated in 2007 was 28,243.43km, representing 53.6% instead of 50,039.65km (95%) anticipated. In all, feeder road accounted for the bulk of all maintenance and rehabilitation works, constituting about 48.2%.
a. Routine maintenance	13,000.0	12,127.0	12,825.1	8,114.94	
b. Periodic maintenance	316.0	281.31	135.33	208.63	
c. Minor Rehab & Reconstruction	513.0	198.62	166.86	347.33	
d. Major Rehab & Reconstruction	200.0	209.75	142.18	183.55	
<u>Urban Roads (in km):</u>					
e. Routine maintenance	4,024.0	3,313.20	3,634.79	2,827.34	
f. Periodic maintenance	345.0	240.36	360.87	249.0	
g. Minor Rehab. & Reconstruction	200.0	32.0	56.18	282.29	

INDICATOR		Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
h.	Major Rehab. & Reconstruction	13.0	9.0	Na	7.0	
<u>Feeder Roads (in km):</u>						
i.	Routine maintenance	25,945.0	17,119.0	17,340.0	13,620.0	
j.	Rehabilitation	1,436.0	1,085.0	557.0	481.0	
k.	Regravelling	552.0	214.0	50.0	32.6	
l.	Spot Improvement	2,659.0	160.0	1,162.0	1,403.0	
m.	Reconstruction	20.0	Na	Na	Na	
n.	Surfacing	363.5	190.0	176.0	267.3	
3.	Annual accident statistics for each transport mode (Road)	10,220	11,305	11,698	11,643 (Prov.)	Slow progress.
4.	Road condition mix					
<u>National:</u>		64,276km	47,835km	48,381km	62,954km	Steady Progress
	Good	= 59%	=42%	=45%	32%*	The increase in total national network size was accounted for by increases in the network size of feeder and urban roads
	Fair	= 27%	= 31%	= 28%	29%*	
	Poor	= 14%	= 27%	= 27%	39%*	
<u>Trunk Roads:</u>		13,367km	11,177km	11,723km	11,180 km	
	Good	= 50%	=42%	=46%	57%	
	Fair	= 31%	= 31%	=29 %	26%	
	Poor	= 19%	=26 %	= 25%	17%	
<u>Urban Roads:</u>		9,909Km	4,064Km	4,064Km	9,764km	
	Good	= 60%	=43%	=46%	34%	
	Fair	= 21.3%	=33%	= 30%	2%	
	Poor	= 18.7%	=24%	=24 %	64%	
<u>Feeder Roads:</u>		41,000Km	32,594Km	32,594Km	42,010km	
	Good	= 50%	= 30%	=34 %	35%	
	Fair	= 32%	= 17%	=15 %	37%	
	Poor	= 18%	=53 %	= 51%	28%	

Source: MRT, 2007

\* Re-basing of network size of roads: Computation is based on new estimate of road network size. Additional poorer urban road network has been included in network size of road. The road condition mix based on the old classified network size is 46% Good, 35% fair and 18% poor.

In the area of rail transport, both passenger and goods traffic continued to decline. Passenger traffic by rail which stood at 38,000 (thousand passenger-km) in 2006 declined by 31.6% to 26,000 (thousand passenger-km) in 2007, while goods traffic by rail (in thousand tonnes-km) fell by 32.9% in 2007 from 181,250 (in thousand tonnes-km) in 2006. This situation has persisted due to the closure of the Eastern, Western and Central railway lines. Currently only Accra-Nsawam, and Accra-Tema lines are offering passenger traffic.

On the other hand, maritime traffic (goods loaded and unloaded) recorded mixed results. While maritime traffic (goods loaded) continued to decline from the level in 2005 to 3,706.9 (1000 tonnes) in 2007, maritime traffic (Goods unloaded) increased by 8.6% to 8,725.4 (1000 tonnes) in 2007 after declining by 18% from the 2005 level to 8,038 (1000 tonnes) in 2006. The Tema port continued to receive the highest volume of vessels (constituting about 73.8% compared to 77% in 2006) as well as the highest number of goods unloaded (constituting about 82.7% compared to 84% in 2006). The Takoradi port, on the other hand, continued to receive the highest number of maritime traffic (goods loaded), representing about 68.6% though lower than the 74% recorded in 2006).

**Table 3.6b: Development of the Rail and Maritime Transport**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Passenger traffic and goods traffic by railways					Targets not achieved
a. Passenger traffic (in 1000 passengers-km)	130,200	64,000	38,000	26,000	Indicators showing downward trends since 2006 due to the closure of the Eastern, Western and Central Rail lines. Currently only Accra-Nsawam, and Accra-Tema lines are offering passenger traffic.
b. Good traffic (1000 tonnes-km)	242.6	223,980	181,250	121,700	
2. Maritime traffic : Goods loaded and unloaded (in 1000 tonnes)					Steady Progress. Targets not achieved for Goods loaded. Indicator is showing downward trends following political stability in Cote d'Ivoire
a. Goods loaded (in 1000 tonnes)	13,408.1	4,361	4,359	3,706.9	2007 Traffic by location (in 0000 tonnes): <b>Goods Loaded</b> Tema - 1,165.17 Takoradi - 2,541.75 Total - 3,706.9  <b>Goods Unloaded</b> Tema - 7,213.51 Takoradi - 1,511.90 Total - 8,725.4  <b>Total vessels</b> Tema - 1,672 Takoradi - 594 Total - 2,266
b. Goods Unloaded (in 1000 tonnes)	8,184.7	9,524	8,038	8,725.4	

Source: MPHR, 2007

The total air freight, number of aircraft flying into the airspace, and the number of air traffic passengers all recorded increases, largely on the account of high profile events that took place in 2007. The number of air traffic passengers exceeded its target by about 42.9% in 2007 compared with 1% in 2006, while the total air freight and the number of aircraft movement recorded 12.8 2% and 6.8% increases respectively over their levels in 2006 (Table 3.6c).

Also, domestic flight movement as well as passenger traffic continued to increase as a result of improved infrastructure at the regional airports including Kumasi, Takoradi and Tamale. The number of domestic air traffic passengers increased from 30,230 in 2005 to 85,115 in 2007.

**Table 3.6c: Development of the Air Transport sector**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Total air freight and number of air traffic passengers:					Significant Progress with all indicators exceeding their respective targets
a. Total air freight in thousand tonnes	46.7	47.2	49.5	59.5	
- Loaded		30.5	33.2	33.5	
- Unloaded		16.7	16.3	26.0	
b. Number of air traffic passengers (arrival and departure) in thousand	746.0	812.2	926.6	1,063.0	
- Arrival		382.2	458.8	524.6	
- Departure		429.9	467.7	541.4	

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
c. Number of air craft movt (arrival and departure) in thousand	14.7	12.5	13.733	15.723	
- Arrival		6.2	6.868	7.950	
- Departure		6.3	6.865	7.773	
d. Number of domestic air traffic passengers	-	30,230	33,087	85,115	

Source: MOA, 2007

### **Key Policy Measures and Strategies:**

As a strategic support sector under the GPRS II, the following key activities were undertaken in 2007 under the key sub-sectors of road, rail, water and air transport.

#### **Road Transport:**

Metro Mass Transport (MMT) now operates in all the regional capitals and some district capitals in the country. As part of its social responsibility, MMT provides free bus ride to all school children up to the Junior High School (JHS) level who are in uniform. This programme has proven to be beneficial to school going children and their parents.

To reduce congestion by modernizing the operation of public transport and traffic management in some selected cities, the Urban Transport Project (UTP) was initiated and launched in 2007. The project covers six MMDAs (i.e. Accra Metropolitan Assembly (AMA), Kumasi Metropolitan Assembly (KMA), Tema Municipal Assembly (TMA), Ga East District Assembly (GEDA), Ga West District Assembly (GWDA), and Ejisu Juaben District Assembly (EJDA)). A Project Advisory Office (PAO) was set up to coordinate the implementation of this 5-year project and was expected to evolve into a Centre for Urban Transportation by 2010. Project designs begun for the construction of a pilot Bus Rapid Transit (BRT) route from the Central Business District (CBD) to Mallam in Accra. The participating MMDAs mobilized to set up Urban Passenger Transport Units (UPTU) to plan, manage and regulate the delivery of urban passenger transport services in their respective administrative areas.

In addition a new technical specification for roads and bridge works was developed and launched. The Road Traffic Regulations was revised in order to operationalize the Road Traffic Act 2004, Act 683, and a draft Transport Sector Development Programme (TSDP), for all modes of transport based on the National Transport Policy was also prepared for approval and implementation.

The Ghana Highways Authority undertook routine maintenance works on a total of 6,486.08 km and periodic maintenance works of 151.34 km involving re-gravelling/spot improvement and resealing. Partial reconstruction, upgrading and rehabilitation of 253 km of town roads were also executed. Below is a list of some roads which were maintained in 2007;

- Dodowa – Afiinya
- Awiankwanta-Manso Nkwanta
- Kpando Town Roads
- Bekwai - Kuntense - Ejisu
- Kete-krachi - Buya & Kete-krachi Town Roads
- Buoku Junction - Nkonsia
- Dunkwa - Twifo Praso
- Sunyani - Ntotroso –Acherensua
- Ayanfuri - Diaso
- Yendi - Bimbila

- Achiase - Akenkasu - Brofoyedru
- Mpraeso - Kwahu Tafo - Adawso
- Telekubokazo - Aniben Jn.
- Axim Junction - Mpataba - Elubo
- Tamale - Nawuni
- Missiga - Garu
- Wa - Han
- Hamile-Nandom & Nandom, HamileTown roads

The roads which were being rehabilitated and reconstructed are as follows:

- |                                |                                   |
|--------------------------------|-----------------------------------|
| Anyinam – Konongo Ph. II       | • Bamboi – Tinga                  |
| • Konongo – Kumasi             | • Sogakope – Ho - Fume            |
| • Berekum – Sampa              | • Sefwi Wiaso – Benkyema Junction |
| • Asankragua - Enchi           | • Kumasi- Techiman Phase II       |
| • Kumasi – Techiman Ph. 1      | • Pantang – Mamfe                 |
| • Anwiankwanta – Yamoransa     | • Tinga – Bole                    |
| • Twifo Praso – Dunkwa Phase 2 | • Axim Junction – Tarkwa          |
| • Achimota – Ofankor           | • Mallam – Kasoa                  |
| • Tetteh Quarshie – Madina     | • Winneba – Yamoransa             |

In order to regulate overloading of vehicles on the roads, an Action Plan to operationalize the Axle Load Policy was developed, of which a pilot project was prepared for implementation in the 2008 fiscal year. Installation of 5 weigh bridges at Tema port were completed, while two at Takoradi port were 90% completed. Also Road Safety Audits were completed on some major roads to identify accident prone areas, and provide remedial measures to mitigate accidents on such roads.

In the feeder road sub-sector routine maintenance of 10,110 km feeder roads, and periodic maintenance comprising re-gravelling/spot improvement/resealing rehabilitation works of 1,459 km were completed in 2007. Out of 189 projects under the IDA Fund awarded, 160 were completed, while 28 were at various stages of completion. The completed projects include:

- |   |                                  |
|---|----------------------------------|
| • Aveyime-Attitekpo Greater Accra               | • Dadiso-Muramura Ashanti Region |
| • Kwamebronikrom-Domeabra Brong Ahafo           | • Dorimon-Wechau Upper West      |
| • Wassa Akropong-Dokoto Junction Western Region | • Kunkwa-Jedema Northern Region  |

A total of 70 major/small span bridges were awarded on contract, of which 37 bridges and 15 box culverts were completed. Some of the key ongoing bridge projects were as follows:

- |                                      |                                |
|--------------------------------------|--------------------------------|
| • Zokko – Manyo feeder road          | • Salaga – Kpandai feeder road |
| • Zebilla – Burkina Faso feeder road | • Gambaga-Tamboko feeder road  |
| • Wulugu – Kunkwa feeder road        |                                |

Under the Feeder Roads Improvement Project (FRIP) which covers 8 districts in the Eastern Region, about 97.4 km of feeder roads were being upgraded to bituminous surface. Another 329 km of feeder roads (41 roads) were being rehabilitated while 711 km (91 roads) were also being spot improved and graded. Contract for Phase II which involves upgrading, minor rehabilitation and spot improvement was been awarded.

In the urban roads sub-sector periodic and routine maintenance as well as the rehabilitation and construction of roads were undertaken in 2007. The following are some of the major projects undertaken:

- Construction of Nsawam road (Kwame Nkrumah Circle –Achimota).
- Accra CBD roads work which began in 2006, was 35% completed.

- Kumasi Road and Urban Development project works comprising those of Oforikrom-Asokwa, Asafo(Cement) Roundabout – Ahensan, Interchange at Timber Garden, and Resettlement of woodworkers at Sokoban which began in March 2007 at the new site for woodworkers were at various stages of completion. The prequalification of eligible contractors for the main road works was in progress.
- Kumasi Outer Ring road – Right of Way acquisition procedures were in progress. Compensation payments were yet to be made as the valuation of properties was still ongoing.
- Asafo Market Interchange of which the construction of the footbridge was still outstanding.
- Awoshie-Pokuase road project –Design review was in progress.
- Kejetia Terminal Rehabilitation was 45% completed and scheduled to be completed by first Quarter in 2008.
- Kwame Nkrumah Circle Interchange design was ongoing and expected to be completed by first Quarter in 2008.

A number of actions towards improving Vehicle Licensing services to the public were initiated. A new driver license to replace the old one as well as meet international standards was introduced. This afforded the Driver and Vehicle Licensing Authority (DVLA) the opportunity to develop reliable vehicle statistics involving identification of license plates and setting up of local and wide area networks to improve the monitoring of vehicle registration and driver licenses as a pilot project in Accra. Also, strategies and procedures were developed for the renewal of vehicle registration license throughout the country. The Authority, as part of its efforts to improve the quality of driving on the road, introduced written test for driver license upgrade.

The National Road Safety Commission (NRSC) offered road safety education for school children, teachers and parents to ensure a reduction in pedestrian accidents and casualties particularly among children. A total of 10,000 school children, 500 teachers and 1,000 parents benefited from the programme. A seminar on New Road Traffic Act, 2004 (Act 683) was organized for DVLA, MTTU, Ghana Bar Association (GBA), Judicial Service and Transport Unions.

Government Technical Training Centre (GTTC) continued to offer skill training for the automobile industry, as well as provide assistance in part time schooling for wayside mechanics and the under-privileged in society. In 2007 about 52 students undertook the Grade II examinations conducted by the National Vocational Training Institute in the areas of Auto Mechanics, Auto Electrical, Auto Body Repairs and Welders with success. In addition, 61 students comprising 45 Auto Mechanics, 9 Welders, and 7 Body Repairers wrote the Technician I examination conducted by the City & Guilds.

### **The Maritime Sector**

In pursuance of the strategic objective of making ports competitive through infrastructural development and provision of increased opportunities to the private sector, stevedoring activities have been ceded to nine (9) companies. At both Tema and Takoradi Ports, terminal services are being performed by two private sector operators. A Consortium, namely Meridian Port Services has taken over the operations of the Container Terminal in the Port of Tema. Container devanning terminal was

commissioned in March 2007 and opened for operational activities. To facilitate and sustain the transit trade, transit sheds have been built at Takoradi Port and handed over to the shore handling operator for the storage of cargo. To improve upon services rendered to vessels that enter the Ports, Automatic Identification Systems were commissioned in 2007 at both Tema and Takoradi Ports for vessel management.

To support and provide backbone for delivery of competitive services, a number of infrastructural projects were started in 2007. These include the construction of arterial road and flyover bridge at the western gate of Tema. In addition, the construction of a new drydock and a slipway in Takoradi and a construction of a new Marine Building in Port of Tema were underway in 2007.

For the objectives under the maritime transport to be achieved, the Tema Port container terminal was completed and commissioned and the Meridian Port Services were granted concession to operate Quay II container terminal. Ghana Maritime Authority in collaboration with the Ghana Meteorological Agency is providing weather information through MMDAs to boat operators and users of water transport on the Volta Lake to improve safety. In addition, inland water safety code was developed and disseminated to all users. The draft Legislative Instrument (LI) on the construction and use of boats was completed.

The development of Boankra inland port, a project which is being facilitated jointly by the Ghana Shippers Council and the Ghana Ports and Harbours Authority, made steady progress with the completion of the Administrative Block. The construction of access roads and provision of utility services to pave the way for future investment by the private sector begun. A strategic investor was being sought to undertake the Boankra inland port project on a build operate and transfer (BOT) basis.

In order to make ship movement information available to the public, Ghana Shippers Council put the Mobiship, the vessel movement schedule advertisement on all the four mobile networks in the country namely; Kasapa, Tigo, MTN and One Touch.

### **The Railways Sector**

To provide other cheaper and faster means of transport as well as decongest the roads, the Accra-Asaprochona section of Accra-Tema rail network was completed. The contract for the feasibility study on the Multi-Modal Freight Transport between Tema and Buipe via Akosombo was awarded.

In line with the private sector participation objectives, a design to build, operate and transfer (BOT) agreement was signed for the construction and extension of the eastern line from Accra through Kumasi to Paga. Another BOT agreement has already been signed with a private sector investor to rehabilitate the western corridor and construct a new line to Hamile.

## **The Air Transport Sector**

During the year under review, two new bilateral air service agreements were negotiated with Saudi Arabia and China, while the existing agreement with Germany was reviewed. Additional frequencies were granted to Egypt Air, Middle East Airlines, South Africa Airways and Lufthansa Airlines, and this has resulted in increased passenger throughput, aircraft movement and cargo throughput.

The National Transport Policy, out of which aviation specific policy will be drawn, was completed, while a detailed aviation policy guideline for the sector is being developed with the Ghana Civil Aviation Authority (GCAA).

In the area of infrastructure development, the scope of works for the Phase III rehabilitation of the Kotoka International Airport was signed and the negotiations for the signing of the loan agreement was at its final stage. Also the contract for the first phase of the regional airports rehabilitation works which cover terminal building rehabilitation, construction of new VVIP lounges, runway rehabilitation and the provision of temporary lights for Kumasi, Takoradi and Tamale airports was awarded. The effect of these works was increases in domestic as well as direct flights to Tamale and Kumasi from the sub-region.

As part of the institutional restructuring of the aviation sector, the physical separation of the Ghana Civil Aviation Authority into two entities was completed. The airport functions of the old GCAA was ceded to a new Ghana Airports Company Limited which became operational in January, 2007. The new Ghana Civil Aviation Authority (GCAA) is now responsible for regulation of air transport services and provision of air navigation services. The Boards of Directors of the two entities were constituted and duly inaugurated in September, 2007.

The ground handling operation at the KIA was improved with the renewal of operating licence for Aviance to operate as a second ground handling company in addition to AHS Menzies. This has brought about reduced cargo charges and enhanced quality of service.

A private company dealing with assembling of micro-light aircraft in the country has embarked on the manufacture of two-seater and four-seater ultra-light aircrafts for pilot training, medical evacuation and agricultural development. The company began building 4 aircrafts in 2007. A number of aviation seminars to sensitize the public on the benefits of general aviation was organized, eight pilots were trained and issued licences in basic pilot training.

### **3.2.7. Energy Supply to Support Industry and Households**

#### **Status of Selected Indicators:**

To ensure a consistent energy supply to support industry and household consumption, the medium term policies under the GPRS II were aimed at: (i) modernizing and expanding power infrastructure; (ii) improving the regulatory environment in the power sector, (iii) ensuring full cost recovery for power supply and delivery while protecting

the poor; (iv) ensuring increased access to modern forms of energy for the poor and vulnerable; and (v) ensuring productive and efficient use of energy.

The following indicators were adopted for monitoring performance within the sector:

- per capita consumption of energy per annum;
- average number of hours of electricity outage per consumer per year;
- percentage reduction in transmission and distribution losses; and
- percentage of households covered by electricity supply.

Overview of the performance of the sector in 2007 showed mixed results in the face of the soaring world price of crude oil and domestic electricity supply crisis. The load shedding programme which commenced in August 2006 was discontinued in October 2007 as result of an improved power supply situation, while the National Petroleum Authority, responsible for regulating domestic fuel prices adjusted prices twelve times, constituting an upward price adjustment of about 34.1% for gasoline and 39% for gas oil in 2007.

The total primary energy supply (which is made up of primary energy production and the net import) stood at 0.5901 million tonnes of oil equivalent in 2007, compared to 0.7473 million tonnes of oil equivalent in 2006. Biomass in the form of firewood and charcoal continued to dominate the final energy reaching the consumer representing 63%, while petroleum products and electricity followed with 27% and 9% respectively.

Household consumption of energy represented about 50% of total supply on the account of high fuel wood usage. The proportion of households with access to electricity increased from 45% in 2005 to 54% in 2007, though per capita consumption of electricity has not improved significantly from 0.0414 per annum (in tonnes of oil equivalent (TOE) in 2005 primarily due to the energy crisis. During the year the average number of hours of electricity outages per consumer per year far exceeded the minimum threshold of 100 hours/year set under the GPRS II. On the other hand, the per capita consumption of petroleum and LPG increased by 12.5% and 51.5% respectively over their levels in 2006 in spite of soaring world price of crude oil.

Transmission and distribution losses of electricity continued to decline in 2007. Transmission losses was 3.5% compared to 3.6% in 2006, while the distribution losses was 24.1% compared to 24.3% in 2006.

**Table 3.7: Energy Supply to Industry and Households**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Per capita consumption of energy per annum (in Tonnes of Oil Equivalent(TOE) a. Electricity b. Petroleum c. LPG	0.2942 ----- -----	0.0414 0.0806 0.0033	0.0282 0.0798 0.0040	Na 0.0905 0.005	Steady progress
2. Average number of hours of electricity outage per consumer per year	≤100 hours/year	122	Na	Na	Slow progress. The average number of hours of electricity outages per consumer per year far exceeded the minimum threshold of 100 hours/year set under the GPRS II for obvious reasons
3. Percentage reduction in transmission and distribution losses: a. Transmission b. Distribution	2.98% 23.0%	3.28% 25.44%	3.56% 24.32%	3.5% 24.11%	Slow progress. Transmission and distribution losses of electricity continue to reduce

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
4. Percentage of households covered by electricity supply	53.8%	45%	48%	54%	Significant progress with target exceeded

Source: Ministry of Energy (MOE), 2007

### **Key Policy Measures and Strategies:**

The following key activities were undertaken in the energy sector in 2007:

#### **i. Power Sub-sector**

To address the power shortages, government installed 126 MW emergency power plant. A consortium of mining companies also procured and installed 80 MW thermal plant at Tema to augment the existing power generation capacities. The Wood-Group and Transdanubia Limited of United Kingdom also installed 50MW power plant at Tema. In addition, a 126MW gas turbine power plant was installed by VRA.

The Government approved the importation and free distribution of 6 million energy saving compact fluorescent lamps (CFLs) to replace incandescent filament lamps (IFLs) throughout the country as part of measures to reduce cost to consumers in the wake of the power shortages. The programme was also aimed at saving the nation about 200MW of electricity during peak periods.

As part of the medium-term arrangements to secure power supply, Government acquired 220MW gas turbine power plant from Asltom of Switzerland, and concluded an engineering, procurement and construction (EPC) contract for the installation of the Plant. The project is expected to be completed by end of 2008. Government also concluded arrangements for the acquisition of 84 MW Gas Turbine Power Plant from BHEL in India and another 50MW Gas Turbines Power Plant from Siemens in the U.K.

A Power Purchase Agreement was signed with Balkan Energy Company to operationalize the 125 MW Osagyefo Power Barge at Effasu - Mangyea. The refurbishment and ancillary works were far advanced and the plant was expected to be in operation by March 2008.

In line with the policy on attracting private sector participation/investment into the energy sector, over 2,000 MW of power is to be provided by a number of Independent Power Producers (IPPs) as part of the medium-to-long-term arrangements for power supply. Power Purchase Agreements (PPAs) have been concluded with 4 of the IPPs while negotiations were far advanced with the remaining IPPs.

#### **The Bui Dam Project**

After several decades of looking for ways to develop the Bui Hydropower Dam, work on the project finally begun. Parliament approved a loan facility of US\$562.0 million from the Chinese Government for the project, while the Government of Ghana provided counterpart funding of US\$60.0 million making the total project cost US\$622.0 million. The Bui Power Authority Bill was also passed by Parliament to provide the institutional framework for the development and management of the hydropower plant.

#### **West African Power Pool**

The VRA is also implementing the West Africa Power Pool (WAPP) project which seeks to increase energy trading in the West African sub-region. The packages under this project include:

- 330kV Aboadze - Tema Transmission line;
- upgrade of electromechanical equipment at Akosombo/Tema line;
- SCADA and Communication Systems Upgrade;
- Accra Third Bulk Supply Point; and
- Kumasi Second Bulk Supply Point.

### **Ghana Grid Company**

As part of the on-going Power Sector Reform Programme, an Electricity Transmission Utility (ETU), the Ghana Grid Company (GRIDCO) was established and a Chief Executive Officer duly appointed.

### **The High Voltage Transmission & Substations Upgrade Project**

The upgrading works on the sub-stations at Accra, Tema, Takoradi, Akwatia, Kumasi, Techiman, Winneba, Ho and Asiekpe to improve transmission continued.

### **Distribution System Improvement Project (DSIP)**

A number of projects to improve the availability and quality of power supply as well as reduction in system losses were undertaken by ECG. These include:

- construction of a number of 33/11 KV Primary Substations in Accra, (Osu and Ofankor), Tema (Lashibi and Ashiaman) and Kumasi (KNUST, Abuakwa, Amanfrom and Kumasi Technical Institute);
- injection of 11/0.433 KV distribution transformers to reduce length of Low Voltage (LV) lines; and
- prepayment metering system aimed at reducing commercial losses and upgrading of some LV lines.

### **Rural Electrification**

Works on the government-supported electrification of 200 communities under the Self Help Electrification Programme (SHEP) were at various levels of completion. Works for 57 communities were completed. Another 66 communities were between 95%-98% complete while the remaining communities were between 90%-95% complete.

The US\$90.0 million electrification project under the China EXIM Bank/GoG funding commenced in August 2007. Over 550 communities throughout the country are expected to be connected to the national electricity grid under this project. Works also commenced on the Japanese Government Grant Aid electrification project for 31 communities in the West Akim and Suhum-Krabo-Coaltar Districts.

## **ii. Petroleum Sub-Sector**

### **West African Gas Pipeline Project**

Under the West African Gas Pipeline Project (WAGPP), the entire 570 km 20-inch main high pressure pipeline was completely installed for full pipeline compressed gas to be delivered by the middle of 2008. Repair works on the main pipeline damaged by an anchor of a vessel was completed and the shore crossing and termination line at Takoradi was also completed. Regulating and Metering (R&M) station at Takoradi was 80% complete. The compressor at Lagos beach was installed but piping work was still ongoing and was about 50% complete. The final completion and commissioning is expected in the second quarter of 2008.

### **Liberalization of the Petroleum Downstream sub-sector**

In line with the deregulation of petroleum downstream sub-sector and for the promotion of private sector in the petroleum industry, the National Petroleum Authority (NPA) undertook monthly review of petroleum pricing to ensure full cost recovery, reasonable return on investment and competitive prices for petroleum products. The NPA also conducted competitive tendering for the procurement of shortfall of petroleum products for the local market at competitive prices to ensure product availability at all times.

### **BOST Expansion Projects**

Work on BOST Depot expansion project to hold strategic reserve stock of fuel was at various stages of completion. The construction of 4 No. 20,000 cubic meter storage tanks and ancillary facilities at Accra Plains Depot (APD) was completed. The Phase II of Kumasi Depot Expansion Project was 26% complete while, Phase II of Accra Plains Depot Expansion Project was 70% complete.

The construction of 5km of 18 inch diameter petroleum pipeline with ancillary facilities connecting Tema Oil Refinery (TOR) to Accra Plains Depot was 99% complete and the construction of storage tanks, pipeline, barges and a petroleum product landing terminal for lake transportation was 20% complete.

### **Oil Discovery/Exploration**

Another significant event that took place in the energy sector in 2007 is the discovery of oil in commercial quantities. The activities of Ghana National Petroleum Corporation (GNPC) aimed at facilitating the discovery of oil in commercial quantities yielded positive results in 2007 when Kosmos Energy and Tullow made two significant oil discoveries in the Tano/Off Shore and Cape Three Points. Subsequently new agreements were signed with three other international oil companies to pursue vigorous prospecting for oil.

In anticipation of the increase in the production of petroleum products in the near future, as well as the management of ancillary businesses that would emerge from the exploration of the discovered petroleum fields, the Government is collaborating with the Norwegian Government to build capacity and develop policy framework to deal with issues of petroleum revenue and resource management, as well as environmental, security and related issues.

### 3.2.8. Science and Technology to Support Productivity and Development

#### Status of Selected Indicators:

The major objective under this policy area is to ensure a science and technology base which will contribute effectively to sustainable national development. The promotion of a science and technology culture at all levels of society and the mastery of known and mature technologies and their application in agriculture and industry will support the agro-based industrialization agenda envisaged under the GPRS II.

To appreciate government commitment to this agenda, it is important to understand how much public resources are being committed to science and technology development. However adequate data is currently not available to allow for a comprehensive analysis of the proportion of public resources that has gone into science and technology development on an annual basis. A mechanism is currently being put in place by the Ministry of Education, Science and Sport (MOESS) to ensure that adequate data is collated on this subject to allow for comprehensive analysis of performance towards the attainment of this policy objective.

Meanwhile figures on budgetary resources (services and investment) in 2007 to three main public institutions engaged in science and technology research, namely Science Division of MOESS, CSIR and Ghana Atomic Energy Commission (GAEC), show an increase from US\$3.26 million in 2006 to US\$5.03 million in 2007, representing 54.3% increase over the 2006 level in nominal terms. However in real terms this still constituted 0.03% of GDP, thereby falling short of the average annual share of 0.4% envisaged under the GPRS II.

**Table 3.8: Science and Technology Development**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Percentage change in Research and Development expenditure (Public)	0.3 – 0.5% of GDP	Na	Na	Na	Data not available to evaluate the indicator  2006 Public Expenditure (services and investment): <b>Institution</b> MES - US\$363,695.65 CSIR - US\$510,108.70 GAEC - US\$2,384,456.50 TERTIARY - US\$ Total - US\$3.26mil (0.03% of GDP)  2007 Public Expenditure (investment and Services): <b>Institution</b> MES - US\$21,082.66 CSIR - US\$514,179.73 GAEC - US\$3,131,720.99 TERTIARY - US\$1,359,664.49 Total - US\$5.03mil (0.03% of GDP)

Source: MOESS, 2007

#### Key Policy Measures and Strategies:

Some of the major policy interventions that were pursued in this area during the year under review are as follows:

- government's policy of ensuring an enrolment ratio of 60:40 in favour of science and technology guided the admission of students into the public tertiary educational institutions. In the light of this, funds were made available to expand and equip science laboratories in the tertiary educational institutions to make teaching and learning of science and technology more constructive and attractive;
- the Crop Research Institute (CRI) of the Council for Scientific and Industrial Research (CSIR) developed four new varieties of maize to replace the old varieties which were released over a decade ago and had started showing deficiencies in key traits in disease susceptibility and lodging;
- two bio-technology centres at Plant Genetic Resource Institute at Bunso in the Eastern Region and Crop Research Institute at Kumasi in the Ashanti Region were being established. The requisite equipment was installed at the Kumasi Centre;
- Ghana Atomic Energy Commission (GAEC) undertook a number of activities towards ensuring the safety of nuclear substances and the efficient management of nuclear waste, including sensitization of GAEC products and services;
- a draft bill on Chemical Weapon Convention was being developed. The bill is expected to be part of the Weapons of Mass Destruction Bill under the United Nations Security Council Resolution 1540 of 2000; and
- following the energy crisis that begun in 2006, the government set up a committee in April 2007 to explore the possibility of adopting nuclear energy to address the energy needs on a long term basis. The committee was expected to develop a roadmap for the use of nuclear energy, and advise government on its implications.

### **3.2.9. Developing Information and Communication Technology (ICT)**

#### **Status of Selected Indicators:**

The Information Communication Technology sector is treated both as a support service as well as potential growth point. It is envisaged to be a pivotal tool to improve governance, accountability and transparency, development of human resource potential, in addition to facilitating e-transactions. Subsequently the focus of ICT policy under the GPRS II is to: (i) enhance the development of ICT infrastructure; (ii) promote development of e-strategies in key sectors of the economy; (iii) promote the use of ICT in Education; (iv) promote the use of ICT in productive activities; and (v) strengthen the legal and institutional framework to support ICT.

The following indicators have been adopted to monitor and assess progress within the sector:

- size of the ICT industry
- teledensity/penetration rate
- the level of access to the internet

The Information Communications Technology (ICT) sector represents one of the fastest growing sectors of the economy with total investment of more than US\$863.7 million and contributing about 0.5% to Ghana's GDP in 2007. Also the ICT sector has become a major source of employment in Ghana. Direct and indirect employment by telecommunications companies continued to increase, with the country's IT-enabled services industry already providing direct employment for more than 2,500 people.

The improved policy and regulatory environment, as well as increasing investment continued to impact positively on the sector with telephone penetration rate increasing from 27.2% in 2006 to 36.3% in 2007. The impact of these developments on social transformation has been significant. Mobile phones have become a major form of communication for many of the country's rural farmers, micro businesses and other professionals to access information, provide critical services and transact business. Total mobile phone subscription stood at 7,604,053, while fixed lines accounted for 376,509. These represent about 186% and 10% increases over their 2005 levels respectively. Meanwhile, total internet providers increased from 29 in 2006 to 165 in 2007.

These improvements have subsequently led to a reduction in local and international call rates by more than 50%, as well as a reduction in internet access prices from US\$3/hour in 2000 to US\$0.60/hour in 2007.

**Table 3.9: Information, Communication and Technology Development**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Size of the ICT industry	US \$750 million by 2011	486.25	630.0	863.7	Significant progress with target exceeded
2. Teledensity/Penetration rate:	33.2%	16.6%	27.2%	36.3%	Significant progress with target exceeded
a. Fixed Line		1.7%	1.7%	1.9% (376,509)	
b. Mobile		14.9%	25.5%	34.4% (7,604,053)	
3. Internet Access					Steady progress. Nearly 1.5 million of the population (representing 6.8%) is estimated to be internet subscribers. Internet access prices has reduced from US\$3/hour in 2000 to US\$0.60/hour in 2007
a. Subscribers	≥14% per annum	0.05%	0.05%	Na	
b. Providers (total number)	-----	27	29	165	
c. Number of school with internet access	-----	46 (SSS) 7 (Teacher Training)	50 (SSS) 8 (Teacher Training)		

Source: Ministry of Communications (MOC), 2007

### **Key Policy Measures and Strategies:**

A number of important actions were undertaken in 2007 towards the implementation of indicative programmes outlined in the Ghana ICT Policy for Accelerated Development (ICT4AD).

To complement the efforts of the private sector in the extension of affordable and efficient connectivity solutions, the development of the National Fibre Communications Backbone Infrastructure network was pursued to provide open access broadband connectivity. Under this, Network survey and design of the various sites were undertaken, equipment were procured, Achimota distribution site was constructed and commissioned, laying of pipes for Buipe-Tamale, Akosombo-Ho and Kumasi-Obuasi was commenced with over 492 km of fibre cable already laid.

Under the Ghana Investment Fund for Telecommunications (GIFTEL) which was set up to facilitate the extension of communications services to underserved and unserved areas through the provision of common facilities, the common telecom tower service

facility at Nandom (U/West) was undertaken and was offering transmission coverage to over 10 towns including Lambushie, Boe, Burutu, Piiri, Basabli, Yipele, Naapal, Pofiem, Napaali, and Gengenkpe. A similar facility at Fetentaa is also serving over 12 towns in the locality and another at the towers at Bibiaraneha and Atuna have also been completed.

The completion of the fibre-optic backbone project between Obuasi and Kumasi continued, with nearly 64.1 km of fibre optic link under the 1<sup>st</sup> phase of the backbone project fully completed. First phase of the fibre project to develop Communications Backbone Transport Network, was completed with 515 km of fibre equipment installed.

Under the ICT Business Incubator arrangement, WiceNet Ghana Limited was established to provide through the primary medium of television, data, video and audio/voice services. Currently, the company has deployed to four hotels. Also Tripod Global Ventures (Jobweb), Makana Technologies Limited and IDZ Ghana Limited who are to provide online recruitment, develop a vehicle tracking system and operate an online advertising/events listing media website, respectively were established. The CBB Ghana Limited developed a product tracking, scanning and identification of objects using Radio Frequency Identification (RFID) with the support of the ICT Business Incubator. Real IT Solutions, which is a tenant-company of the GMIC, also developed science educational software being tested with support from the centre.

Project Management Committee to commence work on the technology parks were established. The processes to engage a consultant to finalize feasibility for the Park commenced.

To promote the deployment of affordable wireless broadband access, the National Communications Authority (NCA) commenced the development of modalities for allocation of Worldwide Interoperability for Microwave Access (WIMAX) service deployment to benefit all the major telecom sector players. This intervention is aimed at encouraging the private telecom service providers to further plan their infrastructure deployment and invest in a strategic manner and also improve access and quality of service. In response to this intervention by the NCA, all the telecom sector players have launched challenging expansion programmes.

Under the e-Ghana Project, drafts of electronic communications, National IT Agency, NCA and electronic communications bills were prepared for Parliament. Ghana Information Communication and Technology Directorate (GICTeD) was also established to coordinate e-Government activities. Certification and standardization procedures related to human resource capacity in Information Technology Enabled Services (ITES) were developed, as well as investment promotion and support mechanisms to attract and retain investors in Information Communication Technology (ICT) and ITES businesses.

To promote an all-inclusive information and knowledge society to benefit under served and rural areas, 92 Community Information Centres (CICs) out of the projected 230 CICs were constructed. Ghana Post upgraded over 50 Postal Agencies to Post Offices and will connect those centres to ICT to make them learning centres in addition to providing universal postal services.

Under the Postal and Courier Services Regulatory Commission (PCSRC) the policies, guidelines, rules and regulations for carrying out postal and courier business were drafted and reviewed with stakeholder participation. A total of 50 firms operating postal/courier services have so far been registered under the regulatory framework to ensure high-level performance. Ghana Post is also being monitored in its usage of exclusive license for the provision of reserved postal services in Ghana which is aimed at ensuring that basic postal services are provided at prices, which are affordable for all segments of the population.

Under the Government Assisted PC Programme (GAPP) in support of the iAdvance Computer4All project, a total of 10,000 units of computers were sold to the public, private and educational institutions and individuals to increase the availability and usage of computers in the country.

To take advantage of the opportunities that exist in the Global Business Process Outsourcing, Ghana Telecommunications University College with support from the Ministry of Communications trained 30 Call Centre and Data Entry Clerks. The Ministry also collaborated with the Ministry of Information and National Orientation (MINO) and the Ghana Investment Fund for Telecommunications (GIFTEL) in the training of 22 information officers from various districts under the Community Information Centre initiative. Currently, over 200 Call Centre and Data Entry operators have received training.

### **3.2.10. Developing the Tourism Sector for Revenue and Employment Generation**

#### **Status of Selected Indicators:**

The policy thrust for the tourism sector is to make Ghana a competitive and quality tourism destination while preserving the country's cultural, historical and environmental heritage. The strategies and policy measures implemented are aimed at: (i) promoting tourism as a major source of national revenue; (ii) promoting domestic tourism to foster national cohesion as well as redistribution of income; (iii) promoting sustainable and responsible tourism in such a way as to preserve historical, cultural and natural heritage; and (iv) enhancing the capacity and strengthening the legal and institutional framework to support tourism industry.

Among the key indicators selected to monitor progress towards the attainment of the policy objectives are:

- percentage increase in tourist arrivals; and
- percentage change in investment (stock tourism facilities) in the tourism sector.

The tourism sector continues to be one of the most important and fastest growing sectors of the Ghanaian economy. It is the third largest foreign exchange earner after merchandise exports and remittances, and contributes significantly to the services sector which currently constitutes 32.2% of the GDP. Even though data is currently not available to assess the growth of the sector, total arrivals are expected to exceed the 16% growth recorded in 2006, primarily due to major events that took place in Ghana in 2007 including the (African Union) AU conference, all year round Golden Jubilee Celebrations and the Launching of the Joseph (Akwaaba - Anyemi) Project/Emancipation /PANAFEST. Available statistics on domestic tourism for 25 sites

indicates that 417,558 Ghanaian tourists visited various tourists' sites within the country in 2007 and generated an income of about GH¢748,248 (US\$771,389.69) in the local economy. Employment generated by the sector in 2007 was 206,091 of which about 45% went to women. This represents 12.5% rise over the estimated employment generated in 2006.

As part of preparations towards hosting of CAN 2008 African Soccer Tournament and the UNCTAD conference in 2008 there was an increase in hotel accommodation. The total number of hotel establishments registered which stood at 1,405 in 2006 increased to 1,430 in 2007. The total number of rooms registered increased from 19,967 in 2006 to 21,275 in the major cities of Accra, Kumasi, Sekondi-Takoradi and Tamale.

**Table 3.10: Developing the Tourism Sector for Employment and Revenue Generation**

INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
1. Percentage increase in tourist arrivals	14%	13%	16%*	Na	Data is not available to assess progress, but progress is expected to be significant due to a number of high profile events undertaken in 2007 including the AU conference, all year round Golden Jubilee Celebration and the Launching of the Joseph (Akwaaba- Anyemi ) Project/ Emancipation /PANAFEST  RECEIPTS (US \$ Million ): 2005 =836.1 2006 =984.8 2007 = Na  EMPLOYMENT: 2005 =172,823 2006 =183,192 2007 = 206,091
2. Percentage change of investment (stock of tourism facilities) in the tourism sector					Target not achieved (With the exception of Catering Establishments, all the remaining indicators fell short of targets, showing a declining trend in some cases)
a. Accommodation Establishments (Hotels, Guest houses, lodges etc)	15.25%	2.3%	4.5%	1.8 (1430)	
b. Catering Establishment (Restaurants, fast food joints etc)	10.73%	24.4%*	-32.8%	40.8 (352)	
c. Travel Agents and Tour Operations Establishment	8.89%	31.0%	-5.9%	0.3 (351)	
d. Car Rental companies	13.26%	10.4% (53)	11.3%* (59)	-3.4 (57)	

Source: MOTDR, 2007

\* Revised data

### **Key Policy Measures and Strategies:**

The following activities were carried out in line with the objective of the tourism sector in 2007:

The Joseph Project (Akwaaba Anyemi) which is aimed at making Ghana the gateway to the 'Homeland' for over 40 million African Diasporans was launched across the country. Over 2,000 foreign participants, mainly African Americans participated.

To boost domestic tourism, the Tourist Board in July 2007 organized regatta (boat racing) competition for fishermen in and around Elmina in the Central Region. The event, created an opportunity for the hospitality industry around Cape Coast and Elmina to do brisk business. Also the third Hang and Paragliding Festival, which has now assumed international dimension, took place at Atibie, Kwahu, in the Eastern Region during the Easter Holidays. About 26 international gliders participated in the festival.

To facilitate the smooth implementation of the Old Accra Re-development Programme, the Ga Mashie Development Company was established and its offices commissioned. Under this programme the Brazil House which will be used as a museum of Ghana – Brazil shared heritage, and the Ussher Fort (Monument of Ghana – British shared heritage) were rehabilitated and commissioned. The restoration and listing of historical buildings for conservation and tourist attractions is also being undertaken in collaboration with AMA, Ghana Monuments Board, and the Valuation Board.

To create awareness of domestic tourism, improvement and cleanliness of tour sites and other tourist centres, media sensitization programmes were organized by the Ministry of Tourism and Diasporan Relations. It is envisaged that through these programmes Ghanaians will become tourist-friendly, with the ultimate aim of making Ghana the preferred tourist destination in West Africa.

In pursuit of its programme to open up undeveloped tourist sites at the local level, five receptive facilities have been completed. This brings the number of completed facilities to 19 out of the planned 21 receptive facilities. Additionally, 16 investment profiles of identified sites along the coast were produced together with Colour Aerial Photography and Ortho-photo Map of the entire coastline of Ghana to facilitate private investment in the sector.

In the area of training, about 1000 personnel from the private sector were trained in front Desk office duty, food and beverage service and housekeeping through a crash training programme to improve service delivery in the industry. The Ministry of Tourism and Diasporan Relations, through Hotel, Catering and Tourism Training Institute (HOTCATT), trained 300 youth for new employment in the hospitality industry. The Institute also trained 40 tour guides and travel and tour operators.

### **3.2.11. Employment Generation and Improvement and Expansion of Safety Nets**

The overall objective of the employment sector strategy is to pursue cross-sectoral development interventions that ensure that employment expands along with production and that the benefits of growth are widely shared.

#### **Status of Selected Indicators:**

The following indicators were used for assessing performance under the strategy:

- the number of new jobs created by sectors,
- number of labour disputes, and
- social protection expenditure as percentage of GDP.

Current data on new employment generated during the year is not available, however available information on total job vacancies recorded in 2007 indicates an upward trend. The advertised job vacancies rose by 13.4% from its level in 2006 to 7,834.66 in 2007.

The strong demand for labour registered in 2006 in the services sector continued in 2007. The sector's labour demand went up by 17.6% and accounts for 44.7% overall labour demand in 2007. Within the service sector, education accounted for 19.8% of the total, followed by transport and communication (7.7%) and restaurant and hotels (7.7%). The industrial sector recorded 14.2% of job offers, and a growth rate of 38.9% over the previous year. Against the backdrop of an energy crisis, the job offers within the sector was impressive.

Vacancy announcements registered a marked preference for skilled labour. Out of the total job offers 45.6% required the services of professionals; 4.7% went for top executives, sales and other service workers accounted for 19.8%; and 16.1% went to secretarial and clerical vacancies.

On the other hand, a total of 656 labour disputes were recorded during the year under review, representing a 1.1% decline from the 2006 level. Among the reasons assigned for the industrial action are delays in implementation of appellate body reports, negotiation delays and unwillingness of management to allow staff unionization.

In order to improve the targeting of employment opportunities for the most vulnerable in the society, as well as address the persistent youth unemployment, the interventions under the national youth employment programme (NYEP) which began in 2006 continued in 2007. Overall 108,403 jobs were created under the programme in all the 10 regions in 2007. About 68% of these jobs were created under the education (30.8%), agriculture (23.4%), and auxiliary nurses (13.8%) modules. The Volta region recorded the highest number of jobs with a total of 12,013, while Upper West recorded the least with 9,698.

The overall objective of the NYEP is to empower the youth to enable them to contribute more productively towards the socio-economic and sustainable development of the nation. This programme attests to Government's commitment to provide jobs for the youth in line with the Growth and Poverty Reduction Strategy (GPRS II). Seven out of the 10 employment modules of the National Youth Employment Programme (NYEP) were rolled out and implemented nationwide. A total of 108,403 youth were engaged in the seven modules as at August 2007.

To provide a framework for government and civil society to support the extremely poor and vulnerable, a National Social Protection Strategy has been developed. Available data indicates that social protection related expenditure as a percentage of GDP increased from 0.09% in 2006 to about 1.0% in 2007. Even though some progress has been made it still fell below the expected target. It is expected that the social protection expenditures will increase to more than 4.4% in the medium term.



The Fair Wages and Salaries Commission Act 2007, Act 737 was enacted in 2007. The Board of the Commission was subsequently constituted, and office accommodation provided. The technical grades of the Commission were being filled. The social dialogue between the Commission and other stakeholders were being facilitated. Meetings were held between the consultants working on the new pay structure (i.e. the single spine), the technical team on the job evaluation and the task force that worked on the establishment of the Board to bring the Board up-to-date on developments and expectations.

The Disability Council has been established and is operational as envisaged under the Persons With Disabilities (PWD) Act 2006 (Act 755). In order to bring PWDs into the mainstream of socio-economic development, the Department of Social Welfare, disbursed Gh¢100,000 to 950 disabled persons in 20 districts. Also the National Health Insurance Scheme (NHIS) premium for 2,347 orphans and vulnerable children and 1,225 caregivers which amounted to Gh¢8,820 were paid.

Under the Livelihood Empowerment Against Poverty (LEAP) programme the following activities among others were implemented:

- institutional assessment to facilitate capacity building of the Department of Social Welfare to effectively implement the LEAP was carried out to enable more strategic strengthening for effective implementation of the programme;
- District LEAP implementation committees and community LEAP implementation committees have been set up in all 21 districts and trained to sensitize communities to the objectives of the LEAP programme;
- MoU signed between the Ghana post office and MMYE in December 2007 to facilitate the cash transfer. Subsequently post office staffs have been trained to assist with the cash transfer;
- about 1,553 households with orphans and Vulnerable Children (OVC) have benefited from an initial bi-monthly conditional cash transfer of between Gh¢6- Gh¢8/month to meet their basic needs and other services in health and education; and
- a model single register has been developed and is currently being populated with data on beneficiaries selected from 21 districts of the LEAP pilot.

### **3.3 SUMMARY OF POLICY RECOMMENDATIONS**

The environment for doing business and the competitiveness of the private sector continued to improve, in spite of instability in the global economy and challenges posed by the domestic energy crisis. Economic growth was led by high private sector activity in the Services and Industries which grew by 10% and 6.6% respectively, compared to 6.7% and 9.5% in 2006. A lot of the bottlenecks associated with the private sector continued to be removed thereby impacting positively on the environment for doing business. Time taken to register new businesses and property, as well as time to resolve commercial disputes continued to improve. Access to credit by private sector also improved further, while some of the bottlenecks in the infrastructure sector, especially in energy, ICT and transport, continued to be addressed. Internet access price further reduced to US\$0.60/hr on the account of significant investment in ICT infrastructure development, while telephone penetration rate continued to improve. The load shedding

programme which commenced in August 2006 was discontinued and per capita consumption of energy also improved as a result of improved power supply.

However, the areas where significant challenges exist are the road and rail transport sub-sector. Even though significant resources have been invested to increase the overall road network size by 30% over the 2006 level, it is still not keeping pace with the rate of economic expansion and demand for improved road network across the country. The bulk transport of goods continued to be done by road, thereby increasing the risk of high accident rate as well as the rate of deterioration of the road network. The rail sector which has been identified to be suitable for bulk haulage has so far not been successful in attracting the requisite private investment to put the sector into effective use. Continuous effort in addressing these constraints will further promote Ghana as both investment and tourist destination, and also boost domestic productivity and reduce the cost of production.

Other constraints regarding availability of accurate data identified in 2006, especially on the informal sector, continue to exist. A comprehensive M&E system at the national, regional and district levels was being developed by NDPC and GSS to help address some of these constraints. The number of indicators without data in this thematic area reduced from 20 in 2006 to about 5 in 2007. The institutionalization of M&E at all level of policy management will help address these challenges over time. The specific recommendation for the various policy areas are as follows.

### **3.3.1 Private Sector Development**

Significant progress was made in this policy area, with all the seven indicators recording positive outturns. Three of the indicators exceeded their respective targets, while the remaining four, though did not attain their targets, improved over the 2006 levels. The interventions aimed at increasing the competence and capacity of firms received attention in 2007, however the pace of implementation needs to be accelerated. Also, progress on the implementation of programmes under the Presidential Special Initiative was slow. The pace of the review process that has begun should be accelerated in order to identify and focus on the high impact and successful interventions.

### **3.3.2 Modernized Agriculture**

Overall, agricultural output continued to increase in 2007, accompanied by high household incomes and improved food security. Though only one out of the eight indicators achieved its target, some significant achievements were recorded in the sector in 2007. The level of agricultural productivity which recorded a negative outturn in 2006 was reversed in 2007, with maize, rice, cocoyam, yam and plantain recording positive trends. More significantly, increases in agriculture output resulted from land intensification instead of land expansion as observed in 2006. In order to sustain the gains and improve further the productivity of staple crops, it is important to intensify the appropriate mix of interventions that have resulted in these achievements, including the supply of improved varieties of seeds and agro-chemical, increased extension and technology dissemination coverage, and mechanization services for land preparation.

The analysis indicates that access to agricultural credit remains a constraint to agricultural development. The share of credit to agriculture by deposit money banks stagnated at 4.8% thereby constraining investment in agricultural inputs and

infrastructure. It is therefore recommended that the processes involved in setting up the proposed Agricultural Development Fund by government should be accelerated. This will ensure a readily available source of funds to farmers to invest in improved seedling, agrochemical, mechanization, irrigation, agro-processing equipments, etc, and hence reduce some of the risk associated with agriculture.

### **3.3.3 Modernized Fishing and Aquaculture Development**

The sector recorded positive results with two out of the three indicators achieving their respective targets. Output from aquaculture increased about hundred times. However, productivity of fish among small scale farmers remained low. While productivity of fish from commercial farms was estimated at 6 tonnes/ha/year, that of small scale farms remained at 1.5 tonnes/ha/year. It is therefore important to identify and implement appropriate mix of interventions that will ensure increased productivity of fish among small-scale farmers.

### **3.3.4 Restoration of Degraded Environment and Natural Resource Management**

Apart from the land and minerals sub-sectors where key targets were met, other areas under this policy area continued to record negative trends. The cost of environmental degradation to GDP continued to increase, while hectares of degraded forest rehabilitated/restored did not keeping pace with rate of degradation. To reverse this trend, government in 2007 developed and adopted a five year Natural Resources and Environmental Governance (NREG) programme with the support of development partners. The objective of the programme is to address governance issues as regards natural resources and environment with the overall objective of ensuring sustainable economic growth, poverty reduction and improving environmental protection. The NREG incorporates a comprehensive M&E arrangement which will address some of the data collection challenges identified in 2006.

### **3.3.5 Promoting Trade and Industrial Development**

Three out of four indicators recorded positive outturns, with two of them achieving their targets. Overall, the industrial sector recorded a growth rate of 6.6% in 2007, while the share of manufacturing in total export increased from 14.2% in 2006 to 15.2% in 2007. Trade through the ports further improved by the introduction of simplified procedures for transaction at the ports and the provision of additional ports infrastructure. However the weakness in the manufacturing sector identified in 2006 persists inspite of the implementation of some structural reforms agreed under the government private sector dialogue platform, including tax and non-tax measures. Manufacturing value added share of GDP continued to be on a downward trend. It is therefore important for government and her stakeholders to review the current policy interventions with the view to identifying further weaknesses and addressing them.

### **3.3.6 Transport Infrastructure: Road, Rail, Water and Air Transport**

Overall, one of the indicators exceeded the target set, another recorded significant progress, while two recorded slow progress. The major challenge of the road sector currently is the poor condition of the network, particularly in urban roads. The re-classification of the urban road networks has revealed poor condition of urban road network in spite of the increasing annual maintenance expenditure. To ensure effective

management of road network, the current mechanism and institutional arrangement for managing the road network should be reviewed to make it more responsive to the current challenges in the sector. Also a study is required to further understand the key constraints affecting the maintenance of road networks, particularly in urban roads in spite of the increasing maintenance expenditure.

The indicators continued to show downward trend under the rail sub-sector, primarily due to deteriorating infrastructure and mismanagement. The policy of government has been to attract private capital into the sector in the form of Public-Private Partnership (PPP). However this is not yielding the desired results as the concession agreements signed by the Ghana Railway Company for the development and extension of Eastern line and the rehabilitation of the Western corridor are yet to materialize. It is therefore necessary to review the current policy arrangement for financing the railway sector in favour of public financing in view of the long term benefit of the railway sector, in terms of bulk haulage, preserving the road network and reducing accidents on the roads.

### **3.3.7 Energy Supply to Support Industry and Households**

The crisis experienced by the sector in 2006, provided the opportunity for government to review its long-term electricity policy in terms of the nature of electricity generating mix required for the nation's long term needs, as well as the nature of investment required. Significant investments were made towards thermal plants and system upgrading, while work began in identifying and developing new hydroelectricity projects. The percentage of households with access to electricity continued to expand at the rate higher than envisaged under the GPRS II. However system losses continued to be high and the pace of the current upgrading programme of electricity infrastructure should be accelerated.

The global instability in oil prices continued to impact negatively on the domestic prices of goods and services, as well as producer prices. The macroeconomic indicators continued to be stable, however in the face of continued price increases it is important to identify the appropriate mix of policies to counteract the effect of the price increases on a long term basis.

### **3.3.8 Science and Technology to Support Productivity and Development**

The challenge regarding inadequate data to track progress in this policy area persisted. Some capacity and logistical constraints have been identified by the ministry responsible for this sector (i.e. MOESS) and these are expected to be addressed in the subsequent editions of this report. This notwithstanding, available data on key national institutions engaged in science and research suggest that amount of public resources allocated to these institutions has not changed significantly in real terms, and effort has to be made to further strengthen the capacity of these public institutions for science and technology development.

### **3.3.9 Developing Information and Communication Technology (ICT)**

Significant progress was made in this policy area during the year under review. Telephone density has increased and internet accessibility improved. Out of the three indicators monitored two made significant progress and exceeded the target set, while one recorded a steady progress. However, more effort has to be made to improve internet accessibility to business and households.

### **3.3.10 Developing the Tourism Sector for Revenue and Employment Generation**

Lack of data made it difficult to comprehensively assess progress in this policy area. However indication is that the sector recorded positive trends on the account of key high profile events that took place in 2007.

The issues raised about the music and film industries in the 2006 APR continued to receive little attention. The music and film industry is identified as a strategic sector within the broad growth agenda of the GPRS II. It is therefore important for the Ministries of Chieftaincy and Culture, Tourism and Disporan Relation, and Trade, Industries, PSD and PSI identify policies relevant to their sector for implementation.

### **3.3.11 Employment Generation and Improvement and Expansion of Safety Nets**

Steady progress was made on two of the key indicators that track progress towards industry harmony and public commitment towards the vulnerable and excluded. However data was not available to ascertain the total number of new jobs generated in the economy in 2007. Available information on total advertised job vacancies indicated an increase of about 13.4% over its level in 2006.

Salary disputes continued to be the major source of industrial unrest, and it is important to continue to pursue industrial peace through the strengthening of the tripartite system as well as ensuring transparency in salary administration including establishment of fair wage system. Also the pace of implementation of the Labour Market Information System should be accelerated in order to address the data collection challenges with regards to new jobs created in the economy.

## STATUS OF INDICATORS – 2007

**Table 3.12: Summary of Status of Private Sector Competitiveness Indicators, 2005 – 2007**

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
<b>PRIVATE SECTOR DEVELOPMENT</b>	1. Ease of Doing Business rank	Within the first 55 countries in the world by 2009	102	94	87	Steady progress
	2. Complementary Indicator: Composite Index of Economic Activities (CIEA) CIEA – Nominal Movement = CIEA – Year-on-Year growth (Nominal) = CIEA – Real Movement = CIEA – Year-on-Year growth (Real) =	Na Na Na Na	225.39% 19.28% 160.43% 10.71%	285.69% 26.8% 140.17% -12.6%	341.84%	
	3. FDI net inflows (in millions of US\$)	Na	144.97	434.50	501.20	No baseline target, but there was a significant improvement over the previous year's level
	4. Private fixed investment (as % GDP)	18%	17%	17.6	19.5%	Target exceeded
	5. Number of days to register a Limited Liability Company	6	14	5	5	Target exceeded
	6. The number of days to resolve commercial disputes	120	185	90	80	Target exceeded
	7. Domestic credit to the private sector as ratio of GDP	19.6% by 2009	14.9%	18.0%	22.5%	Target exceeded
<b>MODERNIZED AGRICULTURE</b>	8. Change in yield of selected traditional crops and productivity of livestock. Maize = Rice(milled) = Cassava = Yam = Plantain = Cocoa = Poultry = Sheep = Goat = Cattle =	0.39 1.17 0.57 0.49 1.5 0.10 0.12 0.08 0.05 0.11	0.01 - 0.02 0.56 0.58 1.61 0.46 0.11 0.03 0.04 0.01	-0.08 0.02 - 0.56 0.11 -0.38 0.46 Na Na Na Na	0.06 0.50 0.63 0.33 0.45 0.58 Na Na Na Na	Significant progress Maize, rice and cassava recorded positive outturns compared to 2006 when they recorded a decline.
	9. Percentage of cultivated lands under irrigation (Area developed for irrigation/ha)	0.34  (24,200)	0.26%  (19,000)	0.21%  (14,928.5)	0.21%  (15,108.3)	No progress after 2005  <u>Regional distribution:</u> Ashanti - 188

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
						Brong Ahafo - 4,12.8 Central - 386 Greater Accra - 5,147 Northern - 690 Upper East - 3,690 Upper West - 2,11.5 Volta - 3,503 Eastern - 772 Western - 108 <b>Total - 15,108.3</b>
	10. The Share of Credit to Agriculture, forestry and Fishing by Deposit Money Banks (excluding Cocoa)	≥10%	6.2%	4.8%	4.8%	Indicator stagnant after 2005
	11. Per capita production of key staple foods (crops), livestock and fish; (in kg/Annum, except * which is in live animal/annum)					Progress is mixed.  Per capita production for both legumes and cereals decreased from 33.5kg to 20.5kg and 82.4kg to 70.2kg respectively from 2006 to 2007 while that for roots and tubers generally increased from 836.4 kg to 856.0kg over the same period.
	Maize	54.0	55	54	55.6	
	Rice(milled)	33.0	11	11	9.4	
	Sorghum	157.0	14	14	7.3	
	Millet	44.0	9	7	5.4	
	Cassava	22.0	445	436	459	
	Yam	2.0	182	194	197	
	Plantain	4.0	130	131	147	
	Cocoa	3.0	15.3	33.5	46.2	
	Poultry*	1.82	1.49	1.52	1.57	
	Sheep*	0.17	0.16	0.15	0.15	
	Goat*	0.22	0.20	0.18	0.18	
	Cattle*	0.07	0.07	0.06	0.06	
	Fish	0.022	0.21	0.29	17.2	
	12. Percentage change in export volume and value of non traditional crops.					
	Pawpaw					
	Volume =( 3,751,947Kgs in 2004)	200	-14.40	-54.0	-37.56	
	Value =(US\$1,226,695 in 2004)	200	-11.85	-35.0	8.94	Slow progress
	Mango					
	Volume = (375,911Kgs in 2004)	400	8.33	-52.0	351.45	
	Value =(US\$163,850 in 2004)	400	-17.88	-34	1099.6	Declining pattern observed in the value and volume of some export crops in 2006 persisted in 2007.
	Pineapple					
	Volume = (71,804,617Kgs in 2004)	400	-74.41	196	-33.4	

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
	Value =(US\$13,316,459.48 in 2004)	400	-42.07	33.0	-29.40	Total volume of pineapple and pawpaw declined in 2007, while mango and banana recorded increases in export volumes
	Banana Volume = (725,365Kgs in 2004)	1500	53.94	1,830	17.79	
	Value =(US\$208,938 in 2004)	1500	119.65	1,291	-3.54	
	13. Farm household incomes Non-farm household income	60% 40%	-	61% 39%	63% 37%	
	14. Ratio between subsistence crop/livestock and commercial crop/livestock farming	2.5	-	3.16	2.51	Target exceeded
	15. Percentage increase in agro-processing and agro-business enterprises and micro-enterprises registration		Na	Na	Na	Data not adequate to make any informed judgment or any meaningful analysis.
<b>FISHERIES DEVELOPED</b>	16. Total Fish Supply (mt) a. Marine b. Inland Capture fisheries c. Harvesting of Ponds/Reservoirs/Cages - Ponds & Reservoirs - Cages <b>Total Domestic Production (mt)</b> d. Import		334,789.5* Na 6,900 - - -	334,409.9 14,481 1,667* 1,248.97 418.50 <b>350,557.9</b>	293,398 82,989.8 3,256.87 1,725.67 1,504.0 <b>378,654.7</b>	Significant progress over 2006 output (Total domestic production increased by 8%, while output from aquaculture increased by 95.3%)
	17. Quantity of fish produced per hectare of pond per year	2.5 Tons/ ha/yr	1.5	1.5	1.5	No progress after 2005
	18. Total surface water Area under fish farming (excluding cages)	600ha	231.4	508.58	1,150.45	Target exceeded
<b>RESTORATION OF DEGRADED ENVIRONMENT AND NATURAL RESOURCE MANAGEMENT</b>	19. Cost of environmental degradation as a ratio to GDP (lands, forests, fisheries)	4.5%	5.5%	6% <sup>3</sup>	7%	The estimate is provided by the analysts of the Economic Sector Work (ESW) on national Resource Management and Growth, and the Country Environmental Analysis (CEA, 2007). The figure is expected to reduce in subsequent years due to the massive reforestation programme of government and other complementary conservation measures being adopted by MLFM and the Forestry Commission

<sup>3</sup> CEA report of the World bank

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
	20. Rate of deforestation	1.0%	1.7% Current Forest = 5,517,000ha	1.2%	1.2%	Steady progress This estimate is based on FAO report and need to be updated to reflect the reforestation programme of government
	21. Number of Timber Utilization Contracts (TUCs) awarded					
	a. <u>Natural Forest:</u>	125 Consists of: <i>Conversion to TUC's = 100</i> <i>Next Comp. Bidding (Nat.Foests) = 25</i>	<i>6 TUCs signed and ratified by parliament</i>	<i>4 TUCs signed and ratified by parliament</i>	0	No TUC were awarded in 2007 in respect of natural forest due to inability of bid winners to pay the Timber Right Fees (TRFs)  However report on 12 pilot concessions to be converted to TUCs was completed by the FC  About 23 companies were in the bid during a competitive bidding process conducted in 2007 for plantation timber. Out of this number, only 3 companies fulfilled their obligations and hence only 3 contracts were awarded. The others have been withdrawn for re-bidding
	b. <u>Plantation:</u>	30	Na	16 TUCs signed	3TUCs Signed	
	22. The number of Social Responsibility Contracts (SRC) signed	55 Consist of: <i>SRA (Nat. Forests) =25</i> <i>SRA (Plantation) = 30</i>	8 Consist of: <i>SRA (Nat. Forests) = 6</i> <i>SRA (Plantation) = 2</i>	18 Consist of: <i>SRA (Nat. Forests) = 4</i> <i>SRA (Plantation) = 14</i>	3 Consist of: <i>SRA (Nat. Forests) = 0</i> <i>SRA (Plantation) = 3</i>	Three social responsibility agreements were signed by the three companies that were awarded the TUCs. More SRAs will be signed as more TUCs are awarded.  Meanwhile, several SRAs were signed with communities outside forest reserves permit areas. Several others have also been signed in teak patchy areas outside plantations
	23. Percentage change in resource spent for Corporate Social Responsibility, including alternative livelihood programmes	Na	Na	Na	Na	Data not available
	24. Hectares of degraded forest, mining, dry and wet lands rehabilitated/ restored					
	a. Forest	20,000 ha	16,800ha	17,500ha	17,000 ha	This target is in addition to the maintenance of previous year's targets. This therefore shows significant achievements of the target.
	b. Mining	238ha by 2009	Na	Na	238ha	About 107,000 ha of plantations was established since the programme was launched in 2001. 46,000 full time jobs and 1.1 million part-time jobs have been created

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
	c. Dry and wetland	Na	Na	Na	Na	
	25. Proportion of timber royalties going to resource owners	50:50 for on-reserve royalties (i.e. 50% for forestry commission and 50% for resource owners)  40:60 for off-reserve royalties	60:40  40:60	50:50  40:60	50:50 (on reserve)  60:40 (off reserve)	Target achieved (Revenue mobilization increased from 9.9 million in 2006 to 12.41 million in 2007, representing 25.35% The ratio of revenue sharing on-reserve remains 50% for FC and 50% for other stakeholders)  Target Achieved (Similarly, the sharing of royalties outside forest reserves remains at 40% for the Forestry Commission and 60% for the other stakeholders)
	26. Statistical Overview of the Mineral Sector					
	a. Mineral Production Gold (thousand ounces): - Diamonds - Bauxite - Manganese	2,600,000 1,000,000 800,000 1,800,000	2,138,944 1,065,923 606,700 1,719,589	2,423,265 967,864 753,320 1,607,176	2,500,000 980,000 850,000 1,800,000	Steady progress
	b. Labour - Large Scale - Small Scale (legal & illegal)*	22,000 600,000	21,916 540,000	21,950 570,000	24,742 500,000	Significant progress with target exceeded for large scale mining
	c. Foreign Direct Investments (in million U.S. \$)	2,700	744	900	2,500	Steady progress
	d. Mineral Rights Granted (Mining Lease, Prospecting, Reconnaissance, Salt, Quarry, Clay, Sand Winning, Small Scale Gold/Diamond, Mica)	200	152	189	110	Slow progress, declining trend
	27. Time to register land	6mths	12mths	7mths	5mths	Target exceeded
<b>PROMOTING TRADE AND INDUSTRIAL DEVELOPMENT</b>	28. Percentage change in non-traditional exports (NTE) = (Value in Million US\$)	10%	10.3% (777.59)	15% (892.88)	30.5% (1,200.0)	Significant progress. Target exceeded
	29. Average number of days for clearing goods from the nations ports	2days	4days	2days 6 hours at the airports	2days at the sea port;	Target achieved

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
					6 hours at the airports	
	30. Industrial Sector Performance:					
	a. Manufacturing value added share in GDP		8.9%	8.8%	8.1%	Mixed results
	b. Share of manufacturing in total export		1.3%	14.2%	15.2%	
	c. Composite index of competitive industrial performance (CIP)		Na	Na	Na	
	31. Time Taken to get duty drawback	≤3wks	6mnths	6 months	6 months	Percentage since 2005
<b>TRANSPORT INFRASTRUCTURE: ROAD, RAIL, WATER AND AIR TRANSPORT</b>	32. Total funds disbursed for routine maintenance, periodic maintenance, reconstruction and upgrading works, relative to the maintenance needs of each modal network					Target exceeded
	a. Road Transport	(\$121.06mil)	(\$130.57mil)	(\$168.85mil)	\$140.89mil	
b. Rail & Water Transport	= 60%	=54.9%	= 93.3%	= 73%		
c. Air	= Na	= Na	= Na	= Na		
	33. Proportion/length of roads maintained/Rehabilitated	95%	(37,153km) 67%	(36,021km) 75.6%	(28,243km) 53.6%	Slow progress
	<u>Trunk Roads (in km):</u>					The total length of roads maintained or rehabilitated in 2007 amounted to 28,243.43km, representing 53.6% instead of 50,039.65km (95%) anticipated. In all, feeder roads account for the bulk of all maintenance and rehabilitation works, constituting about 48.2%.
	a. Routine maintenance	13,000.0	12,127.0	12,825.1	8,114.94	
	b. Periodic maintenance	316.0	281.31	135.33	208.63	
	c. Minor Rehab & Reconstruction	513.0	198.62	166.86	347.33	
	d. Major Rehab & Reconstruction	200.0	209.75	142.18	183.55	
	<u>Urban Roads (in km):</u>					
	e. Routine maintenance	4,024.0	3,313.20	3,634.79	2,827.34	
	f. Periodic maintenance	345.0	240.36	360.87	249.0	
	g. Minor Rehab. & Reconstruction	200.0	32.0	56.18	282.29	
	h. Major Rehab. & Reconstruction	13.0	9.0	Na	7.0	
	<u>Feeder Roads (in km):</u>					
	i. Routine maintenance	25,945.0	17,119.0	17,340.0	13,620.0	
	j. Rehabilitation	1,436.0	1,085.0	557.0	481.0	
	k. Regravelling	552.0	214.0	50.0	32.6	
	l. Spot Improvement	2,659.0	160.0	1,162.0	1,403.0	
	m. Reconstruction	20.0	Na	Na	Na	
	n. Surfacing	363.5	190.0	176.0	267.3	

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
	34. Annual accident statistics for each transport mode (Road)	10,220	11,305	11,698	11,643 (Prov.)	Slow progress.
	35. Passenger traffic and goods traffic by railways					Slow progress
	a. Passenger traffic (in 1000 passengers-km)	130,200	64,000	38,000	26,000	Indicators showing downward trends since 2006 due to the closure of the Eastern, Western and Central Rail lines. Currently only Accra-Nsawam, and Accra-Tema lines are offering passenger traffic.
	b. Good traffic (1000 tonnes-km)	242.6	223,980	181,250	121,700	
	36. Maritime traffic : Goods loaded and unloaded (in 1000 tonnes)					Mixed results. Targets not achieved for Goods loaded but achieved for goods unloaded
	a. Goods loaded (in 1000 tonnes)	13,408.1	4,361	4,359	3,706.9	<p>2007 Traffic by Location (in 0000 tonnes):</p> <p><b>Goods Loaded</b></p> <p>Tema - 1,165.17</p> <p>Takoradi - 2,541.75</p> <p>Total - 3,706.9</p> <p><b>Goods Unloaded</b></p> <p>Tema - 7,213.51</p> <p>Takoradi - 1,511.90</p> <p>Total - 8,725.4</p> <p><b>Total vessels</b></p> <p>Tema - 1,672</p> <p>Takoradi - 594</p> <p>Total - 2,266</p>
	b. Goods Unloaded (in 1000 tonnes)	8,184.7	9,524	8,038	8,725.4	
	37. Total air freight and number of air traffic passengers:					Significant progress with all indicators exceeding their respective targets
	a. Total air freight in thousand tonnes	46.7	47.2	49.5	59.5	
	- Loaded		30.5	33.2	33.5	
	- Unloaded		16.7	16.3	26.0	
	b. Number of air traffic passengers (arrival and departure) in thousand	746.0	812.2	926.6	1,063.0	
	- Arrival		382.2	458.8	524.6	
	- Departure		429.9	467.7	541.4	

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
	c. Number of air craft movt (arrival and departure) in thousand - Arrival - Departure	14.7	12.5 6.2 6.3	13.733 6.868 6.865	15.723 7.950 7.773	
	38. Road condition mix					
	<u>National:</u> Good Fair Poor	64,276km = 59% = 27% = 14%	47,835km =42% = 31% = 27%	48,381km =45% = 28% = 27%	62,954km 32%* 29%* 39%*	Steady progress  The increase in total national network size was accounted for by increases in the network size of feeder and urban roads
	<u>Trunk Roads:</u> Good Fair Poor	13,367km = 50% = 31% = 19%	11,177km =42% = 31% =26 %	11,723km =46% =29 % = 25%	11,180 km 57% 26% 17%	
	<u>Urban Roads:</u> Good Fair Poor	9,909Km = 60% = 21.3% = 18.7%	4,064Km =43% =33% =24%	4,064Km =46% = 30% =24 %	9,764km 34% 2% 64%	
	<u>Feeder Roads:</u> Good Fair Poor	41,000Km = 50% = 32% = 18%	32,594Km = 30% = 17% =53 %	32,594Km =34 % =15 % = 51%	42,010km 35% 37% 28%	
<b>ENERGY SUPPLY TO SUPPORT INDUSTRY AND HOUSEHOLDS</b>	39. Per capita consumption of energy per annum (in Tonnes of Oil Equivalent(TOE): a. Electricity b. Petroleum c. LPG	0.2942 ----- -----	0.0414 0.0806 0.0033	0.0282 0.0798 0.0040	Na 0.0905 0.005	Steady progress
	40. Average number of hours of electricity outage per consumer per year	≤100 hours/year	122	Na	Na	The average number of hours of electricity outages per consumer per year far exceeded the minimum threshold of 100 hours/year set under the GPRS II due to energy crisis
	41. Percentage reduction in transmission and distribution losses: a. Transmission b. Distribution	2.98% 23.0%	3.28% 25.44%	3.56% 24.32%	3.5% 24.11%	Transmission and distribution losses of electricity continued to reduce
	42. Percentage of households covered by electricity supply	53.8%	45%	48%	54%	Target exceeded
<b>SCIENCE AND TECHNOLOGY TO</b>	43. Percentage change in Research and Development expenditure (Public)	0.3 – 0.5%	Na	Na	Na	Data not available to evaluate the indicator

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
<b>SUPPORT PRODUCTIVITY AND DEVELOPMENT</b>						2006 Public Expenditure (investment and Services): <u>Institution</u> MES - US\$363,695.65 CSIR - US\$510,108.70 GAEC - US\$2,384,456.50 TERTIARY - Na Total - US\$3.26mil (0.03% of GDP)  2007 Public Expenditure (investment and Services): <u>Institution</u> MOESS - US\$21,082.66 CSIR - US\$514,179.73 GAEC - US\$3,131,720.99 TERTIARY - US\$1359664.49 Total - US\$5.03mil (0.03% of GDP)
<b>DEVELOPING INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)</b>	44. Size of the ICT industry	US \$750 million by 2011	486.25	630.0	863.7	Target exceeded
	45. Teledensity / Penetration rate:	33.2%	16.6%	27.2%	36.3%	Target exceeded
	a. Fixed Line		1.7%	1.7%	1.9% (376,509)	
	b. Mobile		14.9%	25.5%	34.4% (7,604,053)	
	46. Internet Access					Nearly 1.5 million of the population (representing 6.8%) is estimated to be internet subscribers. Internet access prices have reduced from US\$3/hour in 2000 to US\$0.60/hour in 2007
	a. Subscribers	≥14% per annum	0.05%	0.05%	Na	
	b. Providers (total number)	-----	27 46 (SSS)	29 50 (SSS)	165	
	c. Number of school with internet access	-----	7 (Teacher Training)	8 (Teacher Training)		
<b>DEVELOPING THE TOURISM SECTOR FOR REVENUE AND EMPLOYMENT GENERATION</b>	47. Percentage increase in tourist arrivals	14%	13%	16%*	Na	Data is not available to assess progress, but progress is expected to be significant due to a number of high profile events undertaken in 2007 including the AU conference, all year round Golden Jubilee Celebration and the launching of the Joseph (Akwaaba- Anyemi ) Project/ Emancipation /PANAFEST

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target
						RECEIPTS (US \$ Million ): 2005 =836.1 2006 =984.8 2007 = Na  EMPLOYMENT: 2005 =172,823 2006 =183,192 2007 = 206,091
	48. Percentage change of investment (stock of tourism facilities) in the tourism sector					Slow progress (With the exception of catering establishments, all the remaining indicators fell short of targets, showing a declining trend in some cases)
	a. Accommodation Establishments (Hotels, Guest houses, lodges etc)	15.25%	2.3%	4.5%	1.8% (1430)	
	b. Catering Establishment (Restaurants, fast food joints etc)	10.73%	24.4%*	-32.8%	40.8% (352)	
	c. Travel Agents and Tour Operations Establishment	8.89%	31.0%	-5.9%	0.3% (351)	
	d. Car Rental companies	13.26%	10.4% (53)	11.3%* (59)	-3.4% (57)	
<b>EMPLOYMENT GENERATION AND IMPROVEMENT AND EXPANSION OF SAFETY NETS</b>	49. Number of Labour Disputes	Na	548	663	656	Slow progress
	50. The number of new jobs created by sector	250,000	125,000	200,000	Na	Data is not available for assessment of overall progress  108,403 jobs created under the national youth employment programme (NYEP) in all 10 regions as at 31 December, 2007  Figures as at December 2007 were as follows: <b>REGIONS</b> <b>SECTORS:</b> Ashanti - 11,694      Agric Biz - 25,383 Brong Ahafo - 10,992      Comm. Edu Tech -33,374 Central - 10,450      Comm. Protect - 3,047 Greater Accra - 9,994      Aux. Nursing - 15,000 Northern - 11,598      Waste & s'tion - 9,100 Upper East - 10,188      Internship - 5,200 Upper West - 9,698      Trades & vocations - 0 Volta - 12,013      ICT - 0 Eastern - 10,779      Other modules - 16,881

AREA OF FOCUS	INDICATOR	Target in 2007	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Progress towards target																																	
						Western - 10,997 (Forestry, Rev. Mobi, Volu. Teachers, etc) Programme Staff - 410																																	
	51. Social Protection Exp as percentage of GDP	≥4.42%	Na	0.09% (Gh¢19,642,805.7)	1.0% (Gh¢167,176,159.47)	<p>Significant increase.</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2006</th> <th>2007</th> </tr> </thead> <tbody> <tr> <td>Persons with - Disabilities</td> <td>15,645.15</td> <td>12,909.86</td> </tr> <tr> <td>Orphans and Vulnerable children</td> <td>28,644.20</td> <td>61,670.13</td> </tr> <tr> <td>Devt. of Social Protection Strategy</td> <td>23,335.38</td> <td>89,306.64</td> </tr> <tr> <td>Capitation Grant</td> <td>12,940.39</td> <td>129,500,000</td> </tr> <tr> <td>Reducing Maternal Mortality</td> <td>374,300.17</td> <td>9,394</td> </tr> <tr> <td>Malaria Prevention and Control</td> <td>9,305,642.73</td> <td>13,034,546.44</td> </tr> <tr> <td>Reducing Child Mortality</td> <td>467,312.88</td> <td>12,595.50</td> </tr> <tr> <td>School Feeding Prog.</td> <td>9,414,984.8</td> <td>24,455,436.70</td> </tr> <tr> <td>Health Insurance</td> <td>-</td> <td>300.20</td> </tr> <tr> <td>Total</td> <td>19,642,805.7</td> <td>167,176,159.47</td> </tr> </tbody> </table>	Item	2006	2007	Persons with - Disabilities	15,645.15	12,909.86	Orphans and Vulnerable children	28,644.20	61,670.13	Devt. of Social Protection Strategy	23,335.38	89,306.64	Capitation Grant	12,940.39	129,500,000	Reducing Maternal Mortality	374,300.17	9,394	Malaria Prevention and Control	9,305,642.73	13,034,546.44	Reducing Child Mortality	467,312.88	12,595.50	School Feeding Prog.	9,414,984.8	24,455,436.70	Health Insurance	-	300.20	Total	19,642,805.7	167,176,159.47
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**Table 3.13: Action taken on 2006 Policy Recommendations**

2006 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2007	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: ✓ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
<b>1.1 Private Sector Development</b> (Section 3.3.1, pg 76 of 2006 APR)	<ul style="list-style-type: none"> <li>Most of the activities except those under the policy objective “increased competence and capacity” received significant action during the year. Effort should however be made to accelerate the pace of implementation of activities related to this policy objective.</li> </ul>	✓	<p>A number of on-going initiatives to address firm level constraints affecting the competence and capacity of firms were in progress. Highlights of activities include the following:</p> <ul style="list-style-type: none"> <li>a process begun to assess the future skills requirements of industry in order to be able to provide the relevant training/extension services to firms.</li> <li>a National Industrial Policy which is expected to provide the framework for industrial development was being developed.</li> <li>implementation plan to provide communication support to private sector was being developed.</li> </ul>
<b>1.2. Modernized Agriculture</b> (Section 3.3.2, pg 76 of 2006 APR)	<ul style="list-style-type: none"> <li>Productivity in the crops sub sector did not register significant improvement during the year. Effort should be made to enhance productivity through increased extension and technology dissemination coverage, mechanization services for land preparation, credit facilities for agricultural inputs, and the institutionalisation of effective environmental assessment in agricultural development.</li> </ul>	✓	<p>Productivity of maize, rice and plantain registered increases compared to trends in 2006, largely due to land intensification. Area cultivated for selected major crops reduced while production increased, an indication of farm intensification. This observation is supported by the increasing trends in fertilizer and other agro-chemicals consumption reported across the country.</p>
	<ul style="list-style-type: none"> <li>The analysis indicates that access to agriculture credit declined during the year, and the effort to transform agriculture from subsistence to commercial is not yielding much result. The land area under irrigation did not improve, increasing the risk associated with agriculture. To reduce this risk and keep the agenda of modernizing agriculture on track, there is the need to accelerate the pace of interventions outlined for the sector in the GPRS II.</li> </ul>	×	<p>The share of credit to agriculture, fisheries, and forestry (excluding cocoa) continued to stagnate, while cultivated lands under irrigation increased from 14,928 ha in 2006 to 15,108.3 ha in 2007, though it falls short of target. However, efforts made at moving towards commercial farming has begun yielding some results as the target set to attain subsistence-commercial farming ratio of 2.5 in 2007 was virtually achieved.</p>

2006 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2007	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: ✓ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
<b>1.3. Modernized Fishing and Aquaculture Development</b> <i>(Section 3.3.3, pg 77 of 2006 APR)</i>	<ul style="list-style-type: none"> <li>▪ The pace of implementation of interventions under aquaculture development needs to be accelerated in order to make it possible to achieve the target of fish requirement for the country in the long-run.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• A total of 152 ponds (including 133 earthen and 19 concrete ponds) were constructed in 2007.</li> <li>• The restocking of the Volta Lake, other reservoirs, dams and other water bodies in the 3 Northern Regions begun in 2007. Also a restocking programme on the Okyereko Irrigation Project in the Ewutu Efutu Senya District in the Central Region to serve as a pilot project has been initiated.</li> <li>• Production of fingerlings commenced in the Ashaiman Aquaculture Demonstration Centre (AADC), after extensive rehabilitation of the centre, while The Pilot Aquaculture Centre (PAC) in Kona-Odumase in the Ashanti Region was upgraded to resume production.</li> </ul>
<b>1.4 Restoration of degraded environment and Natural Resource Management</b> <i>(Section 3.3.4, pg 77 of 2006 APR)</i>	<ul style="list-style-type: none"> <li>▪ Limited progress was made in this policy area as most of the indicators monitored showed a significant shortfall or decline. The cost of environmental degradation to GDP appears to be worsening, and hectares of degraded forest rehabilitated/restored did not achieved target. Efforts should be made at improving on environmental governance and incorporating sound environmental practices in the planning and implementation of national policies.</li> </ul>	✓	<p>In terms of restoration of degraded lands through mining, the following was achieved:</p> <ul style="list-style-type: none"> <li>▪ Technical document developed for labour intensive physical reclamation.</li> <li>▪ Activity has been included in the budget under the Natural Resources and Environmental Governance programme for execution in 2008.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Another major challenge to monitoring this sector is the lack of accurate and reliable data to evaluate the performance of the sector. For instance regular data on rate of deforestation is still difficult to obtain. It is recommended that the MDAs responsible for issues of environment and natural resource management should collaborate to develop an efficient database of relevant indicators to help in tracking progress towards achieving environmental governance and natural resource management.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• A project begun in 2007 to identify effective indicators that will help track progress in this sector.</li> <li>• A comprehensive monitoring mechanism has been developed under the Natural Resource and Environmental Governance (NREG) programme to help track progress on a regular basis</li> </ul>

2006 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2007	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: ✓ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
<b>2.2 Promoting Trade and Industrial Development</b> <i>(Section 3.3.5, pg 77 of 2006 APR)</i>	<ul style="list-style-type: none"> <li>The performance of most of the indicators in this policy area is on-track against set targets. However the area of weakness is the manufacturing sector, where the manufacturing value added share of GDP appears to be on the downward trend. It is therefore important for the MDAs responsible to collaborate and dialogue with the private sector with the view to identifying the structural constraints for early resolution.</li> </ul>	✓	Available data indicates that manufacturing value added share of GDP continued to decline, recording 8.1% in 2007 compared to 8.8% in 2006, on the account of the energy crisis which the country experienced in 2006. However government has established a structured mechanism to provide regular Public-Private Dialogue forums and feedback, the bi-monthly breakfast meetings with the private sector, and bi-annual Trade and Industry fora continue to be organized. A Trade and Industry forum was held in September 2007 to collate views of the private sector for the preparation of the Government Budget for 2008.
	<ul style="list-style-type: none"> <li>Efforts should also be made to develop instruments to track the extent of competitiveness of the industrial sector, which is measured by the composite index of competitive industrial performance (CIP). This is significant in determining the level of competitiveness of our domestic industries in the global environment.</li> </ul>	×	No specific action taken on this recommendation yet
<b>3.1 Transport Infrastructure: Road, Rail, Water and Air Transport</b> <i>(Section 3.3.6, pg 78 of 2006 APR)</i>	<ul style="list-style-type: none"> <li>Significantly, the annual road accident rate worsened in 2006. It is therefore important to intensify the appropriate mix of interventions under the road safety programme to bring down the accident rate to an acceptable level.</li> </ul>	✓	Annual road accident rate declined marginally from 11,698 in 2006 to 11,643 in 2007. A new technical specification for roads and bridge works has been developed and currently being applied for road and bridge works. The Road Traffic Regulations have been revised in order to operationalize the Road Traffic Act 683 of 2004. The National Road Safety Commission (NRSC) offered road safety education to a total of 10,000 school children, 500 teachers and 1,000 parents in 2007.
	<ul style="list-style-type: none"> <li>Under the rail transport sector, all the indicators are experiencing a downward trend. It is important to review the current interventions, particularly in the rail sub-sector for immediate scaling up in view of the huge potential for bulk transport of goods and passengers.</li> </ul>	×	Not much progress has been made on this recommendation. Government effort of seeking private-public partnership for the railway sector is not yielding significant result. Currently only Accra-Nsawam, and Accra-Tema lines are offering passenger traffic.

2006 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2007	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: ✓ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
<b>4.1 Energy Supply to Support Industry and Households</b> <i>(Section 3.3.7, pg 78 of 2006 APR)</i>	<ul style="list-style-type: none"> <li>▪ In spite of the crisis experienced by the sector during 2006, the percentage of households with access to electricity continue to expand at the rate higher than the average for the previous years. Per capita energy consumption continues to improve. However the comprehensive plan to resolve the nation's energy problems should take into consideration the long term objective of ensuring that energy is constantly available to support the activities of the industrial and services sectors.</li> </ul>	✓	<p>The load shedding programme which commenced in August 2006 was discontinued in October 2007 as a result of an improved power supply situation.</p> <p>As part of the medium to long term arrangements to secure power supply, Government:</p> <ul style="list-style-type: none"> <li>• continued to pursue the deregulation of the petroleum industry;</li> <li>• acquired 220MW Gas Turbine Power Plant from Aslton of Switzerland, and has concluded an Engineering, Procurement and Construction (EPC) Contract for the installation of the Plant. Government has also concluded arrangements for the acquisition of 84 MW Gas Turbine Power Plant from BHEL in India and another 50MW Gas Turbines Power Plant from Siemens in the U.K. Also a Power Purchase Agreement has been signed with Balkan Energy Company to operationalize the 125 MW Osagyefo Power Barge at Effasu - Mangyea.</li> <li>• continued to attract private sector participation/ investment into the energy sector. Over 2,000 MW of power were expected to be provided by a number of Independent Power Producers (IPPs). Power Purchase Agreements (PPAs) were concluded with 4 of the IPPs while negotiations were far advanced with the remaining IPPs.</li> <li>• also work on the Bui Hydropower Dam project finally begun and the Bui Power Authority Bill was also passed by Parliament to provide the institutional framework for the development and management of the hydropower plant.</li> </ul>
<b>5.1 Science and Technology to Support Productivity and Development</b> <i>(Section 3.3.8, pg 78 of 2006 APR)</i>	<ul style="list-style-type: none"> <li>▪ The critical challenge to assessing this policy area is the lack of adequate data to track progress towards implementation. It is therefore recommended that the relevant MDAs make an effort to develop instruments to track the key indicators including the percentage change in R&amp;D expenditures (disaggregated into public and private) on systematic basis</li> </ul>	×	No specific action taken on this recommendation yet

2006 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2007	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: ✓ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
<b>6.1 Developing Information and Communication Technology (ICT)</b> <i>(Section 3.3.9, pg 78 of 2006 APR)</i>	<ul style="list-style-type: none"> <li>Some significant progress was made, though progress on internet access is still slow. As a strategic support service to the growth agenda it is important to accelerate the pace of implementation of interventions to make internet access to business and households relatively easy and cheaper.</li> </ul>	✓	Total internet providers increased from 29 in 2006 to 165 in 2007, while data on total number of internet subscribers was not available. However the improvements ICT infrastructure have led to a reduction in internet access prices from US\$3/hour in 2000 to US\$0.60/hour in 2007.
<b>Developing the Tourism Sector for Revenue and Employment Generation</b> <i>(Section 3.3.10, pg 78 of 2006 APR)</i>	<ul style="list-style-type: none"> <li>One of the priority interventions in the GPRS II is to develop the Music and Film industries into growth and employment points, as well as preserving the country's culture. It is recommended that the relevant MDAs explore the possibility of incorporating some of the activities outlined in the GPRS II policy area in their programme of work.</li> </ul>	×	No specific action taken on this recommendation yet
<b>Employment Generation and Improvement and Expansion of Safety Nets</b> <i>(Section 3.3.11, pg 79 of 2006 APR)</i>	<ul style="list-style-type: none"> <li>The sector is on track as most of the interventions prescribed under the GPRS II received attention during 2006. However, issues of vulnerability and exclusion are not adequately addressed, particularly in the area of data availability and disaggregation. For instance data on social protection expenditures is currently not available to determine the adequacy or otherwise of resources going to activities for the vulnerable and excluded.</li> </ul>	✓	A number of interventions targeted at the vulnerable and excluded. A National Social Protection Strategy was developed to provide a framework for government and civil society to support the extremely poor and vulnerable. In 2007 about 2,000 households with orphans and Vulnerable Children (OVC) benefited from an initial bi-monthly conditional cash transfer of between GH¢6-GH¢8/month to meet their basic needs and other services in health and education. Also an instrument has been developed to track social protection-related expenditures.

## **CHAPTER FOUR**

### **HUMAN RESOURCE DEVELOPMENT**

#### **4.1 INTRODUCTION**

Human Resource Development (HRD) under GPRS II aims at ensuring that the population of Ghana is healthy, knowledgeable, and capable of driving and sustaining private sector-led growth. Broad policy areas in this thematic area include:

- education;
- training and skills development;
- access to quality health care;
- malaria control;
- HIV/AIDS prevention;
- population control;
- safe drinking water and sanitation; and
- adequate and affordable housing.

Trend analysis of human development indicators in Ghana show that the country is making good progress towards achieving GPRS II objectives and the MDGs. Significant improvements have been made particularly in the areas of basic school enrolment, increasing access to quality health care, and provision of safe drinking water. This part of the report provides an update of progress made towards the achievement of HRD targets in 2007.

#### **4.2 STATUS OF SELECTED INDICATORS, AND KEY POLICY MEASURES AND STRATEGIES IN 2007**

##### **4.2.1 Education**

Policy interventions in this sector in 2007 were aimed at achieving the following key policy objectives:

- Increase access to, and participation in education and training, with greater emphasis on gender and geographical equity;
- Improve the quality of basic education; and
- Enhance delivery of education services.

Progress towards the attainment of these broad objectives, as monitored by the selected indicators against targets, has generally been satisfactory even though some challenges were identified in respect to the delivery of quality educational services during the year. The following are the specific progress recorded during the year.

*i. Increase access to, and participation in basic education, with emphasis on gender and geographical equity*

**Status of Selected Indicators:**

Indicators on gross enrolment ratio; net enrolment rate; survival rates and gender parity index were used to assess progress towards the attainment of this policy objective.

**(a) Gross Enrolment Ratio (GER)**

The GER is an indicator of participation in the educational system and it measures the number of pupils/students at a given level of schooling, regardless of age, as a proportion of the number of children in the relevant age group. Table 4.1 provides a summary of the trends in gross enrolment ratio for the period 2004 to 2007. In general, GER continued to increase during the year, and achieved the national GER targets, especially, at the primary and Junior High School levels in 2007.

**Kindergarten:**

The Gross Enrolment Rate at this level of education declined from 85.3% in 2005/06 to 83.6% in 2006/07. However, the decrease must be viewed against the background of continued growth experienced between 2003/04 and 2006/07 and the increase rate of coverage achieved by the Education Management Information System (EMIS) census during the year.

**Primary School:**

Progress continued to be recorded in gross primary school enrolment rate at the national level. The GER increased from 92.1% in 2005/06 to 93.7% in 2006/07, leaving just about 6.3% of eligible school going population with no formal education at the primary level. This increase in gross national primary school enrolment rate was also reflected in the rates recorded in all regions of the country with the Upper West, Upper East and the Northern region recording marginal increases as well.

The capitation grant policy introduced in 2005 and the expansion in the coverage of the school feeding programme continued to impact positively on the gross primary school enrolment recorded in 2007.

**Junior High School (JHS):**

At the JHS level, GER recorded an increase of about 2.7% over the 2006 level. The GER increased from 74.7% in 2005/06 to 77.4% in 2006/07, thereby achieving the target set for 2007 in the GPRS II. The increase GER recorded at the JHS level has been attributed in part to the increasing expansion and rehabilitation of education infrastructure at this level.

**Table 4.1: Trend in GER for Basic Schools, 2003-2007**

Gross Enrolment Ratio	Target 2006/07	2003/2004	2004/2005	2005/2006	2006/2007	Progress towards target
<b>Kindergarten:</b>						
<b>National</b>	--	<b>54.58%</b>	<b>60.14%</b>	<b>85.30%</b>	<b>83.6%</b>	<b>Slow Progress</b>
Northern		26.20%	29.28%	30.80%	54.63%	
Upper East		25.60%	28.56%	30.90%	61.36%	
Upper West		19.30%	21.94%	30.90%	65.57%	
Deprived districts		42.10%	47.95%	50.40%	78.10%	
<b>Primary:</b>						
<b>National</b>	<b>93.3%</b>	<b>86.3%</b>	<b>87.50%</b>	<b>92.10%</b>	<b>93.7%</b>	<b>Target achieved</b>
Northern		70.50%	72.70%	76.20%	77.60%	
Upper East		77.10%	80.40%	84.40%	84.29%	
Upper West		74.10%	77.30%	81.05%	81.54%	
Deprived districts		70.06%	80.12%	84.30%	Na	
<b>Junior High School:</b>						
<b>National</b>	<b>77.2%</b>	<b>70.20%</b>	<b>72.80%</b>	<b>74.70%</b>	<b>77.4%</b>	<b>Target achieved</b>
Deprived Districts		Na	Na	Na	61.65%	

**Source:** Ministry of Education and Sports, Education Sector Performance Report 2006/2007

**Note:** GER measures the number of pupils/students at a given level of schooling-regardless of age- as a proportion of the number of children in the relevant age group.

*(b) Net Enrolment Rate (NER)*

Notwithstanding the significant increases in GER in 2007, significant improvements in net enrolment ratios at both the primary and JHS levels of education over the years. The NER at the primary school level for children in the age group 6-11 years increased from 69.2% in 2005/06 to an unprecedented 81.1%, indicating that a significant number of appropriately aged children enrolled in school 2007 than in the previous year. Significantly high net enrolment ratios were recorded across all regions, with the three northern regions recording an average of 6.7% increase over their 2006 levels (Table 4.2).

At the JHS level, the national NER increased from 41.6% in 2005/2006 to 52.4% in 2006/2007, showing improvement in the proportion of students enrolled in appropriate grades in JHS.

**Table 4.2: Trends in Net Enrolment Rates in Basic Schools, 2003/04 to 2005/06**

Net Enrolment Rate	Target 2006/07	2003/2004	2004/2005	2005/2006	2006/2007	Progress towards target
<b>Primary:</b>						
<b>National</b>	<b>73.4%</b>	<b>55.60%</b>	<b>59.10%</b>	<b>69.20%</b>	<b>81.1%</b>	<b>Target Achieved</b>
Northern		49.00%	52.40%	65.40%	71.74%	
Upper East		53.20%	55.50%	69.00%	79.33%	
Upper West		49.70%	54.50%	70.00%	73.45%	
Deprived Districts					74.50%	
<b>Sex</b>						
Male		56.50%	60.00%	69.80%	79.8%	
Female		54.70%	59.30%	68.10%	77.3%	
<b>Junior High School:</b>						

<b>National</b>	<b>48.1%</b>	<b>Na</b>	<b>Na</b>	<b>41.6%</b>	<b>52.4%</b>	<b>Target Achieved</b>
<b>Sex</b>						
Male		Na	Na	Na	53.3	
Female		Na	Na	Na	55.5	

**Source:** Ministry of Education, Science and Sports, *Education Sector Performance Report , 2006/2007*

**Note:** The NER indicates the number appropriately aged pupils/students enrolled in school as proportion of children in the relevant age group.

*(c) Survival Rates:*

Completion of school by children once enrolled is key to achieving universal primary education by 2015. The survival/completion rate measures the proportion of pupils/students which remain and completes school after enrolment. More primary school children are completing school after enrolment (Table 4.3). However, school completion remains a challenge that needs to be addressed if the MDG of Universal Primary Education in Ghana by 2015 is to be achieved.

At the JHS level, the completion rate dropped from 86.6% in 2005/2006 to 85.0% in 2006/07, indicating that about 15% of JHS students dropped out in 2007 more than 13.4% in 2006. The factors responsible for the failure of such a high percentage of JHS students to complete school need to be identified and addressed in order to ensure that the goal of Universal Basic Education by 2015 is achieved.

**Table 4.3: Trends in Survival/Completion Rates in Basic Schools by Gender, 2003/04 to 2006/07**

<b>Survival Rates</b>	<b>Target 2007</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>2005/2006</b>	<b>2006/2007</b>	<b>Progress towards target</b>
<b><u>Primary</u></b>						
<b>National</b>	<b>83.9%</b>	<b>83.20%</b>	<b>82.60%</b>	<b>75.60%</b>	<b>85.4%</b>	<b>Target Achieved</b>
Males		85.10%	84.70%	78.40%	87.6%	
Females		81.10%	80.30%	72.40%	82.4%	
<b><u>Junior Secondary School</u></b>						
<b>National</b>	<b>87.5%</b>	<b>86.00%</b>	<b>85.50%</b>	<b>86.60%</b>	<b>85.0%</b>	<b>Slow progress</b>
Males		88.00%	88.50%	87.40%	82.4%	
Females		83.70%	82.90%	85.60%	78.2%	

**Source:** Ministry of Education, Science and Sports, *Preliminary Education Sector Performance Report, 2007*

*(d) Gender Parity Index:*

The Gender Parity Index measures the ratio of boys to girls in enrolment rates, the balance of parity being 1. Trends in 2007 indicated significant progress towards achieving gender parity at all levels of basic education. Some of the key measures implemented in 2007 to further improve gender parity, particularly at the primary level included the supply of school uniforms, school bags and stationery to girls in districts with low parity indices. In addition, radio programmes to promote girls education were launched in 15 districts where gender parity has proved particularly difficult to achieve. There was a much more improved Gender Parity Index at the kindergarten and primary school levels in 2007, however, the index did not perform so well at the JHS levels (Table 4.4).

**Table 4.4: Trends in National Gender Parity Index (GPI) in Basic Education Sector, 2003/2004-2006/2007**

Gender Parity Index	Target 2007	2003/2004	2004/2005	2005/2006	2006/2007	Progress towards target
<b>NATIONAL</b>						
KG	1.0	0.98	0.98	1.03	0.99	Steady progress
Primary	1.0	0.93	0.93	0.95	0.96	Steady progress
JHS	1.0	0.88	0.88	0.93	0.91	Steady progress
<b>DEPRIVED DISTRICTS</b>						
KG	1.0	Na	0.98	Na	0.99	Steady progress
Primary	1.0	Na	Na	Na	0.95	Steady progress
JHS	1.0	Na	Na	Na	0.88	Steady progress

Source: Ministry of Education, Science and Sports, *Education Sector Performance Report, 2007*

**Key Policy Measures and Strategies:**

Key policy measures implemented in 2007 to improve enrolment rate in basic schools included the construction/rehabilitation of classrooms; strengthening the capitation grant initiative; and expanding the coverage of the school feeding programme. These set of initiatives were designed to have direct and positive impact on enrolment and ensure retention at the basic level of education.

*The construction/rehabilitation of school classroom:*

One of the challenges to achieving universal basic education is the provision of adequate number of classrooms for the increasing number of pupils enrolled in schools. According to the Ministry of Education and Sports, the percentage of classrooms that needed repair in 2006/07 was 35% for kindergarten, 27% for primary and 26% for Junior High School. To address this problem, a total amount of Gh¢6.2 million was spent on construction/rehabilitation of classrooms. In addition, the government provided Gh¢5.6 million worth of furniture (school desks, teachers desks, library tables and chairs) to basic schools in 2007.

*The Capitation Grant:*

The capitation grant is a major policy to improve access to basic education and consists of Gh¢3.0 per student per year for all basic public school pupils. It was piloted in 40 most deprived regions in 2004 and became fully operational in 2005. The scheme continued to be implemented in 2007 to encourage participation and increase the school attendance rate. During the year, Government released a total amount of Gh¢14.24 million as payment of capitation grant to pupils in all public basic schools, compared to Gh¢12.95 million in 2006.

To further improve on the administration of the grant, government started to examine the option of increasing the grant as well as providing a graduated grant with additional resources targeted at disadvantaged districts.

### *The School Feeding Programme:*

The objectives of the School Feeding Programme are to enhance school enrolment; encourage attendance, ensure retention, and improve the nutritional and health status of children.

The number of schools which benefited from on-site feeding increased from the 10 pilot schools (in deprived districts) in 2005 to 138 schools in 2006, and then 987 schools in 2007. A total number of 447, 714 pupils in 138 districts benefitted from the programme as at December 31, 2007. The Greater Accra Region had the highest number of schools benefiting from the programme with 239 schools and a pupil population of 112,272. The Ashanti region had 251 schools, the Brong Ahafo, 167 and Upper East and Upper West regions have the lowest number of schools with 18 and 17 schools respectively.

### *Mainstreaming pre-schools (KG) in the basic education system*

Kindergarten education ensures smooth transition to primary school and increases school enrolment. To accelerate the process of mainstreaming pre-schools in all basic public schools, 1,349 new classrooms were provided in 2007. Consequently, the number of pre-schools in public basic schools increased from 11,931 in 2005/06 to 13,750 in 2006/07, representing an increase of 2%.

## *ii. Improve Quality of Education and Enhance Delivery of Educational Services*

### **Status of Selected Indicators:**

Progress towards achieving the objectives of improving the quality of education and enhancing the delivery of educational services are measured by the following indicators:

- proportion of students passing the National Assessment Exams (BECE) with good grades.
- percentage of trained to untrained teachers in basic schools.
- Pupil to teacher ratio.

The status of these indicators was as follows:

#### *(a) BECE Examination 2007:*

The Basic Education Certificate Examination (BECE) is taken at the end of the basic education cycle to determine whether or not a pupil progresses to second cycle education. An aggregate grade between 6 and 30 is required to enable a pupil to enrol in a second cycle institution.

There has been a positive trend in BECE performance since 2005. This is perhaps due to the continuation and strengthening in 2007 of interventions in place to ensure that students have access to textbooks and other learning materials; supervision is improved in schools; and teachers are motivated by the provision of incentive packages (Table 4.5).

**Table 4.5: Trend in the Proportion of students passing BECE with Aggregate 6-30, 2005-2007**

<i>Year</i>	<i>Proportion Passing</i>
<b>2005</b>	52.1%
<b>2006</b>	62.6%
<b>2007</b>	61.9%

*(b) Percentage of Trained Teachers:*

The demand for trained teachers for improved quality education has increased with increasing enrolment as result of new initiatives in the education sector, particularly the introduction of the school feeding programme and the capitation grant. Policy measures implemented in 2007 to improve the number of trained teachers in schools included upgrading of untrained teachers (24,000) and serving Certificate A teachers (11,000) through enrolment in a nationwide Diploma in Education Programme; training of 19,208 KG teachers; supporting serving teachers to enrol in Distance Learning Programmes offered at the universities; and upgrading of Teacher Training Colleges.

Despite these efforts, the proportion of trained teachers declined at the primary and JHS levels and only increased modestly for the KG level in 2007. This is happening against the background of increasing enrolment at all levels of basic education.

Another issue of concern is the disparities in the distribution of trained teachers in the country as a result of the difficulty in ensuring effective and equitable distribution of trained teachers in favour of poor regions and deprived districts. The teacher incentive and the district assemblies' sponsorship schemes currently being implemented to entice teachers to deprived areas need to be critically examined to further improve the efficacy of the schemes.

**Table 4.6: Trend in percentage of trained teachers in basic school, 2003/04 to 2006/07**

<b>Trained Teachers</b>	<b>Target 2007</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>Progress towards target</b>
<b>Kindergarten</b>	<b>61.5% by 2009</b>	<b>37.9%</b>	<b>32.7%</b>	<b>33.1%</b>	<b>35.6%</b>	<b>Slow progress</b>
<b>Primary</b>						
<b>National</b>	<b>79.7%</b>	<b>73.9%</b>	<b>72.4%</b>	<b>70.8%</b>	<b>62.1%</b>	<b>Slow progress</b>
Northern	Na	52.2%	51.6%	54.3%	36.5%	
Upper East	Na	74.8%	70.3%	74.0%	50.7%	
Upper West	Na	77.1%	78.5%	82.6%	50.8%	
Deprived districts	Na	55.3%	53.2%	55.9%	42.8%	
<b>JSS</b>	<b>88.5%</b>	<b>84.2%</b>	<b>83.5%</b>	<b>85.5%</b>	<b>77.2%</b>	<b>Slow progress</b>

**Source:** Ministry of Education, Science and Sports, *Education Sector Performance Report 2007*

*(c) Pupil to Teacher Ratio (PTR):*

PTR is a key input indicator used as a proxy for quality of education. The policy objective of improving the quality of education at all levels also aims at achieving a national PTR target of 35:1 at the primary level and 25:1 at the JHS level, as these levels are expected to be optimal for ensuring quality education.

Although the country has already achieved the national PTR target of 35:1 at the primary level, reducing disparities in PTR across and within regions still poses a challenge in the education sector. To correct the existing disparities in teacher supply, the incentive package strategy for deploying teachers to remote rural areas with emphasis on the three northern regions was strengthened in 2007. During the year, 8,280 bicycles were distributed to teachers in schools in the deprived areas. Consequently the PTR for these regions improved significantly during the year (Tables 4.7).

**Table 4.7: Trends in PTR- Basic Schools, 2003/04 to 2006/07**

<b>PTR- Basic Schools</b>	<b>Target 2007</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>2005/2006</b>	<b>2006/2007</b>	<b>Progress towards target</b>
<b><u>Primary</u></b>						
<b>National</b>	<b>Na</b>	<b>34</b>	<b>34.9</b>	<b>35.7</b>	<b>34.0</b>	<b>Steady progress</b>
Northern region	Na	38.6	40.2	38.0	34.0	Steady progress
Upper East	Na	58.9	57.4	48.0	42.0	Steady progress
Upper West	Na	46.2	49.0	40.0	34.0	Steady progress
Deprived districts	Na	39.5	Na	Na	36.3	Steady progress
<b><u>Junior Secondary School</u></b>						
<b>National</b>	<b>Na</b>	<b>18.6</b>	<b>19.0</b>	<b>19.4</b>	<b>17.9</b>	<b>Steady progress</b>
Northern region	Na	24.0	25.4	22.9	15.7	Steady progress
Upper East	Na	25.1	25.1	24.9	16.2	Steady progress
Upper West	Na	20.3	24.1	22.0	13.0	Steady progress
Deprived districts	Na	20.9	22.0	22.5	18.9	Steady progress

**Source:** Ministry of Education, Science and Sports, *Education Sector Performance Report, 2007*

## **4.2.2 Training and Skills Development**

### *i. Provision of Skills and Entrepreneurial Training*

One key policy issue identified in GPRS II is the lack of training and marketable skills among the youth, especially those who have never been to school or who have dropped out of school. Providing skills training and entrepreneurial know-how have therefore constituted the key strategies for empowering the youth to enable them participate fully in the socio-economic development of the country.

To achieve the objective of empowering the youth, a National Youth Employment Programme (NYEP) was launched in 2006 to provide jobs for the youth in line with the GPRS II. The targeted number of jobs to be created under the programme is half a million jobs within three years (2006-2009). As of August 2007, a total of 108,403 jobs have been created in the following seven employment modules (Table 4.8).

**Table 4.8: Youth Employment Modules and Employment Figures, 2007**

<i>Module</i>	<i>Number Employed</i>
<i>Agri-Bus-Crop</i>	<i>25,383</i>
<i>Community Education Teaching and Volunteer Teachers</i>	<i>33,374</i>
<i>Community Protection</i>	<i>3,047</i>
<i>Health Extension Workers</i>	<i>15,000</i>
<i>Water and Sanitation</i>	<i>9,100</i>
<i>Internship</i>	<i>5,200</i>
<i>Sub-modules (forestry and revenue mobilization)</i>	<i>16,881</i>
<b><i>TOTAL</i></b>	<b><i>108,403</i></b>

*Source: Ministry of Youth and Employment, 2007*

### **4.2.3 Health**

The overall goal of the health sector is to ensure that every Ghanaian has access to good quality health and nutrition services. To achieve this goal, the health sector policy objectives continue to be focused on: bridging the equity gaps in access to quality healthcare and nutrition services; ensuring sustainable financial arrangements that protect the poor; and strengthening efficiency in health service delivery.

Generally, significant progress has been made in the health sector over the past five years, particularly in child survival interventions and maternal health. Some of the notable achievements in the sector include improved coverage of immunization of children, reduction in the number of malaria fatalities among children under five years, increased access to antenatal care and improved coverage of supervised deliveries nationwide. There has also been positive but modest progress towards improving nurse and doctor to population ratios as well as steady increase in the proportion of the population covered by the National Health Insurance Scheme. Notwithstanding these achievements, there is still concern about lack of progress in improving infant and under-five mortality as well as maternal mortality (Table 4.10a). Also of particular concern is the increase in HIV/AIDS prevalence among the youth. These negative developments are likely to compromise the achievement of the MDGs of reducing child mortality, maternal mortality and preventing the spread of HIV/AIDS if concerted efforts are not made to strengthen the policy environment.

Progress made towards achieving the health sector objectives identified in the GPRS II is presented below.

#### ***i. Bridge Equity Gaps in Access to Quality Health Care and Nutrition Services***

##### **Status of Selected Indicators:**

In 2007, the Ministry of Health implemented the High Impact Rapid Delivery (HIRD) strategy for scaling up interventions for improving access to quality health care and achieving the health related MDGs. The HIRD strategy makes use of cost effective interventions aimed at reducing maternal and child mortality. The focus of the programme includes among others:

- sustaining the Expanded Program on Immunization (EPI) to cover every district;
- improving reproductive health services;

- improving malaria case management;
- extending care and support services for People Living With HIV/AIDS (PLWHA);
- strengthening programme management of guinea worm; and
- expanding the training and redeployment of professional health workers to enhance efficiency in the delivery of services.

The following indicators were used to assess performance in the sector during the year:

- OPD attendance
- immunization coverage
- antenatal care coverage
- supervised deliveries
- number of guinea worm cases
- reduce child mortality
- children under five years who are malnourished (underweight)
- maternal mortality ratio:

#### OPD Attendance

There was significant increase in OPD attendance per capita during the year. The indicator increased from 0.52 in 2006 to 0.69 in 2007, exceeding the target of 0.60 set for 2007. This reflects the positive impact of expansion of coverage under the NHIS.

#### Immunization Coverage

Vaccination status of children is important for child survival. Sustaining progress so far achieved with the Expanded Program of Immunization (EPI) can therefore significantly contribute to reduction in child mortality. There was greater immunization coverage in 2007, compared to the previous years. Coverage increased from 84.2% in 2006 to 88% in 2007 for Penta 3 and from 85.1% to 89% for measles (Table 4.9).

**Table 4.9: Summary of Achievements of Selected Health Sector Output Indicators, 2004-2007**

Indicator	Target 2007	2004	2005	2006	2007	Progress towards target
1. Immunization Coverage						
- Penta 3	84.2%	75.0%	85.0%	84.2%	88.0%	Target achieved
- Measles	-	78.0%	82.0%	85.1%	89.0%	
2. Antenatal care coverage	94.0%	89.2%	88.7%	88.4%	89.5%	Slow progress
3. Supervised deliveries by skilled personnel	60.0%	37.8%	46.0%	44.5%	35.1%	Slow progress
4. Guinea worm cases	Na	7275	3981	4136	3358	Target achieved
5. Doctor-patient ratio	Na	Na	Na	1:14,731	1:13,683	Slow progress
6. Nurse-patient ratio	Na	Na	Na	1:1,537	1:1,451	Slow progress
7. OPD attendance per capita	0.60	0.52	0.53	0.52	0.69 (GHS)	Target achieved

*Source: MOH 2007 Health Sector Programme of Work Reviews*

### Antenatal Care (ANC)

Access to antenatal care services ensures favourable birth outcomes for mother and child and reduces child and maternal mortality. Antenatal Care (ANC) was available to 89.5% pregnant women in 2007, after growing from 88.4% in 2006 (Table 4.9).

### Supervised Deliveries

The provision of delivery assistance by skilled attendants is critical for reducing the high maternal mortality ratio in the country. The percentage of births delivered by skilled health personnel still remains low and has actually been declining in the past two years, from 46.0% in 2005 to 44.5% in 2006 and to 35.1% in 2007. It is not clear what factors are responsible for the observed consistent decline. The Ministry of Health Sector Review suggests that the ending of exemptions for delivery care may have contributed to the decrease in supervised deliveries. There was no funding for the implementation of the exemption policy for free ANC and delivery care in 2007.

Approaches being used in the districts to promote supervised delivery include targeting pregnant women for NHIS registration, community education on the benefits of supervised delivery, mobilization of community leaders and providing incentives for traditional birth attendants to refer pregnant women to health facilities.

### Guinea Worm Cases

In line with the Global Eradication of Guinea Worm Initiative, Ghana should be reporting zero guinea worm cases by the end of 2009. The number of guinea worm cases has not reduced substantially since 2005, while the distribution of cases is still largely limited to the Northern region which recorded 96.5% of all cases in 2007. Intervention efforts need to be strengthened if this target is to be achieved. The lack of progress in guinea worm eradication has been attributed to:

- poor surveillance in non guinea worm endemic areas including recently freed areas that are reporting imported cases;
- irregular supply of filters and abate;
- poor social mobilization;
- poor support systems;
- poor access to safe water supply in endemic villages.

### Child Mortality:

Data on child mortality are not available on annual basis but are obtained through periodic national surveys. Data from the Multiple Indicator Cluster Survey carried out in 2006 indicated an under-five mortality rate of 111 per 1,000 live births in 2006, equal to the same level recorded in the Demography and Health Survey (DHS) which was conducted in 2003. This indicates a stagnating trend, which if allowed to continue will make it unlikely for Ghana to attain the MDG target of reducing under-five mortality by two-thirds unless significant efforts are made to strengthen the supportive environment (Table 4.10).

### Children under five years who are malnourished (Underweight):

The proportion of underweight children has generally reduced between 1998 and 2006. The proportion of malnourished children under five years old have reduced from 25% in 1998 to about 18% in 2006 (Table 4.10). Though current data is not available to assess the situation in 2007, the pattern suggests a downward trend.

### Maternal Mortality Ratio:

Various interventions have been initiated to improve maternal health and reduce the high level of maternal mortality. However institutional data available suggest an increase of maternal mortality rate from 197 per 100,000 live births in 2006 to 224 per 100,000 live births in 2007. With this poor performance it appears that the MDG of reducing maternal mortality rate by three quarters by 2015 may not be achieved unless significant effort is made at further improving the support environment.

**Table 4.10: Trends in Basic Health Indicators, 1998-2006**

<i>Indicator</i>	<i>1998 DHS</i>	<i>2003 DHS</i>	<i>2006 MIC</i>	<i>2007</i>	<i>Progress to date</i>
1. Infant mortality rate per 1,000 live births	57	64	71	Na	Lack of data
2. Under-five mortality rate per 1,000 live births	108	111	111	Na	Stagnated
3. Under-five who are malnourished (underweight)	25	22	18	Na	Lack of data
4. Maternal mortality ratio (National)	214	Na	Na	Na	Lack of data
5. Maternal Mortality ratio (Institutional) per 100,000	-	-	197	224	Worsening

*Source: GDHS, 1988-2003 Multiple Indicator Cluster Survey (MICS), Preliminary Report, 2006*

### *ii. Ensure Sustainable Financial Arrangements that Protect the Poor*

#### **National Health Insurance Scheme (NHIS)**

The Government of Ghana established the National Health Insurance Scheme in 2003 with the overall objective of removing the financial barrier to access to health care, particularly for the poor and vulnerable in society. In 2007 there were 147 District Mutual Health Insurance Schemes in operation nationwide, and to ensure its further expansion and smooth operation, the government increased subsidies to these schemes from Gh¢7.7 million in 2005 to Gh¢108 million in 2007. Also an amount of Gh¢140.33 million was released to support National Health Insurance Scheme (NHIS) in 2007, in addition to a US\$15 million loan secured from the World Bank to support ICT services. The ICT system will facilitate the production of ID cards, standardize claims management and accounting procedures.

The success of the scheme so far is indicated by the total number of members eligible for ID cards, which has increased in the past two years, from 4,400,279 in 2005 to 9,773,000 in 2007. In 2007 48% of the total population was covered by the scheme and 42% were ID card

bearers. In 2007 coverage of indigents under the NHIS also improved during the period from 79,008 to 248,379, representing 2.5% of registrants.

The regional breakdown of coverage is presented in Table 4.11. Brong Ahafo region continued to lead with 72% coverage followed by the Northern region with 58%. The Greater Accra Region remained the region with the least coverage of 24% in 2007.

**Table 4.11: Percent NHIS Registration Coverage by Region, 2005 to 2007**

Region	Estimated Population	Percent of Population Registered in 2005	Percent of Population Registered in 2006	Percent of Population Registered in 2007
Upper West	963,448	7.9%	30.0%	47%
Upper East	561,866	10.7%	32.0%	47%
Northern	1,790,417	18.7%	40.0%	58%
Brong Ahafo	1,968,205	30.1%	61.0%	72%
Ashanti	3,924,925	28.4%	44.0%	51%
Western	2,042,753	21.3%	35.0%	49%
Central	1,687,311	22.4%	44.0%	57%
Gt. Accra	3,576,312	17.0%	19.0%	24%
Eastern	2,274,453	18.3%	37.0%	51%
Volta	1,636,462	28.1%	36.0%	32%
<b>TOTAL</b>	<b>20,425,652</b>	<b>22.0%</b>	<b>38.0%</b>	<b>48.0%</b>

Sources: GSS, National Insurance Authority, 2007

Service utilization by members of the scheme has also increased tremendously as shown in Table 4.11.

**Table 4.12: Service Utilization under NHIS, 2005-2007**

Year	Hospital/Clinic Attendance	Active Members
<b>2005</b>	552,000	1,388,662
<b>2006</b>	3,213,450	3,955,203
<b>2007</b>	6,835,104	8,291,666

Source: National Insurance Authority, 2007

Despite the progress made in the implementation of the NHIS, serious challenges need to be tackled to move the scheme forward. These include:

- lack of portability
- non-standardized scheme operations
- limited scope of NHIS approved drugs
- inadequate human capital
- difficulty in identifying accredited providers
- potential for fraud by members and providers.

### ***iii. Strengthening Efficiency in Health Service Delivery***

The continued expansion of the NHIS has significantly increased the demand for health services, which is already causing problems in health facilities due to shortage of staff. Inequity in the distribution of health personnel also poses a serious challenge. Of particular concern is the challenge of recruiting and retaining staff in hard to reach districts. Inadequate

staff accommodation in these districts was identified as critical factor in the 2007 Health Sector Review.

Overall, there was progress in 2007 in the number of medical officers, general nurses and community health nurses in the country. However, data for the private sector was not available at the time of the report and that may have affected actual numbers in 2007 (Table 4.13).

**Table 4.13: Output of Key Health Professionals, 2006 and 2007**

Category of Health Professional	2006 Achievement	2007 Achievement	Percent increase
Medical Officers	2,057	2,231	8.5%
Pharmacists	1,550	1,660	7.1%
General Nurses	7,304	9,946	36.2%
Midwives	2,810	3,208	14.2%
Community Health Nurses	3,246	3,732	15.0%
Medical Assistants	500	535	7.0%

*Source: MOH 2007 Health Sector Programme of Work Reviews*

The positive impact of the improvements in the number of medical officers and nurses are reflected in doctor-to-population and nurse-to-population ratios. Although there was progress in these ratios at the national level during the year, reducing marked disparities in the distribution of these key health professionals in the country remain a challenge in the health sector (Tables 4.14 & 4.15).

**Table 4.14: Doctor: population ratios by region, 2006 and 2007**

Region	Estimated Population 2006	Number of doctors	Doctor to population ratio in 2006	Estimated population 2007	Number of doctors	Doctor to population ratio in 2007
Ashanti	4,415,554	378	1:11,681	4,565,683	428	1:10,667
Brong Ahafo	2,105,317	83	1:25,365	2,257,949	96	1:22,479
Central	1,805,488	57	1:31,675	1,843,403	63	1:29,260
Eastern	2,289,969	104	1:22,019	2,322,029	128	1:18,141
Gt. Accra	3,762,337	669	1:5,624	3,927,879	755	1:5,202
Northern	2,148,930	32	1:67,154	2,209,100	24	1:92,046
Upper East	982,510	34	1:28,897	993,317	30	1:33,111
Upper West	637,951	14	1:45,568	648,797	15	1:43,253
Volta	1,829,146	72	1:25,405	1,865,730	66	1:28,269
Western	2,324,949	71	1:32,746	2,399,348	71	1:33,794
National	22,302,150	1,514	1:14,731	22,933,234	1,676	1:13,683

*Source: GSS; Ghana Health Service, 2007*

**Table 4.15: Nurse: population ratios by region, 2006 and 2007**

Region	Estimated Population 2006	Number of nurses	Nurse to population ratio	Estimated population 2007	Number of nurses	Nurse to population ratio
Ashanti	4,415,554	2,067	1:2,136	4,565,683	2,251	1:2,024
Brong Ahafo	2,105,317	1,034	1:2,036	2,257,949	1,099	1:1,099
Central	1,805,488	1,145	1:1,577	1,843,403	1,249	1:1,476
Eastern	2,289,969	1,831	1:1,251	2,322,029	1,977	1:1,173
Gt. Accra	3,762,337	3,789	1:993	3,927,879	4,011	1:979
Northern	2,148,930	1,011	1:2,126	2,209,100	1,131	1:1,868
Upper East	982,510	757	1:1,298	993,317	798	1:1,243
Upper West	637,951	485	1:1,315	648,797	537	1:1,208
Volta	1,829,146	1,406	1:1301	1,865,730	1,474	1:1,266

Western	2,324,949	982	1:2,368	2,399,348	1,197	1:1,993
National	22,302,150	14,507	1:1,537	22,933,234	15,724	1:1,451

Source: GSS; Ghana Health Service, 2007

#### 4.2.4 HIV/AIDS Prevention

##### *i. Reduce New HIV Infections*

The current national HIV prevalence rate is estimated to be 1.9%. However, data from sentinel surveillance surveys of antenatal clinics present a fluctuating picture of the prevalence rate among pregnant women. While the HIV prevalence rate among pregnant women increased from 2.7% to 3.2% between 2005 and 2006, it declined to 2.6% in 2007 (Table 4.16). According to the Ghana Aids Commission the current up-and-down movement of the prevalence rate suggests a leveling or stabilization of the epidemic. Despite the volatility of the prevalence rates, Ghana is making great strides in halting the spread of HIV/AIDS. However, increasing trend in the prevalence rates among the youth (15-24 years), though modest, is worrying and may undermine efforts at preventing new infections.

**Table 4.16: HIV Prevalence among Pregnant Women, 2005 to 2007**

Age group	Target 2007	2005	2006	2007	Progress towards target
<b>National</b>	<b>&lt;4.0%</b>	<b>2.7%</b>	<b>3.2%</b>	<b>2.6%</b>	Target Achieved
15-19	N/a	0.8%	1.4%	1.6%	
20-24	N/a	2.4%	2.4%	2.9%	
25-29	N/a	3.6%	4.2%	3.5%	

Source: Ghana Aids Commission; NAACP, 2007

The pattern of HIV prevalence showed wide regional disparities, ranging from a low of 1.7% in the Northern Region to a high of 4.2% in the Eastern Region (Table 4.17).

**Table 4.17: HIV Prevalence by Region, 2007**

Region	HIV Prevalence Rate
Northern	1.7%
Volta	2.0%
Upper East	2.5%
Central	2.9%
Western	3.2%
Upper West	3.3%
Brong Ahafo	3.3%
Great Accra	3.4%
Ashanti	3.8%
Eastern	4.2%

Source: Ghana Aids Commission, 2007

##### *ii. Reduce the impact of HIV/AIDS related vulnerability, morbidity and mortality*

In 2007, it was estimated that there were about 70,000 known HIV positive cases in the country. In line with GPRS II policy objectives of reducing the impact of the disease on the

vulnerable, interventions in the following areas were scaled-up and strengthened to increase access to HIV/AIDS services in 2007.

- establishing more Voluntary Counselling and Testing/Prevention of Mother to Child Transmission (VCT/PMTCT) sites.
- providing HIV/AIDS services at Anti Retroviral Treatment sites.

As a result of these measures the number of persons with advanced HIV infection receiving ARV combination therapy recorded an increase of over 50% from about 6,000 to 13,429 between 2006 and 2007. During the same period, the number of Voluntary Counselling and Testing (VCT) centres increased from 341 to 422. The number of people benefiting from VCT concurrently rose from 144,856 in 2006 to 306,762 in 2007 (Table 4.18).

In Ghana, Mother-to-child transmission of HIV is responsible for 15% of all HIV infections. As of December 2007, there were 4,135 Prevention of Mother to Child Transmission sites in Ghana and 140,200 pregnant women received services from these sites. Despite the recorded improvements in access to HIV/AIDS services, a lot needs to be done to increase the availability of services to cover all known HIV infected persons.

**Table 4.18: Number of Clients on ART and VCT/PMCT Service Centers, 2006 and 2007**

Type of Service	Number of Clients	
	2006	2007
<b>ART</b>		
Number of people with advanced HIV infection receiving ARV combination therapy	<b>7,338</b>	<b>13,429</b>
Number of service delivery points providing ARV combination therapy		<b>48</b>
Number of laboratories with capacity to monitor ARV combination therapy according to national guidelines		<b>80</b>
Number of service deliverers trained in clinical management of PLWHA with advanced infection		<b>408</b>
<b>VCT</b>		
Number of Voluntary Testing and Counselling Centres	<b>341</b>	<b>422</b>
Number of people counselled and Tested	<b>144,856</b>	<b>306,762</b>
<b>PMTCT</b>		
Number of Preventing Mother to Child Transmission Centres		<b>4,135</b>
Number of people tested		<b>140,200</b>

Source: Ghana Aids Commission; NAACP, 2007

#### **4.2.5 Malaria Control**

##### *i. Promote Multiple Malaria Prevention Measures*

Malaria is a major cause of poverty and low productivity in the country. The disease accounts for over 38% of all outpatient attendance and 21% of under-five mortality. Children under-five years and pregnant women are the groups worst affected by the disease. In 2007, the National Malaria Control Programme/Ghana Health Service intensified efforts to reduce the

incidence of malaria in the country. Some of the key interventions under the Roll Back Malaria (RBM) Initiative implemented included:

- Improving malaria case management in all health facilities.
- Implementing the new Anti Malaria Drug Policy which replaced Chloroquine with Artesunate + Amodiaquine and Sulphadoxine-Pyrimethamine in the management of uncomplicated malaria.
- Promoting home-based care with emphasis on symptoms detection and early treatment.
- Promoting the utilization of Insecticide Treated Nets (ITN)/Materials, particularly among pregnant women and children under five years.
- Scaling up the implementation of the Intermittent Preventive Treatment (IPT) to cover all the 138 districts in the country (IPT provides chemoprophylaxis for women during pregnancy).
- Intensifying public education to promote malaria intervention using the mass media.

As a result of these interventions the use of ITNs went up substantially from 32.3% in 2006 for children less than 5 years of age to 58.3% in 2007; and from 46.3% of pregnant women to 52.5% during the period (Table 4.19). However, total reported cases of malaria at health facilities have been increasing over the years while progress towards reducing childhood deaths due to malaria has stalled since 2005. The analysis suggest that promoting better synergy between the malaria control and environmental sanitation programmes will ensure better outcomes for the efforts being made to reduce the incidence of malaria.

**Table 4.19: Annual Reported Cases of Malaria and ITN Use by High Risk Category**

Year	Target 2007	2004	2005	2006	2007	Progress towards target
Reported cases of malaria	Na	3,379,527	3,799,158	3,869,406	5,201,427	Steady progress
Under five malaria case fatality	Na	3.6	2.7	2.8	2.1	Steady progress
ITN coverage ( children under 5 years)	60%	9.1%	26%	32.3%	58.3%	Steady progress
ITN coverage (Pregnant women)	Na	7.8%	26.8%	46.3%	52.5%	Steady progress

Source: MOH, *Malaria Control Programme Report, 2007*

#### 4.2.6 Population Management

The management of Ghana's population is critical for achieving the main goal of GPRS II of promoting economic growth and reducing poverty. Rapid population growth increases the population size without necessarily improving its quality and also increases the number of dependents (children and the old) supported by the economically active section of the population, compromising capacity to save for investment. The current annual population growth rate is estimated at 2.5%, which is lower than the 2.6% assumed for the achievement of the macroeconomic targets in GPRS II.

Interventions currently being implemented to manage the country's population growth include:

- increasing access to and use of family planning services to reduce the unmet need for the services reported in various demographic surveys;
- promoting sexual and reproductive health, including HIV/AIDS issues; and
- promoting compulsory and universal birth registration.

The average number of children born to a Ghanaian woman at the end of her reproductive life remains high at 4.2 children. Yet the contraceptive prevalence rate remains low at only 26%, although slowly improving. The low uptake of family planning in Ghana may be a factor associated with high incidence of unsafe abortion, which is estimated to account for 22-30% of maternal deaths in the country (Table 4.20).

The lack of significant progress towards the use of contraceptive may be due to mitigating socio-cultural and service provider factors operating in Ghanaian societies. These factors need to be identified so that appropriate programmes are designed to address them.

With regard to progress towards achieving universal birth registration, the proportion of births registered improved significantly from 54% in 2006 to 62% in 2007 (Table 4.18). Despite the reported progress, the Births and Deaths Registry still has to overcome the challenges of recruiting more staff for the community registration centres; obtaining logistics to enhance supervision in the region and districts; and obtaining support to motivate registration volunteers in communities.

**Table 4.20: Summary of population management indicator achievements**

Indicator	2007 Target	2004 Status	2005 Status	2006 Status	2007 Status	Progress towards target
Population Growth Rate	2.6%	2.6%	2.6%	2.4%	2.5%	Target achieved
Total fertility rate	Na	4.4	4.2	4.2	4.2	Stagnated
Contraceptive prevalence rate	Na	21.0%	22.6%	24.2%	26.0%	Slow progress
Coverage of birth registration	Na	51%	67%	54%	62%	Good progress

*Source: GSS; Population Council, 2007; Births and Deaths Registry, 2007*

*N.B: Figures for TFR and CPR are estimates based on the GDHS 2003 results.*

#### **4.2.7 Safe Water and Sanitation**

Enhancing access to safe water and adequate environmental sanitation is known to be associated with improved quality of human resource and poverty reduction through its impact on favorable health outcomes and increased productivity. GPRS II has therefore prioritized access to safe water and environmental sanitation as strategic policy areas in human resource development.

##### ***i. Accelerate the Provision of Safe Water in Rural and Urban Communities***

Over the years, Government and its development partners have made large investments in the water and sanitation sector with the aim of accelerating the provision of safe drinking water and adequate sanitation in rural and urban communities to enhance the achievement of MDGs 7 (Table 4.21).

**Table 4.21: Cumulative Achievements in Water Systems Provision, 1994-2007**

Type of Water System	2006 Achievement	Cumulative 1994-2006	2007 Achievement	Cumulative 1994-2007
Boreholes-new	1,325	9,945	637	10,582
Hand-dug wells-new	9	1,333	80	1,413
<b>Total-new water points</b>	<b>1,334</b>	<b>11,278</b>	<b>717</b>	<b>11,995</b>
Small communities pipes-new	5	272	0	272
Small town pipes-new	12	269	44	313
<b>Total-new pipe systems</b>	<b>17</b>	<b>541</b>	<b>44</b>	<b>585</b>
Hand dug wells-rehab	9	87	13	100
Boreholes-rehab	77	3,398	228	3,626
Conversions	4	4,224	0	4,224
<b>Total-rehabilitation</b>	<b>90</b>	<b>7,709</b>	<b>241</b>	<b>7,950</b>

Source: CWSA Annual Report, 2007

A number of urban water expansion projects were undertaken by the Ghana Water Company in various urban centers nationwide, notably at Tamale, Wa, Koforidua, Sunyani and Kumasi.

Despite increasing investments, there is concern about the slow pace in improving access to safe water and clean sanitation in the country. Access to safe drinking water increased marginally in 2007 for both rural and urban communities even though the target for urban areas was achieved (Table 4.22).

**Table 4.22: Summary of indicator achievements in Water Sub-Sector, 2004-2007**

Indicator	Target 2007	Indicator status 2004	Indicator Status 2005	Indicator status 2006	Indicator Status 2007	Progress towards target
Percentage of rural population with access to safe water sources.	58.6%	51.7%	52.0%	53.18%	54.86%	Slow progress
Percentage of urban population with access to safe water sources.	57.8%	54.5%	55.0%	56.0%	58.0%	Achieved

Source: GSS; CWSA Annual Progress Report, 2007; Ghana Water Company, 2007 Annual Report.

Ensuring equity in access to safe drinking water remains a fundamental challenge in the water sector. There is wide variation in access across the regions, with some regions like Upper West and Brong Ahafo showing improvements whereas regions like Ashanti and Western experienced declines between 2006 and 2007 (Table 4.23).

**Table 4.23: Rural-urban Potable Water Coverage by region, 2006 and 2007**

Region	Estimated Rural Population	Percent Covered 2006	Percent Covered 2007	Estimated Urban Population	Percent Covered in 2006	Percent Covered in 2007
Ashanti Region	2,365,244	63.06%	62.82%	2,034,555	43%	43.0%
Brong Ahafo Region	1,739,299	51.69%	54.44%	602,843	17%	16.0%
Central Region	1,498,275	48.55%	48.87%	1,113,939	44%	63.0%
Eastern Region	1,832,652	50.54%	49.89%	955,042	18%	26.0%
Greater Accra Region	583,335	48.86%	57.23	3,320,113	73%	80.0%
Northern Region	1,851,714	58.13%	59.53%	559,731	30%	30.0%
Upper east region	1,006,078	51.27%	50.81%	171,834	36%	37.0
Upper west region	650,277	67.20%	78.24%	112,358	12%	31.0%
Volta region	1,430,899	48.58%	50.81%	574,171	35%	38.0%
Western region	1,440,876	41.85%	40.93%	730,982	44%	37.0%
<b>National</b>	<b>14,396,749</b>	<b>53.18%</b>	<b>54.86%</b>	<b>10,175,569</b>	<b>56%</b>	<b>58.0%</b>

Sources: GSS; 2007 CWSA Annual Progress Report: 2007; Ghana Water Company Annual Report

N.B: Access to basic service of water supply means year-round supply of at least 20 litres of safe water per capita per day, preferably within 500 meters for all households and serving not more than 300 persons per outlet.

Access to safe water supply in urban Ghana comprises: The proportion of the urban population that has at least 12 hours (per day) supply of portable pipe borne water.

## *ii. Accelerate the Provision of Adequate Sanitation in Rural and Urban Communities*

Sanitation is a key component of the HRD in GPRS II due to its link with health and productivity. Reporting on sanitation continues to be hampered by lack of annual data. The following analysis is based on survey data from GLSSV conducted in 2005 and the 2006 National Population Council Fact Sheet.

### *Household Access to Toilet Facilities*

The GLSS 5 revealed that access to adequate sanitation remains quite poor in the country. The majority of households continue to rely on unhygienic toilet facilities like pit latrines, while a significant proportion (19.4%) of rural households has no toilet facilities at all (Table 4.24).

**Table 4.24: Percent Distribution of households by locality and type of toilet facility, 2006**

Type of facility	Urban	Rural
Flush toilet	22.2	10.2
Pit latrine	15.7	31.5
KVIP	14.4	11.7

Type of facility	Urban	Rural
Pan/bucket	2.6	1.3
Public toilet	38.7	24.4
Toilet in another house	1.0	1.4
No toilet facility (bush/beach)	5.3	19.4
Other	0.0	0.1
Total	100.0	100.0

Source: GSS, GLSSV, *Draft Report*, 2007

### *Solid Waste Collection and Disposal*

The national and regional averages of household solid waste collection and disposal indicate that about 5% of households have house-to-house services (or various such as kerbside collection). A large proportion (i.e. close to 60%) of households relies on communal or public dump as well as secondary storage at communal sanitary sites with communal containers (or skips,) which are not emptied frequently in many instances.

Available data in 2006 shows that public dump continued to be the major method of refuse disposal, which constituted 57.6% (Table 4.25). Refused collected represented only 4.8% and those burned, buried or dumped elsewhere constituted 7.9%, 3.9% and 25% respectively.

**Table 4.25: Coverage of Refuse Collection and Disposal by Method (National and Regional average)**

	Collected	Burned	Public dump	Dump elsewhere	Buried	Other
National	4.8	7.9	57.6	25.0	3.9	0.9
Western	2.2	4.6	59.6	28.6	34.6	4.0
Central	0.8	6.4	69.3	19.9	2.6	0.9
Greater Accra	19.5	12.2	51.4	11.5	4.6	0.7
Volta	2.4	12.9	46.5	31.6	5.8	0.8
Eastern	2.2	10.1	56.5	25.2	5.2	0.9
Ashanti	1.3	3.3	78.9	13.4	2.6	0.4
Brong Ahafo	0.9	3.4	70.3	22.6	2.4	0.4
Northern	2.1	9.4	30.4	55.3	2.5	0.3
Upper East	3.3	16.4	13.3	55.2	5.7	6.2
Upper West	2.3	4.6	21.1	65.6	6.0	0.3

Source : *Facts Sheet No. IV, National Population Council, 2006*

In 2007, the Ministry of Local Government, Rural Development and Environment, together with relevant sanitation agencies, produced a National Environmental Sanitation Strategy and Action Plan to improve the sanitation situation. Principal components of the strategy include:

- collection and sanitary disposal of wastes, including solid wastes, liquid wastes, excreta, industrial wastes, healthcare and other hazardous wastes;
- storm water drainage;
- cleansing of thoroughfares, markets, and other public space
- control of pests and other vector disease;
- food hygiene;
- environmental sanitation education;
- inspection and enforcement of sanitary regulations;

- control of rearing and straying animals;
- monitoring the observance of environmental standards.

The strategy also incorporates monitoring and evaluation as a key focal area for improving environmental sanitation services. General measures identified to enhance M&E in this sector include:

- assessing how the existing M&E platforms can integrate environmental sanitation;
- developing appropriate indicators for policy areas;
- monitoring and evaluating sanitation facilities and services;
- assessing capacity for implementing M&E at all levels;
- defining appropriate strategy for communicating information on M&E;
- ensuring that relevant agencies provide timely reliable data for tracking sector progress.

### **iii. Limited Capacity at District Assembly Level for Water and Sanitation Delivery**

The capacity of the districts to effectively manage water and sanitation projects under their jurisdiction is still a challenge. Apart from the fact that the proposed District Works Departments are not established in many MMDAs, the rampant transfer of staff who have been adequately trained on specific water and sanitation projects also contributes immensely towards undermining the capacity of the MMDAs. The Community Water & Sanitation Agency (CWSA) should intensify its collaboration with the Ministry of Local Government, Rural Development and Environment to address that challenge.

#### *Hydro-geological Problems*

Hydro-geological problem was a challenge in 2007 and would continue to be so in the years to come. This problem is more pronounced in the Northern region where there is insufficient ground water and hence low drilling success rates which makes the achievement of project targets relatively difficult.

#### *Water Safety*

There are a number of water safety issues affecting the water delivery process. These include high iron, fluoride and arsenic contents. Even in areas with reasonable drilling success rates, the chemical content in the water is normally higher than recommended levels, making it impossible for pumps to be installed for use. A good number of high yielding wells have been capped, especially in the northern parts of the country due to high levels of fluoride in these wells. In the coastal regions, salinity would in the coming years continue to be a constraining factor.

#### *Non-conformity to Sector Strategy*

Some Non-Governmental Organizations in the sector, particularly the small ones operating directly at the community level, do not conform to the standards and guidelines set under the programme for the delivery of water and sanitation facilities. It is difficult to monitor them because they are scattered and remotely located. However, with the formation of the Coalition of NGOs in the Water and Sanitation Sector (CONIWAS), which is the umbrella organization in the water sector responsible for coordinating NGOs in the sector, the level of information flow has improved. CWSA is in the process of consultation with CONIWAS to harmonize their activities in the sector.

### *Community Contribution to Capital Cost of Water facilities*

It has been very difficult for some of the communities, particularly in the case of the small towns' pipe systems, to raise their 5% contributions to the capital cost of the facilities. This is because the construction of small town water systems normally involves larger capital outlays (i.e. US\$60.0 per capita) as against (US\$15.0) for point sources. The Ministry of Water Resources, Works and Housing is in consultation with government to find alternative ways to enable communities meet their obligation towards capital cost of facilities to increase participation and delivery rates.

#### **4.2.8 Housing Slump Upgrading**

The housing sub-sector in Ghana continues to be characterized by poor structural quality, overcrowding, and inadequate access to safe water and sanitation facilities. Lack of sufficient housing units in urban areas has also contributed to the development of illegal structures and with young adults and children living in streets. According to UNDP, 17 areas in the Accra Metropolis can be characterized as slum areas. The corresponding figures for other municipalities are: 4 in Tema, 6 in Kumasi, 4 in Sekondi/Takoradi and 2 in Tamale.

There is inadequate data on access to housing to track progress in the sector. However available information shows that the proportion of urban population living in slum areas has not changed much over the years, ranging from 21% in 2005 and 20.9% in 2006 to 20% in 2007.

In line with GPRS II policy of providing safe, decent and affordable housing for all Ghanaians, the Ministry of Water Resources, Works and Housing continued with the construction of low cost housing in 2007. In 2007, 1,500 flats each were being constructed at Kpone and Borteyman in the Greater Accra region, with 1,192 flats at Asokore-Mampong in the Ashanti region, 200 flats at Tamale in the Northern region and 400 flats at Koforidua in the Eastern region for public servants.

### **4.3 SUMMARY OF POLICY RECOMMENDATIONS**

#### **4.3.1 Education**

- The mainstreaming of kindergarten in the basic education sub-sector be accelerated to enhance primary school enrolment and meet the MDG of achieving universal primary education by 2015.
- Encourage Chiefs/Elders and District Assemblies to pass bylaws to make enrolment in schools at the right age compulsory
- Re-examine and assess the incentive packages scheme for teachers to make it more relevant and improve teacher deployment.
- Strengthen teacher management and supervision to enhance efficiency and quality delivery of education at the basic level.

#### **4.3.2. Health**

- Programmes aimed at promoting preventive health care need to be accelerated, particularly in poor communities.
- To increase access to health and nutritional services for children, a system should be developed to decouple children under age 6 from their parents so that such children can be registered free of charge under NHIS.
- The NHIS need to collaborate with other key stakeholders, including the NDPC, GSS, GHS and Department of Social Welfare to determine criteria for identifying the genuinely poor for better targeting.
- The apparent increase in HIV prevalence among the youth needs to be investigated and appropriate interventions put in place to reverse the trend.

#### **4.3.3 Water and Sanitation.**

- Service providers should upgrade their water systems in order to provide adequate and reliable water supply to people living in urban areas.
- Water provision in guinea worm endemic communities need to be accelerated to reduce the incidence of the disease.
- Monitoring and evaluation of access to adequate sanitation is seriously hampered by lack of data. A national study to establish baselines for monitoring purposes is long overdue.

## HUMAN RESOURCE DEVELOPMENT

### STATUS OF INDICATORS - 2007

**Table 4.26a: Summary of Status of Indicators in the Education Sector, 2004-2007**

Policy Objective	Indicator	Target in 2007	2004 Status	2005 Status	2006 Status	2007 Status	Progress towards target
Increase access to and participation in education and training	<b>Gross Enrolment Ratio:</b>						
	Kindergarten	Na	54.58%	60.14%	75.20%	83.60%	Good progress
	Primary	93.3%	86.3%	87.50%	92.10%	54.63%	Target achieved
	JSS	77.2%	70.20%	72.80%	74.70%	61.36%	Target achieved
	<b>Net Enrolment Rate:</b>						
	Kindergarten	Na	Na	Na	Na	Na	
	Primary	73.4%	55.60%	59.10%	68.80%	93.70%	Target achieved
	JSS	48.1%	29.50%	70.30%	74.50%	77.60%	Target achieved
	<b>Survival Rates:</b>						
	Primary	83.9%	83.20%	82.60%	75.60%	85.10%	Target achieved
	JSS	87.5%	86.00%	85.50%	86.60%	80.50%	Slow progress
Bridge Gender in access to education	<b>Gender Parity Index</b>						
	Kindergarten	1.00	0.98	0.98	1.03	0.99	Significant progress
	Primary	1.00	0.93	0.93	0.95	0.96	Steady progress
	JSS	1.00	0.88	0.88	0.93	0.91	Steady progress
Improve the quality of education	<b>Proportion of students passing national assessment Examinations (BECE)</b>	60.0%	61.30%	Na	62.0%	61.9%	Target achieved
	<b>Percentage of trained teachers:</b>						
	Kindergarten	Na	37.90%	32.70%	33.10%	35.60%	Slow progress
	Primary	79.7%	73.90%	72.40%	70.80%	62.10%	Decline
	JSS	88.5%	84.20%	83.50%	85.50%	77.20%	Decline

**Table 4.26b: Summary of Status of Indicators in the Health, 2004-2007**

Policy Objectives	Indicator	Target in 2007	Status in 2003	Status in 2004	Status in 2005	Status in 2006	Status in 2007	Progress towards target
<b>Increase access to healthcare and nutritional services</b>	Outpatient per capita	0.60	0.5	0.52	0.54	0.52	0.69	Target achieved
	<u>Vaccination coverage</u>							
	-Penta	84.2%	76%	72.9%	85%	84%	88.0%	Target achieved
	-Measles	-	79%	78%	81%	79%	89.0%	
	Supervised deliveries	60.0%		37.8%	40.3%	44.5%	35.1%	Declined
Incidence of guinea Worm	<3,500	8290	7275	3981	4136	3,358	Target achieved	
	Health expenditure as percentage of GDP	Na	Na	12.0%	16.8%	Na	Na	Lack of data
<b>Ensure financial arrangement that protect the poor</b>	NHIS coverage of indigents	Na	Na	Na	79,008 (2.0%)	140,994 (1.84%)	248,379 (1.0%)	Significant progress
<b>Reduce new HIV infections</b>	HIV prevalence among pregnant women							
	National	2.2%	Na	Na	2.7%	3.2%	2.6%	Significant progress
	15-19	Na	Na	Na	0.8%	1.4%	1.6%	
	20-24	Na	Na	Na	2.4%	2.4%	2.9%	
	25-29	Na	Na	Na	3.6%	4.2%	3.5%	
<b>Prevent and control Malaria</b>	Malaria case fatality in children under five years	Na	2.8	3.6	2.7	2.8	2.1	Significant progress
	<u>ITN coverage of at risk groups</u>							
	-Children under five	60%	9.1	9.1	26.0	32.3	53.3%	Significant progress
	-Pregnant women	Na	7.8	7.8	26.8	46.3	52.5%	

**Table 4.26c: Summary of Status of Indicators in Water, Sanitation and Urban Development/Slum Upgrading 2004-2007**

<b>Policy Area</b>	<b>Policy Objectives</b>	<b>Indicator</b>	<b>Target in 2007</b>	<b>Status 2004</b>	<b>Status 2005</b>	<b>Status 2006</b>	<b>Status 2007</b>	<b>Progress towards target</b>
<b>Water and Environmental Sanitation</b>	Improve Access to safe water	Percentage of rural population with access to safe water sources	58.6%	51.7%	52.0% (52.11%)	53.18%	55.1%	Steady progress
		Percentage of urban population with access to safe water sources	57.8%	54.5%	55.0%	56.0%	58.0%	Target achieved
<b>Urban Development and Slum Upgrading</b>		Proportion of people living in slum areas	Na	Na	21.0%	20.9%	20.0%	Steady progress
		Percent of population with access to secure housing	Na	Na	112.0%	Na	Na	Lack of data

## CHAPTER FIVE

### GOOD GOVERNANCE AND CIVIC RESPONSIBILITY

#### 5.1 INTRODUCTION

Ghana continues to make progress in the effort to entrench good governance in the country's body politic. The basic tenets of good governance—transparency in the conduct of government business, accountability, equity and increased participation by non-state institutions in public affairs—are evident across the country. The evidence includes positive reviews contained in the report presented to the Eighth Summit of the African Peer Review Mechanism Forum on January 30, 2008 at Addis Ababa, the public hearings conducted by the Public Accounts Committee on the Auditor General's report on the use of public funds, the increase in the proportion of District Assemblies Common Fund from 5% to 7.5% of annual tax revenue and the creation of more districts to bring governance closer to the people, among others.

Also significant is the introduction by the Ministry of Information and National Orientation (MINO) of a vision of national orientation to: unite Ghanaians around a common sense of purpose and oneness in nation-building; increase awareness of citizens' civic responsibilities and rights; strengthen a democratic society irrespective of ethnicity and socio-economic status; and build a strong sense of belonging.

In this regard MINO developed a set of five objectives which it dubbed the Pillars of National Orientation to provide direction for Ghanaians for building a better Ghana. The five pillars are:

- Proud to be Ghanaian
- Patriotism and a Spirit of "Ghana First"
- Positive and a "Can-Do- it" Attitude
- Productivity and Accountability
- Dedication and Discipline

The Ministry of Information and National Orientation sees the sustainability of the above pillars as a shared responsibility of all Ghanaians. It encourages active citizens' participation through learning of each of these tenets of national orientation. A major event which enhanced the realization of the pillars of national orientation was the celebration of Ghana's fiftieth anniversary. It provided a good opportunity for the stoking up of the spirit of patriotism among Ghanaians. The spontaneous adornment of anything Ghanaian during the celebrations resonated throughout the whole year. Openly expressing commitment to the country through identifying with and upholding the image of a state irrespective of diversities, created conditions for peaceful coexistence and added to the levels of social and political stability that Ghana enjoys to date.

The factors cited above that have contributed to good governance and promoted growing citizens' commitment to the ideals of the state of Ghana, are discussed in the subsequent sections of this report.

***The African Peer Review Mechanism***

Ghana continues to be committed to the implementation of the Africa Peer Review Mechanism (APRM) National Programme of Action as a way of rectifying gaps and deficiencies necessary for the delivery of good governance in the country. Included in the main achievements within the context of democracy and good political governance are the following developments:

- some key Conventions have been ratified. These include a) Amendments to the Constitutive Act of the AU, 2003; b) AU Non-Aggression and Common Defence Pact, 2005 c) AU Convention on Preventing and Combating Corruption, 2003; and d) The African Charter on Human and Peoples Rights on the Rights of Women;
- a Ministry of Chieftaincy and Culture has been established to deal with Chieftaincy issues; and
- Alternative Dispute Resolution mechanisms are being promoted to improve access to justice and reduce the backlog of cases pending in the law courts.

### ***General Diplomatic Performance***

As its contribution to promoting good governance the Ministry of Foreign Affairs and Regional Cooperation undertook the following activities during the year:

- participate in decision-making organs of collective security mechanisms;
- strategically positioning Ghana abroad;
- smprove delivery of consular and other services;
- enhance business facilitation services to promote international market access for Ghanaian businesses and attracting others to Ghana;
- deepen policy of good neighbourliness; and
- develop human and institutional capacity of the Ministry of Foreign Affairs, Regional Integration and NEPAD.

The general effect is the improved image of Ghana both as a stable country for investment and tourism.

## **5.2 STATUS OF SELECTED INDICATORS, AND KEY POLICY MEASURES AND STRATEGIES**

### **5.2.1 Strengthening the Practice of Democracy and the Rule of Law**

#### ***i. Strengthen Parliament***

Key events in the year indicated that Parliament is becoming increasingly assertive in the prosecution of its oversight responsibility. The first and groundbreaking public meeting held by the Public Accounts Committee to consider the report of the Auditor General on Public Accounts raised public confidence in the ability of Parliament to exercise control over the budgetary process. It was significant also for the fact that it offered the general public the opportunity to debate how to make public office holders to account for the use of public funds. An open and transparent budget process is a condition for the efficient use of public funds.

The second event is the opportunity provided by the Government Assurances Committee of Parliament to ordinary citizens to participate in the process of assessing the levels of effectiveness of a number of crucial government initiatives targeted at delivering public services. Through its Civic Engagement Outreach Programme, the Committee conducted town hall meetings with the general public in 5 regions (Northern, Upper East, Upper West, Central and Western) during which open discussions were held and opinions canvassed on participants' assessment of a number of government policy initiatives (FCUBE, Health Exemption Policy, the National Health Insurance Scheme, and the Guinea Worm Eradication Programme among others).

Other initiatives aimed at enhancing the capacity of Parliament to function better include the following:

- a workshop organized by the Parliamentary Centre in partnership with the Australian Development Cooperation to strengthen the capacity of Parliament to analyse the public budget within a pro-poor, gender equity framework and perform its financial oversight functions;
- a tour by the Finance Committee to the UK and Germany to acquire experiences from peers on identification of practical strategies and opportunities for participating in the fiscal and monetary processes;
- a post-budget workshop held in partnership with the Parliamentary Centre to equip members with skills to interrogate the budget prior to its debate and approval; and
- a workshop by NDPC to review the Annual Progress Report of GPRS II.

As noted above, the trend points to a Parliament with growing stature and confidence in doing its work. Parliament also halted the approval of nominees of the President of the Republic for ministerial positions on grounds of inadequate information. The practice hitherto has been the blanket approval of candidates. However, the key parliamentary function of initiating and passing bills still remains the prerogative of the Executive arm of Government. Secondly, Parliament still depends on the Executive arm of government for the approval of its budget which has always been inadequate. There was a marginal increase in budgetary allocation made to Parliament in 2007 relative to that of 2006. Such marginal increases are insufficient to meet Parliament's financial and logistics needs such as the provision of offices and research support for Members of Parliament (MPs), among other needs.

**Table 5.1: Change in Parliament Allocation, 2005-2007**

Year	Change in allocation over previous year (%)
2005	-11
2006	+37
2007	+34

*Source: Parliament of Ghana*

Parliament continued the process of preparing a comprehensive budget for securing independent funding from the Consolidated Fund as is the case with the Judiciary. This process was given additional impetus by the President in his State of the Nation Address in January 2007. Parliament initiated efforts in 2007 to set up a Legal Services Department of Parliament to assist in the preparation of a Private Members Bills.

## *ii. Ensure Free and Credible Elections*

Successful elections enhance the credibility of any electoral body. Therefore conducting transparent, free and fair elections remains the cardinal pre-occupations of the Electoral Commission. The Commission conducted two successful bye-elections in Nkoranza and Fomena in the Brong Ahafo and Ashanti Regions respectively, and received wide commendation for the peaceful nature of these bye-elections. To improve its delivery capabilities, the Commission spent the greater part of the year in building the capacity of its staff and extending its presence in the districts. To facilitate proper storage of election materials, the Commission made progress in the construction of the National Warehouse in the Greater Accra Region, continued with the construction of a Regional office in Wa in the Upper West Region and completed twelve new District offices.

The Commission hosted a number of meetings of the Inter-Party Advisory Committee (IPAC) which promoted cross fertilisation of ideas among political parties on how to ensure dispute-free elections.

In addition, think tanks such as the Institute of Economic Affairs (IEA), Institute of Democratic Governance (IDEG) and Center for Democratic Development (CDD) undertook training programmes, held workshops and conducted and disseminated research results on promoting free and fair elections.

No visible progress was reported on the establishment of the Election Fund meant to serve as a resource pool to be accessed by all political parties.

## *iii. Foster Civic Advocacy to Nurture the Culture of Democracy*

The space for civil society to participate in the Annual Consultative Group meeting between Government and Development Partners was maintained. The state recognition of the voice of civil society in the public policy process has enriched the dialogue on the best development options for the country. By itself, civil society under the auspices of the Institute of Democratic Governance (IDEG) has established a forum that monitors the implementation of the Growth and Poverty Reduction Strategy II.

The Ministry of Information and National Orientation introduced a new scheme of interacting with the media designated 'Media Walk' which allowed the Minister and her technical team to periodically discuss government policies and programmes with media practitioners. In addition to this, the Ministry continued its weekly Media Briefing programme, a platform given to Ministers and their teams to brief the media on sector policies and status of programme implementation. These are intended to enhance information dissemination and to strengthen collaboration between government and the media.

In 2007 the People's Assembly which involves an open and free interaction between the President and ordinary citizens was deferred to January 2008 due to time constraints on the President. It has earned praise as being one of the engaging pillars of an open government.

## **5.2.2 Enhancing Decentralization**

### ***i. Redefine type of decentralization***

The Ministry of Local Government, Rural Development and Environment (MLGRDE) has prepared a comprehensive Decentralization Policy which seeks to clarify the issue of the nature and type of decentralization being pursued in the country. The framework aims to deepen political, administrative and fiscal decentralization. In addition, the MLGRDE collaborated with the Ministry of Finance and Economic Planning to draft a Fiscal Policy Framework that takes account of revenue and expenditure assignment between the national and sub-national levels.

### ***ii. Expand decision-making capacity of MMDAs***

The MLGRDE has moved closer to making District Planning Coordinating Units (DPCU) of the MMDAs take responsibility for preparing composite budgets for their districts. DPCU staff of all MMDAs underwent training on how to prepare composite budgets for the 2008 fiscal year using the MTEF format. If implemented, the process will confer sufficient fiscal decision-making authority on the MMDAs in contrast to the previous practice that enabled budget decisions for some sectors to be made outside the metropolitan, municipal and district assemblies.

In addition, the Local Government Service was established and launched in December 2007. A Committee to draft the Legislative Instrument that will allow for the transfer of functions, resources and staff to the District Assemblies and Regional Coordinating Councils was also established. Recommendations in a draft report on how to establish the departments of the MMDAs were incorporated into the Legislative Instrument. that will guide the implementation of the policy to transfer functions from the central government to the local government system.

### ***iii. Ensure Proper Functioning of Sub-District Administration Structures***

Government advanced its objective of achieving efficiency in the management of local government units by: a) upgrading two Municipal Assemblies to Metropolitan Assemblies; b) upgrading twenty-six District Assemblies to Municipal Assemblies; and c) creating twenty-five new District assemblies and three Municipal Assemblies. This brought the total of MMDAs to 168 as at December 2007.

The recommendation that the number of Unit Committees be reduced from 16,000 to 5,000 and the membership of each committee be reduced from 15 to 7 is still receiving attention.

### ***iv. Strengthen MMDA Revenue Generating Capabilities***

A number of actions were taken in 2007 to enhance revenue mobilization by the MMDAs. These include the following:

- street naming and house numbering to assist in property identification;
- preparation of a street naming and house numbering operational manual;
- introduction of hand-held ticketing machines in selected Metropolitan Assemblies for the collection of market tolls;
- land demarcation and titling of properties;
- approval of the District Development Fund (DDF) and the Functional Organizational Assessment Tool (FOAT) by Cabinet; and

- preparation of an Operational Manual on the DDF-FOAT.

### **5.2.3 Protecting Rights under the Rule of Law**

#### *i. Increase the capacity of the Legal Sector, Enhance Speedy and Affordable access to Justice*

The Ministry of Justice launched an ‘Agenda for Change’ programme as part of its institutional renewal effort. The programme aims to improve access to justice and to entrench the rule of law in Ghana. The main activities are the promoting of attitudinal change among staff and members of the public, improving infrastructure, enhancing capacities of staff and introducing technology into the delivery of justice.

In this regard the Ministry of Justice and its implementing agencies undertook a number of activities listed below:

- Acquisition of computers (20 lap-tops and 30 desktops), installation of local and Wide Area Network and development of a database for electronic storage of all cases handled at the Attorney General’s office;
- Expanding knowledge and skills of staff in combating crimes related to drug trafficking, preventing money laundering and corruption;
- Supporting the Registrar-General’s Department to acquire computers and network infrastructure for faster processing of business registration applications and to open additional regional offices in Western and Ashanti Regions to make business registration more accessible;
- The Legal Aid Scheme disposed off a record of 92% (4,010 out of 4,342) cases it received in the year across the country. It launched a number of Community mediation centres which successfully resolved almost 78% (310 out of 400) of all cases brought before them;
- The Legal Aid Scheme also run seminars and created awareness among the public of the availability of legal Aid and of their rights under the law;
- The Law Reform Commission completed research into Restorative Justice as a basis for reforming laws that inhibit the administration of justice;
- The Council for Law Reporting completed manuscripts for the Law Reports Volume II of 1997-1998; 1999-2000; 2001-2002 and Volume I of 2001-2002. These are reports that promote easy access to Justice; and
- The Ghana Law School trained 210 lawyers out of which 156 were called to the Bar

#### *Effects of Reforms in the Justice System:*

These activities have enhanced a) the ability of the justice system to better prosecute offenders for major crimes for which little information was previously available; b) decongest the courts; c) improve citizen access to legal aid; d) increase public knowledge of rights; and e) expedited processes of registering business in Ghana.

Ghana improved in the World Bank’s rankings of ease of doing business in 2007. This resulted largely from improvement in the reforms in the legal environment which include, a reduction in the time of registering property and paying taxes, and an improvement in processes of enforcing contracts (Table 5.2).

**Table 5.2: Comparative Ranking of Ease of Doing Business in Ghana (2006 and 2007)**

Ease of .....	2007 rank	2006 rank	Change in rank
Doing Business	87	94	+7
Starting a Business	138	149	+11
Dealing with Licenses	140	140	0
Employing Workers	138	131	-7
Registering Property	26	82	+56
Getting Credit	115	132	+17
Protecting Investors	33	32	-1
Paying Taxes	75	93	+18
Trading across borders	61	74	+13
Enforcing contracts	51	61	+10
Closing a business	96	94	-2

*Source: World Bank 2007*

## 5.2.4 Public Safety and Security

### *i. Improve internal security*

Ghana has earned the reputation of being a safe haven within a troubled sub-region. The World Bank Report on Doing Business credits Ghana with a secure and safe country status. Since 2001, the government has continuously increased the ratio of law enforcement officers to population. The Ghana Police Service continued to implement the policy of recruiting 2,000 new entrants annually to augment the strength of the establishment. In 2007, a total of 2,628 persons (compared to 1,711 in 2006) were recruited and trained by the Police Administration to acquire the basic officer skills in policing. This has boosted the police citizen ratio considerably. Ghana currently reports a police-citizen ratio of 1:994 compared to a ratio of 1:1200 recorded in 2001 and puts Ghana firmly on track of reaching the current UN standard of 1:500.

### *ii. Increase national capacity to ensure safety of life and property*

#### Recruitment and Training:

The total strength of the Ghana Police Service as at December, 2007 was 20, 454. Analysis of the personnel by rank is shown in Table 5.3.

**Table 5.3: Ghana Police Service – Personnel Structure**

S/N	RANK	NUMBER 2006	NUMBER 2007	Change in Composition (%)
1.	Inspector General Of Police	1	1	0
2.	Deputy Inspector – General	2	1	-50
3.	Commissioner	3	8	+166.7
4.	Deputy Commissioner	24	13	-45.8
5.	Assistant Commissioner	58	51	-12.1
6.	Chief Superintendent	116	79	-31.9
7.	Superintendent	129	118	-8.5
8.	Deputy Superintendent	217	190	-12.4
9.	Assistant Superintendent	402	423	+5.2
10.	Chief Inspector	1,496	978	-34.6
11.	Regional SGT. Major	0	3	-
12.	Inspector	2,040	2,124	+4.1
13.	District SGT Major	0.0	85	-
14.	Sergeant	3,682	3,457	-6.1
15.	Corporal	1,516	1,213	-20.0
16.	L/Corporal	2,575	2,676	+3.9
17.	Constable	5,565	9,034	+62.3
	<b>Total</b>	<b>17,826</b>	<b>20,454</b>	<b>+14.7</b>

*Source: Ghana Police Service Annual Report 2007*

#### Improvement in Infrastructure/Accommodation:

The general accommodation situation of the Police Service has been unsatisfactory throughout the country over the years. However, in 2007, the Police Administration made considerable efforts to address this acute problem in the service. The following projects were completed and handed over to the Service:

- French support projects at depot, Accra;
- District officer's bungalow at Nsawam;
- Three (3) bungalows at depot;
- Rehabilitation works at the Police hospital mortuary;
- Renovation works on the Eastern Regional Commanders bungalow which got burnt some years ago;
- Clinic at Pwalugu Training School; and
- Rehabilitation of 6 - unit barracks and district headquarters at Cape Coast.

#### Procurement of Vehicles, Communication Equipment and Logistics:

In 2007, the Service improved upon its logistics and took delivery of fifty - nine (59) vehicles of different makes to augment fleet of vehicles in the Service. This brought the total number of Service vehicles to 898.

Again, the police administration procured the following items to enable personnel render efficient and effective communication services to the public.

Equipment	Total Number
1. Kenwood Portable Radio Set	2
2. Power Megaphone	1
3. GP 340 Walkie Talkies	75
4. Chargers	75
5. Fjitech 5.5 KOA Diesel Generator	3
6. CP 200 Portable Radio	20
7. CM 300 Mobitel Radio	15
8. Motorola Big Station	1

#### Improving Gender Equity:

One pertinent issue which has to be addressed by the Police Administration is the gender imbalance in favour of men in the Service. The Administration has to adopt pragmatic policies to correct the imbalance. In 2007 there were a total of 3,842 police women as against 16,613 policemen with a ratio of women-to-men of 1:4. The most skewed rank was the deputy superintendent of police (DSP) with a ratio of 1:14 in favour of men in 2007. The officer corps of the service which comprise the rank of Assistant Superintendent and above consists of 146 females and 1,595 males, at a ratio of 1:11. The ratio of female to other ranks to male other ranks was 1:4.

**Table 5.4: Gender Ratio of the Ghana Police Service**

RANK	FEMALE	MALE	RATIO	TOTAL
IGP		1		1
DIGP	1	-		2
COMMISSIONER	1	7	1:7	3
DEP. COMMISSIONER	2	11	1:6	24
ASST. COMMISSIONER	9	42	1:5	58
C/SUPERINTENDENT	12	67	1:6	156
SUPERINTENDENT	13	105	1:8	129
DSP	13	177	1:14	217
ASP	95	328	1:3	402
C/INSPR	121	857	1:7	1,496
RSM	-	85	-	
INSPR	339	1,785	1:5	2,040
DSM	-	3		
SERGEANT	537	2,920	1:5	3,682
CORPORAL	225	988	1:4	1,576
LANCE CORPORAL	455	2,221	1:5	2,515
CONSTABLE	2,019	7,015	1:3	5,565
<b>TOTAL</b>	<b>3,842</b>	<b>16,613</b>	-	<b>20,454</b>

*Source: Ghana Police Service Annual Report 2007*

The Police Administration increased the recruitment of university graduates and enlisted senior secondary school graduates as part of its expansion programme. In addition it provided training for almost 1000 youth under the community module of the National Youth Employment Programme (NYEP).

Other programmes to improve the delivery capabilities of the Police Service include: a) the provision of adequate logistics for the police; and b) procurement and supply of new sets of uniforms for police personnel<sup>4</sup>. The new uniforms are meant to improve the operational efficiency of police officers and present a friendlier image of the Police Service in general.

Support for Victims of Domestic Violence:

The Domestic Violence Victims Support Unit (DOVVSU) opened 12 new offices in a number of police districts to bring support services closer to victims of domestic violence. This has brought the number of DOVVSU offices in the country to 75 up from 63 in 2006. This infrastructure expansion programme accompanied additional recruitments and further increased access to support services provided by DOVVSU to victims of domestic violence.

The work of DOVVSU has also been enhanced with the passage of the Domestic Violence Act 2007, Act 732.

**Table 5.5: Offices and Personnel of DOVVSU, 2006 & 2007**

<b>Police Regions</b>	<b>Number of Personnel (2006)</b>	<b>Number of Personnel (2007)</b>
National Secretariat		15
Accra Region	69	68
Tema Region	18	25
Ashanti Region	41	44
Brong Ahafo Region	24	33
Western Region	31	19
Central Region	15	12
Volta Region	29	34
Eastern	38	44
Northern	17	16
Upper East	11	20
Upper West	15	20
<b>Total</b>	<b>308</b>	<b>350</b>

DOVVSU has benefited from a number of programmes mainly funded by UNICEF, ILO and UNDP. These include:

- training of 74 staff members in Counselling and Crises Management;
- attachment of 15 personnel to Women’s Initiative for Self Empowerment Programme or Project;
- training in the use of Manual on Child Labour;

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<sup>4</sup> The new uniforms represent a break with past. The colour of police uniform is lighter than the thick black type inherited from the colonial situation.

- the launch of a helpline for women and children in Accra in collaboration with the Ministry of Women and Children’s Affairs; and
- office furniture, motorbikes and children’s toys.

The Community Protection System under NYEP:

The initiative to promote community policing involves the equipping of the youth under the Community Protection System (CPS) of the National Youth Employment Programme with logistics and skills that will enable them effectively protect their immediate communities. The Community Protection Units (CPUs) made up of young men and women are appointed by the MMDAs and placed under the District Assembly Public Safety and Security Committee and supervised by the local law enforcement agencies. During the year, the Programme engaged over 10,000 young men and women who were provided with uniforms, whistles, torchlights, bicycles and communication devices in addition to training in policing skills.

The CPS is complementary to the effort by communities to establish their own Neighbourhood Watch Committees. The expansion of these two activities has increased public participation in community policing and improved awareness on how to handle suspects. It has also contributed to the reduction of the incidence of instant justice meted out to suspected offenders in the neighbourhoods.

Crime Situation in the Country:

The general crime situation in the country in 2007 registered an increase of 7.9% compared to 2006. However, there were concerted efforts on the part of the Police Service, especially the criminal investigation department to address the issues of criminality by conducting investigation into all cases reported to the police. The police also collaborated effectively with specialized units in crime investigation globally to monitor the activities of cross border criminals.

**Table 5.6: Trends in Major Offences against Women and Children (2005 2006 and 2007)**

Offence	2005	2006	2007
Non-maintenance	7437	5005	6297
Exposing Children to Harm	135	307	279
Rape	206	345	417
Defilement	713	1427	1578

*Source: Extracted from DOVVSU 2007 Annual Report*

There was a disturbing increase in reported cases of some major offences against women and children such as non-maintenance, rape and defilement. Non-maintenance cases in 2007 increased by about 20% over that of 2006 which had earlier declined by close to 40%. In the view of DOVVSU, this represents cases of negligence and irresponsibility on the part of fathers. In both rape and defilement cases the level in 2007 more than doubled over those of 2005. This is a trend that must be stopped to protect the rights of women and children to freedom of movement and to sexual integrity. Similarly, even though exposure of children to harm shows a marginal decline, the levels are still high.

### Effects of Improved Logistics and Human Resource:

The improvement in logistics of the Police Service led to improvement in the work of the Service in 2007. Although a number of social disputes such as chieftaincy disputes, land and industrial disputes and demonstrations were recorded during the year, the timely intervention of the police assisted immensely in dealing with the situation.

Again, the intensification of police patrols brought a sustained check on highway robberies most especially in the Ashanti Region which recorded a significant reduction in these incidents. A total of forty - two (42) suspected armed robbers were arrested throughout the country. The police also provided security for dignitaries who visited the country during the 50<sup>th</sup> anniversary celebration and the AU Summit.

### *iii. Forestall External Aggression*

Border Patrol Units are still active in dealing with cross-border crimes, smuggling and arms and human trafficking. Joint border patrols by the Ghana Immigration Service and Customs, Excise and Preventive Service (CEPS) were stepped up and crime detection equipment for the security services were procured and supplied. The ceding of the Preventive Service domain of CEPS to the Immigration Service was being discussed by government.

The common border check-points established at borders with Burkina Faso, Togo and La Cote d'Ivoire are still operational and the programme of sharing of intelligence and vital information on cross-border crimes and criminals in West Africa is still being implemented.

## **5.2.5 Public Policy Management and Public Sector Reforms**

### *i. Increase the capacity of the public and civil service for accountable, efficient, timely and effective performance and service delivery*

The overall objective of Government's reform agenda is the transformation of the Public Service through a dynamic, and focused process designed to fundamentally reshape the public service, and transform service delivery in a relatively short term. Based on the work of an advisory committee and extensive consultations with key stakeholders actions for restoring and improving the delivery capacity of the Ghana Civil Service and other public institutions were taken. These include:

- re-organization, in-service training and re-design of recruitment systems;
- promoting effective communication of the public service reform agenda and need making identified sub-vented institutions less dependent on government;
- introduction of performance based pay policy and Pensions Reform;
- making public financial management more prudent; and
- promoting better records management, within the public service through the use of ICT.

### Reform Strategy:

A comprehensive strategy was approved by Cabinet and a work programme launched by the President on March 14, 2006. Implementation is in phases:

- Phase I is to implement quick and specific activities to gain buy-in from key stakeholders on improve human resource management and regulatory framework for subvented agencies.
- Elements of phase II were tackled in 2007 while continuing with Phase I

### Achievements in 2007:

- After several years of functioning in an acting capacity, 35 Chief Directors were appointed and/or confirmed in their positions. Comprehensive skill training was given to these officers on a range of issues including conflict resolution, human resource management, policy formulation, among others. Organizational analysis and redesign was completed and implemented; performance monitoring system was developed; and a new staffing and internal training plan was developed and is being implemented.
- Almost 600 staff of public institutions were trained under the auspices of the Ministry of Public Sector Reform Scheme of service training.
- Pay Reform Administration and productivity: After extensive work, Government has adopted a single pay spine. The new structure will place all public servants on one vertical structure.
- As part of the sub-vented agencies reform action on the appropriate institutional arrangements for the implementation of the Subvented Agencies Act (Act 706) passed in March 2006 to provide legal framework for the operation, system of categorization and also policy on creation of new subvented agencies, was initiated.
- A task force with broad representation to improve conditions of work towards cleaner and safer environment was set up.
- The Ministry of Public Sector Reform spearheaded the reactivation of the Client Service Unit (CSU) concept which was initiated in 2005, by providing guidance and support to twenty-three (23) MDAs to establish Client Service Units. Eighteen (18) additional CSUs were established, including 10 districts in the Central, Eastern and Greater Accra Regions.
- The conversion of Service Charters into Citizen Charters commenced in September 2007. The “New Charter” does not mean introducing more rules and centralised processes or micro-managing service delivery activities. Rather, it involves creating a framework for the delivery of public services which puts citizens/customers first and enables them to hold public servants accountable for the service they receive within time frames mutually agreed upon.
- A summit on the professionalization of human resource functions in public institutions was held in December 2007 in collaboration with office of the Head of Civil Service and the Public Services Commission.
- Pilot programme in Records Management commenced in the Ministry of Public Sector Reforms in October 2007. Based on the results the programme will be extended to other institutions.
- ICT for database systems and roll out of wider ICT in public service was commenced.
- President’s Excellence Awards was hosted and Public Services Week was launched.

## **5.2.6 Fighting Corruption and Economic Crimes**

From the perspective of government, dealing with corruption basically involves a three phase approach. The first phase is the enactment of the appropriate pieces of legislation that cover the management of public funds. The second phase involves setting up the appropriate institutional structures for the implementation of the laws. Finally, the third phase covers applying the provisions of the law for both the management of public funds and for sanctioning public office holders in cases of breach. Appropriate laws have been duly enacted (the Public Procurement Act 2003, Act 663, the Internal Audit Agency Act, 2003 (Act 658) and the Financial Administration Act, 2003 (Act 654) and are being implemented.

Since the setting up of the Public Procurement Board (now Authority), for the regulation of public procurement, there has been improvement in public procurement. Generally, the public procurement process is now better streamlined and has become more open and competitive. It is estimated that loss of public funds due to misprocurement and corruption in the procurement process has reduced by more than 30% since the enactment of the law.

The Ghana Audit Service also completed auditing more than 4,000 (out of 6,776) accounts of MDAs and MMDAs, pre-university Educational Institutions, Public Boards and Corporations. As at June 2007, five Auditor General's Reports had been submitted to Parliament as required by law.

The Commission on Human Rights and Administrative Justice (CHRAJ) organized a workshop on anti-corruption and conflict of interest guidelines for 50 members of Parliament, 500 senior public servants, 100 members of civil society, and religious groups and 200 staff of CHRAJ.

The public hearings by the Public Accounts Committee of Parliament showed cases of misapplication of public funds for which the defaulting individuals and institutions were recommended for appropriate sanctions. The hearings further revealed the need for marked improvement in accountability of public office holders

## **5.2.7 Empowerment of Women**

### ***i. Enforce existing laws protecting women's rights***

The Ministry of Women and Children's Affairs undertook a number of activities aimed at protecting women's rights. Among these are:

- a) organization of a two-leg international conference in June and July as part of the Ghana@50 celebrations and issuing a communiqué urging the implementation of AU Conventions and protocols promoting women's empowerment to the AU Heads of Government and Heads of States summit in Accra
- b) Training of 34 gender desk officers in the three northern regions for work in the decentralized structures
- c) Facilitation of the passage of the Domestic Violence Act 2007, Act 732 through extensive sensitisation, advocacy and consultation across all segments of the Ghanaian society.
- d) Preparation of a Draft Plan of Action and a secretariat established for the implementation of the Human Trafficking Act 2006, Act 604.

## *ii. Enhance Women's Access to Economic Resources and Promote Women in Public Life*

The Ministry of Women and Children's Affairs continued its programme of empowering women through the provision of micro-finance, logistics and training. In this regard the Ministry supplied 45 different sets of equipment for processing shea butter, groundnut oil, cassava and palm oil to 45 informal sector women's groups (with a membership of approximately 860) in the Northern, Brong Ahafo, Ashanti, Western, Upper West, Eastern, Upper East and Volta Regions. In addition to this the ministry also trained about 12,255 women in 186 functional women's groups in basic bookkeeping, credit repayment, savings entrepreneurial skills and micro finance.

Government took another bold step aimed at increasing the proportion of women in leadership positions by appointing the first woman Chief Justice during the year (Table 5.7)

**Table 5.7: Women in Administrative and Political Leadership 2007**

<b>Position</b>	<b>Total</b>	<b>Male</b>	<b>Female</b>	<b>% Female of Total</b>
Chief Justice	1	-	1	-
Chief Director	35	29	6	20.1
Supreme Court Judges	13	10	3	23
High Court Judges	27	23	4	25
Members of Parliament	230	205	25	11
District Assembly Appointee	1,956	1,401	555	28
District Assembly Elected	4,830	4,254	576	11

*Source: Department of Women, MOWAC*

## *iii. Analyze Budgets and National Development Policies from a Gender Perspective*

The Ministry of Women and Children's Affairs undertook a cross-sector gender policy coordination and implementation discussions with MDAs to enhance collaboration and effective gender policy implementation partnership. It also established a core expert group of 18 persons on gender from Ministries of Manpower Youth and Employment, Health, Education Science and Sports, Food and Agriculture and Justice to facilitate the conduct of gender training in MDAs for purposes of promoting gender mainstreaming. Further, MOWAC sensitized Chief Directors and their representatives on gender issues.

## **5.2.8 Enhance Development Information Management**

### *i. Promote the Development of Modern Management Information System including E-governance*

The Ministry of Communications (MoC) continued to complement the work of the private sector with the development of the National Fibre Communications Backbone Infrastructure network that will allow open access broadband connectivity.

## **5.2.9 Promoting Civic Responsibility**

### *i. Ensuring Higher Civic Responsibility and Citizens Involvement in Economic Development*

The celebration of Ghana's 50<sup>th</sup> Independence Anniversary in 2007 led to the establishment of a Ghana @50 Secretariat which worked tirelessly to increase citizens' awareness of their civic responsibility during the celebration. The level of citizens' participation in the activities accounted largely for the success of the celebrations. A high sense of patriotism has been engendered which offers more opportunities to appreciate the responsibilities citizens owe to the state.

### **5.2.10 Promoting Evidence Based Decision-Making**

#### *i. Strengthen the Database for Policy Formulation and Decision-Making*

The GSS, in collaboration with NDPC, facilitated the preparation of the draft NSDS with the support of the key MDAs and the development partners. The NSDS has been formulated to ensure the development of an efficient National Statistical System to provide the required statistical input to facilitate planning and monitoring of socio-economic development.

As part of the overall advocacy and sensitization drive of the NSDS initiative, RPCUs and DPCUs were sensitized across the regions and districts. The sub national drive was supported by UNDP.

#### *ii Evidence Based Policy Making Programme (EBPM)*

The Evidence-Based Policy Making Programme (EBPM) at the Office of the President officially commenced in March 2007 with the following objectives:

- assist the Office of the President to set up structures and systems required to monitor and strengthen accountability of Ministers to the Presidency on the delivery of the President's priority programmes and projects.
- assist in developing the technical and administrative capacity within the Office of the President and relevant MDAs for the adoption and operationalization of the established structures and systems designed to ensure that government priority projects and programmes are executed and delivered efficiently and timely.
- establish a Performance Monitoring & Evaluation System that would enable the Office of the President to effectively manage, monitor and evaluate the performance of various MDAs mandated by the President to oversee the implementation and successful delivery of identified priority projects of the President.

The programme has four main components, namely:

- a. Monitoring and Evaluation
- b. Efficiency
- c. Communication
- d. Think Tank

Among activities undertaken in 2007 were the following:

- As part of the process to develop a framework for the recommended M&E system, the EBPM carried out an institutional assessment of existing M&E structures and operations within the Office of the President and the relevant MDAs responsible for the implementation of the President's priority programmes and projects. The MDAs involved were; Ministry of Health (National Health Insurance Council), Ministry of

Justice (Copyright Administration), Ministry of Transportation, Ministry of Finance & Economic Planning, Ministry of Energy, Ministry of Food & Agriculture, Ministry for Public Sector Reforms, Ministry of Harbours and Railways (Ghana Railways Company & Ghana Ports & Harbours Authority), Ministry of Communications, Ministry of Lands, Forestry & Mines (focus on Land Administration Reforms), Ministry of Trade, Industry, PSD & PSI (focus on PSI).

- The development of a framework for Monitoring and Evaluation within the Office of the President for the government's priority programmes.
- The establishment of the EBPM secretariat at the Office of the President.
- Design of a system to be used for tracking progress of implementation and the attainment of targets.
- Testing, reviewing and operationalization of the Prototype Performance Management system in selected MDAs. A total of 5 (five) MDAs had been covered by the end of the year.

### **5.3 SUMMARY OF POLICY RECOMMENDATIONS**

#### **5.3.1 Improving public Safety and Security:**

In 2006, a policy recommendation was made to increase the annual recruitments into the Police Service by at least 15% per annum. The evidence suggest that this target was met in 2007 and if the trend continues Ghana will be on track in meeting the UN standard of police-to-citizen ratio of 1:500. There is however no information on the recommendation of the development of a gender policy to guide the process of increasing the number of women in the police service.

#### **5.3.2 Promoting Rights under the Rule of Law**

Some progress has been registered with respect to improving women's representation in administrative and political leadership positions. Government has appointed the first female Chief Justice. This has raised the profile of women in leadership position and has the value of encouraging other women to aspire to positions of leadership in public life. However gender budgeting has not yet been integrated into the fiscal policy making process. The Ministry of Women and Children's Affairs however undertook training workshops on Gender budgeting for a part of the leadership of the public service.

The recommendation for the establishment of a Fund for women political office aspirants has not been acted upon.

#### **5.3.3 Decentralization**

The MLGRDE has partially resolved the issue of the type of decentralization being undertaken in Ghana with the publication of a New Decentralization Action Plan. It is therefore important to accelerate the pace of implementation of programmes under the Plan to further give confident to stakeholders on the commitment of government towards the decentralization process.

#### **5.4.4 Studies**

The following areas still require action even though proposals were made in the 2006 APR to have further studies. These are:

- the rate of reduction in small arms acquisition
- corruption perception among the public
- citizen compliance with respect rules and regulations
- level of implementation of policy statements made by the president at People's Assemblies.

NDPC should take the responsibility to either coordinate or undertake the studies.

## STATUS OF INDICATORS – 2007

**Table 5.8: Summary of Status of Good Governance and Civic Responsibility Indicators, 2005 – 2007**

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2005	Status in 2006	Status in 2007
<b>OVERARCHING INDICATORS</b>	▪ Percentage increase in budgetary allocation to Parliament	Increased expenditures on providing offices, logistics and research capabilities for MP,	Gh¢ 580,000.00 (80% of Approved Budget)-for Ministry of Parliamentary Affairs	Gh¢ 603,000.00 (100 % of approved budget)	Gh¢735, 487.87 (72% of the approved budget). However total budgetary releases represent 34% increase over the 2006 level.
	▪ Percentage of all courts computerised	Number of courts computerised in relation to all courts	Computerisation initiated. Coverage is less than 30%  Sod cut for the construction of 12 Storey Law House	60 desktop computers and 7 laptops and other office equipment procured and distributed to attorneys across the country	Local and wide area networks and databases to electronically capture all cases handled by the AG's office have been installed. 30 desk-tops and 20 laptop computers acquired.
	▪ Reduction in rate of infraction of rules and regulation	Measure of decline in cases of breach of public rules and regulations	About 12,000 offenders are put in police custody every day	The daily offender put away rate has dropped below the previous figure 12,000	Lack of data
<b>STRENGTHENING PRACTICE OF DEMOCRACY AND RULE OF LAW</b>	1. Number of Private members bills introduced or laws drafted by Parliament	Determines a strengthened legislative capacity of parliament	All laws are currently drafted outside Parliament	Parliament still lacks the mandate and institutional capacity to draft its own bills	A consultant was hired to help in the establishment of a Drafting Unit within Parliament
	2. Reduce the number of Ministers appointed from Parliament	Indicates growing independence of Parliament from Executive control	Ministers and Deputy ministers are around 88	Number of Ministers at the same level as previous year.	Out of the 86 total number of Ministers, 50 are members of Parliament
	3. Amount voted for establishing an Election Fund as a proportion of total cost of elections	Election Fund from Government Budget	Election fund not established	Election Fund not established.	The Institute of Economic Affairs (IEA) initiated a process aimed at preparing a draft Political Parties Bill and the Public Funding of Political Parties Bill. The Bill is expected to debated with the political parties and the general public in 2008
	4. Amount allocated to NCCE as proportion of Sector Expenditure	Increased proportion of national resources to NCCE	Below 1%	Amount voted for the NCCE has reduced in relation to the previous year's estimate	2007 budgetary allocation to NCCE increased by 9.5% over the 2006 level of Gh¢5,399,500.00
	5. National Identification Card	Number of citizens with NI card	Passage of NI Bill	The NIA mounted a broad based education campaign to raise public awareness on the relevance of NIS	The NIA has made considerable progress towards beginning the registration exercise in July 2008
<b>DECENTRALIZATION</b>	6. Timely preparation, implementation and monitoring of fully costed District Development Plans	Allows for improved capacity of MMDAs to plan and implement programmes. Also makes room for CSO involvement in tracking expenditure	Guidelines developed for use by MMDAs to produced Medium Term Development Plans (MTDPs)	All MMDAs have submitted Medium Term Development plans (MTDPs) to NDPC. Most MMDAs are implementing their MTDPs	All MMDAs submitted costed MTDPs and begun implementing their MTDPs in 2007. They also prepared their respective M&E plans to monitor of implementation

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2005	Status in 2006	Status in 2007
					of the MTDPs. 78 out of the 138 MMDAs subsequently submitted Annual Progress Reports to NDPC
	7. Percentage increase in the number of professional staff hired at the local government level	Reports degree of autonomy gained MMDAs to hire staff at local government level	Professional staff are currently transferred from the centre	The design of the Functional and Organizational Assessment Tool (FOAT) has been completed and is being piloted in UE, Northern, Ashanti, Eastern, Central and Western Regions to help MMDAs in recruitment processes.	With the establishment of the Local Government Service professional staff to MMDAs will be expected to increase
	8. Rate of increase in the number of districts employing Composite budgeting approach	Number of MMDAs practicing Composite Budgeting	25 MMDAs practising Composite Budgeting	MLGRDE in collaboration with MoFEP has issued a guideline to all MMDAs for the preparation and implementation of district composite budgets as part of the fiscal decentralization programme.	Training has been provided for all key officials in the MMDAs on how to prepare composite budgets
	9. Operationalize Local Government Service Act	Determines the creation and functioning of all institutions and policies contained in the Act	Local Government Service Council and its Secretariat were established	LG Service Council is working on a) the establishment of the Departments of MMDAs, b) the integration of line departments and central government agencies into the Department of the Assembly and c) the preparation of legislative instrument to transfer functions, resources and staff to the MMDAs.	The Local Government Service was in December 2007.
<b>MANAGING PUBLIC POLICY</b>	10. Change in public sector wage in real terms	Public sector salary increase	Minimum Daily wage of US\$1.50 (Gh ¢1.35)	Minimum wage is holding at US\$1.66 (Gh ¢1.60)	Minimum daily wage is now US\$2.50 (GH¢1.90)
	11. Percentage of MDAs and sub-vented (SAs) on Integrated Payroll and Personnel Database	Determine completion of IPPD for all MDAs and SAs	30% of MDAs and SAs are on IPPD	All MDAs and 15 SAs are on IPPD 1, and parallel run with IPPD 2 begun.	Sub-vented Agency (SA) integration to the IPPD2 has progressed steadily and a full report is available. Data on more than 50% of sub-vented Agencies have been collected and validated on the IPPD2. Smaller SAs have been integrated and are being processed.

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2005	Status in 2006	Status in 2007
					The larger agencies (including the Police and Military) are awaiting VSAT connectivity to process their payroll from their offices. Records are updated monthly. It is expected that all sub-vented institutions will be migrated by June 2008.
	12. Corruption Perception Index	Shows achievements in combating corruption in public expenditure management	General perception is that corruption pervades all facets of public transactions	Corruption Perception is still high. Transparency International Report. Civil Society reports suggest high incidence of corruption in public procurement	Ghana is making progress in the fight against corruption with the full establishment of the Public Procurement Authority and Internal Audit Agency
	13. Annual National Dialogue	Convening of a forum on national policy	One national forum per year	NED was not held. People's Assemblies were held by the President and Ministers	The NED has been phased out
<b>PUBLIC SAFETY AND SECURITY</b>	14. Police citizen ratio	Measures number of police officers serving a given population	1:925	1:1121. This represents a worsening of the ratio as a result of high population and low recruitment rates	The ratio now stands at 1:994. This represents an improvement over the previous years'.
	15. Rate of decline in cases of worst forms of child labour, child trafficking and child abuse	Statistics on incidence of worst forms of child labour, child trafficking and child abuse	GSS indicates that 242,000 children are engaged in child labour	Data was gathered in 5 Districts in Ashanti in a survey conducted by KNUST with funding from ILO-IPEC. GSS has developed an instrument for collecting data on Child Labour. ILO also supported NCCE to undertake a National Opinion and Attitudes Survey on Child Labour.	Lack of data
	16. Rate of armed robberies, rape and murder	Measures improvements in public safety with relation to major crimes	Data show relative increases in these major crimes	There were general increases in crime level in 2006. The general crime situation during the fourth quarter of 2006 showed an increase of 28.3% compared to the same period in 2005	Police data shows an increase of 7.9% over that of last year
	17. Social Protection Policy formulated	An approved national policy document on Social Protection	Lack of data	Policy formulated by MMYE.	Policy formulated and provision made for its implementation in the budget

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2005	Status in 2006	Status in 2007
<b>WOMEN EMPOWERMENT</b>	18. Proportion of national budget allocated to women issues	To determine mainstreamed expenditure allocations to women's issues as a proportion of total discretionary budget	0.14% of Discretionary Expenditure allocated for women's issues	Proportion of discretionary budget allocated to women's issues has increased marginally to 0.2% .	Ratio is still below 1.0%, lower than the international standard of 4.0%
	19. Proportional increase of women Chief Directors, Judges and women in Members of Parliament and District Assemblies,	Percentage increase of women in administrative and political leadership	Women Chief Directors less than 2%, Women Judges less than 5% and Women in Parliament less than 15%	17% of the 35 Chief Directors are women, 18% of total number of 40 Judges are women; 11% of 230 Members of Parliament are women	There has not been a change: 17% of total number of 35 Chief Directors are women, 18% of total number of 40 Judges are women; 11% of 230 Members of Parliament are women
	20. Additional institutional and legal aid support given to victims of domestic violence	Examines rate of expansion of DOVVSU in all police districts and increases in number of victims receiving legal aid	DOVVSUs present in all ten regions and only 10 police districts	The number of DOVVSU offices continued to expand. Total number of DOVVSU offices currently stands at 63 with 308 personnel.	DOVVSU continued to expand below the regional level. Twelve new offices were opened in a number of police districts. This bring the total number of DOVVSU offices to 75 with 350 personnel
<b>ENHANCING DEVELOPMENT COMMUNICATION</b>	21. Freedom of Information bill	Passage of Freedom of Information bill into law	Bill in Parliament	Before Cabinet and Parliament for further study.	Bill has still not been passed.
	22. Number and type of citizen reports on policy and programme implementation	Citizen report cards and other reports on use of public resources and on policy implementation	HIPC Watch by Send Foundation, Community Voices by IPA, Budget, Reports by ISODEC Participatory M&E by NDPC	Civil Society contributions informed budget formulation. Reports on service delivery have been written by CSOs and are in the public domain.	Lack of data
<b>ECONOMIC GOVERNANCE</b>	23. Reduce deviation from original budget of composition of expenditure by MDAs	Calculates degree of variation between allocations and actual expenditures	Budget deviation index at 2004 is 18%	Lack of data	Lack of data
	24. BPEMS generated and reconciled fiscal reports issued monthly within 4 weeks	Reports on BPEMS implementation	Currently reports are late for more than 8 weeks	Three modules (general ledger, A/Cs payable and expenditure ordering were deployed in the 8 pilot MDAs	Two additional modules (cash management and A/C receivable) were deployed
<b>CORPORATE GOVERNANCE</b>	25. Number of capacity building programmes on business ethics	Reports on number type and content of campaign	Lack of data	Requires a full survey	Ghana Business code which is a set of principles and prescriptions based on UN Global Compact relating to human rights, labour standards, the environment and transparency in business operations, was introduced into the Ghanaian business environment through the initiative of the Association of Ghana Industries (AGI), Ghana National Chamber of Commerce and Industry (GNCCI) and Ghana

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2005	Status in 2006	Status in 2007
					Employers' Association (GEA). A Total of 40 firms signed on to it in 2007
	26. Corporate Governance Score Cards	Reports issued by citizen groups on quality of service and on corporate social responsibility	Lack of data	No civil society report on corporate governance are available	Lack of data
<b>PROMOTING EVIDENCE BASED DECISION-MAKING</b>	27. Statistical Masterplan	Production of a Statistical Masterplan	Lack of data	GSS is in the process of completing the Masterplan	NSDS is yet to be completed
	28. Publication of Annual Progress Report by NDPC	Annual Progress Report on GPRS II	2005 APR was published in September 2006	2006 APR was completed in June 2007 and published	2007 APR was completed in May 2008 and published

## **CHAPTER SIX**

### **LINKING THE 2007 BUDGET TO GPRS II**

#### **6.1 INTRODUCTION**

This section discusses the extent to which the 2007 Budget Statement and Economic Policy addressed the priorities of the GPRS II, and how resources were allocated to implement the various activities under the thematic areas of the GPRS II in 2007. It looks at the extent to which the budgetary allocations and actual releases by the Government of Ghana (GoG) and Development Partners (DPs) were aligned with the priorities of the GPRS II.

The section reviews the processes involved in the preparation of the 2007 Budget; the macroeconomic framework underlying the budget, its consistency with the general macroeconomic objectives and assumptions of the GPRS II; and the sectoral distribution of discretionary expenditure. It also reviews how well donor spending for the year was aligned with the priority areas of the GPRS II; the distribution of expenditures by items; and a discussion of spending on poverty reduction by from the consolidated fund, HIPC funds and MDRI fund.

#### **6.2 THE BUDGET PREPARATION PROCESSES AND THE GPRS II**

The preparation process for the 2007 Budget Statement and Economic Policy begun in March 2006. The Ministry of Finance and Economic Planning placed an Advertiser's Announcement in the daily newspapers. This was to solicit for ideas and contributions from recognized professional bodies, associations, civil society organizations and individuals, to allow for the reading of the budget in November 2006 and its passing by Parliament before it rose in December 2006.

To allow for ownership of the budget process by making it very inclusive, persons/ associations in the MMDAs were asked to forward their ideas and contributions through their Presiding Officers or District Finance Committees; while those at the regional level were expected to do same through the office of the Regional Minister for the attention of the Minister of Finance and Economic Planning.

This process led to the submission of ideas and contributions from eleven (11) individuals and twenty-eight (28) institutions/organizations and some development partners such as the World Bank. These ideas were reviewed at a meeting between the budget team of Ministry of Finance and Economic Planning (MoFEP), and representatives of stakeholders at a consultative meeting. The process thus engendered broad participation from across the general populace thereby ensuring ownership.

### 6.3 THE MACROECONOMIC FRAMEWORK OF THE 2007 BUDGET AND THE GPRS II

The macroeconomic framework of the 2007 Budget Statement and Economic Policy presented to Parliament on the 16<sup>th</sup> of November 2006 was largely consistent with the underlying macroeconomic framework of the GPRS II. In an effort to achieve middle income status by 2015, the GPRS II envisaged a minimum GDP growth rate of 6% per annum while inflation was to be maintained at single digit. The international reserves was expected to cover at least three months of imports, while budget deficits were to be kept low enough so that they do not become sources of economic imbalances.

In view of these general objectives, the 2007 Budget Statement and Economic Policy set the following targets for various economic variables;

- real GDP growth of at least 6.5%;
- an end-period inflation rate of between 7% and 9%;
- average inflation rate of 8.8%;
- accumulation of international reserves of at least three months of import cover;
- domestic primary deficit of 0.6% of GDP; and
- an overall budget deficit of 3.2% of GDP.

**Table 6.1: Macroeconomic Frameworks of the GPRS II and the 2007 Budget Statement & Economic Policy**

Macroeconomic Indicators	GPRS Targets 2005	Budget 2005	Status 2005	GPRS Targets 2006	Budget 2006	Status 2006	GPRS Targets 2007	Budget 2007	Status 2007
Real GDP growth (%)	5.0	5.8	5.9	6.11	6.0	6.4	6.11	6.5	6.2
Inflation:									
- Annual Average (%)	6.0	-	-	-	8.8	-	-	8.8	-
- End of Period (%)	5.0	13.5	14.8	10.4	7.0-9.0	10.5	8.3	7.0-9.0	12.75
Stock Reserves (months imports cover)	3.1	4.0	3.6	≥3 mths	4.0	3.0	≥3 mths	≥3 mths	3.0
Domestic primary Surplus as % of GDP	2.5	2.4	3.4		(1.4)	(1.9)		(0.6) (6.5)*	(6.2)
Budget deficit (excluding grants) as % of GDP	0.6	2.2	1.96	≤ 4	4.5	7.9	≤ 4	(3.2) (5.7)*	(6.9)
Sectoral Growth (%):									
- Agriculture	4.8	6.5	6.5	5.24	6.6	5.7	6.71	6.1	4.3
- Industry	5.2	5.8	5.6	6.11	6.2	7.3	5.83	7.7	7.4
- Services	5.1	5.4	5.4	5.75		6.5	5.90	6.7	8.2
Domestic Revenues (excluding grants) to GDP (%)	22.3	24.6	24.9	23.5			23.4	26.9	26.1

Source: GSS, MoFEP, Budget Statements, GPRS II Document, Bank of Ghana

\* Revised budgets from 2007 supplementary budget

In July 2007, Government submitted supplementary budget estimates for approval by Parliament which were meant to revise the fiscal framework in the light of the energy crises and rising price of crude oil on the world market. Apart from targets on budget deficits, all other targets were maintained. The domestic primary deficit was revised upwards from 0.6% of GDP to 6.5% while the overall budget deficit was revised upwards from 3.2% to 5.7% of GDP.

The GPRS II target for real GDP growth of 6.1% was lower than the budget target of 6.5%. The budget set a higher target than the GPRS II because the economy had achieved growth real GDP

growth rates which has been consistently higher than the GPRS II target. Sectoral growth rates set in the budget were also higher than the targets set in the GPRS II.

## 6.4 DISTRIBUTION OF EXPENDITURES BY ITEMS

The overall total payments for the year 2007 amounted to Gh¢6,081.153 (US\$6,250.543 million) of which statutory payments (including transfers to households, the District Assemblies Common Fund (DACF), National Health Fund (NHF), Education Trust Fund, and Petroleum-related Fund) constituted about 28.5% and discretionary payments about 71.5%.

Actual discretionary payments amounted to 91.0% of the planned expenditure of Gh¢4,348.224 million (US\$4,469.343 million), indicating shortfall of about Gh¢307.817 million (US\$316.391 million). Payments for Personal Emoluments constituted the largest component of actual discretionary payments in 2007. While about 27.6% of the total discretionary expenditure was expected to be spent on Personal Emoluments, the actual outturn represented 32.6%. However, in terms of its share in GDP, it represented 10.2% in 2007, compared with 9.5% in 2006.

Investment expenditure on the other hand accounted for 28.5% of total discretionary spending, as against budgeted expenditure of 34.3%. This represents a shortfall in the proportion of discretionary expenditure spent on investment, which can be explained by a decline in foreign financed investment and domestically financed investment, as well as rising wage bill. Foreign financed investment was expected to reach 18.8% in 2007, while domestic financed investment was expected to be 15.5%. However, the actual outturns were 16.7% and 11.8% respectively.

**Table 6.2 Utilization of Discretionary Payments**

ITEM	2005 Planned	2005 Actual	2005 Actual	2006 Planned	2006 Actual	2006 Actual	2007 Planned	2007 Actual *	2007 Actual*
	as % of total exp.	% of total exp.	% of total GDP	as % of total exp.	% of total exp.	% of total GDP	as % of total exp.	% of total exp.	% of total GDP
<b>Personal Emoluments</b>	36.9	37.0	8.9	33.9	38.7	9.5	27.56	32.63	10.15
<b>Administration and Service</b>	11.0	11.0	2.6	7.6	7.7	1.9	7.66	9.43	2.93
<b>Service</b>	4.1	4.1	1.0	3.8	2.85	0.7	2.09	3.57	1.11
<b>Investment</b>	30.9	30.8	7.4	39.84	33.3	8.22	34.30	28.46	8.85
<i>o/w Domestic Financed</i>	6.1	6.1	1.5	12.49	4.88	1.2	15.53	11.8	3.66
<i>o/w Foreign Financed</i>	24.8	24.7	6.0	27.35	28.41	5.9	18.77	16.7	5.20
Utility price subsidies	1.5	1.8	0.4	2.73	4.6	1.1	0.61	0.08	0.03
HIPC financed Expenditure	6.8	6.9	1.7	6.18	6.4	1.6	3.70	4.67	1.45
<b>Total</b>	<b>100</b>	<b>100</b>		<b>100</b>	<b>100</b>				
<b>In million GH¢</b>	<b>2,356.09</b>	<b>2,345.48</b>	<b>9,701.80</b>	<b>2,947.50</b>	<b>2,835.07</b>	<b>11,490.32</b>	<b>4,777.16</b>	<b>4,348.22</b>	<b>13,976.70</b>

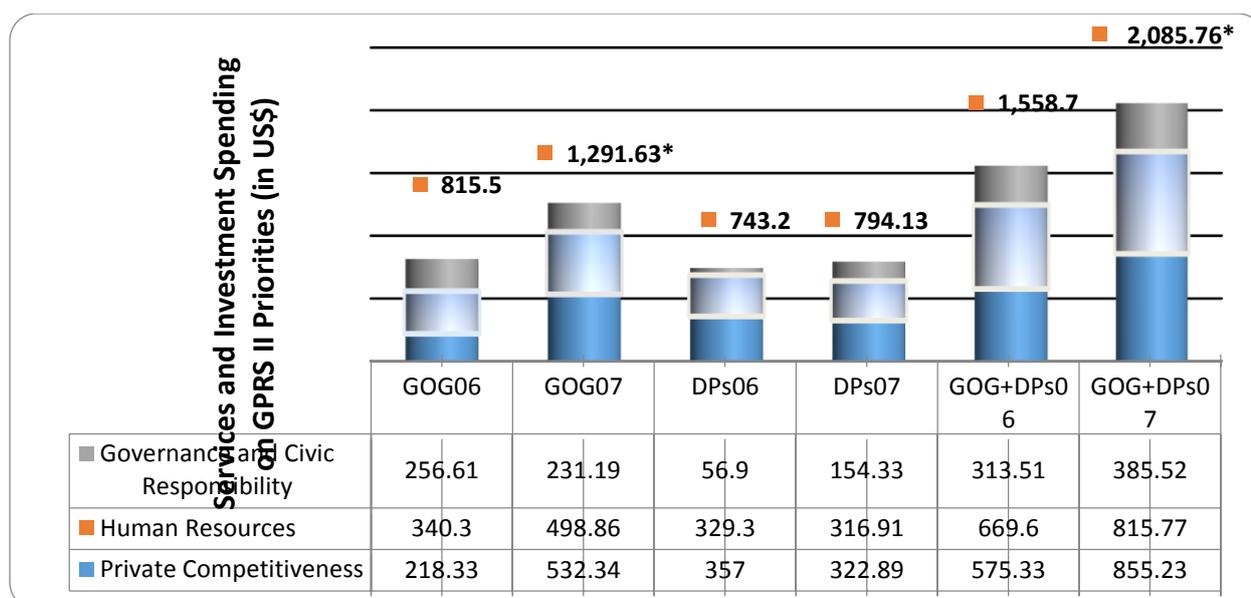
Source: Computed from MoFEP Budget Statements, 2005-2008 and data from Budget Division

\* Provisional

## 6.5 ALIGNMENT OF 2007 SPENDING PRIORITIES WITH GPRS II COSTING FRAMEWORK

Resource allocation and releases (services and investment) for the implementation of the GPRS II programmes and projects improved significantly in 2007. Total resources released for the implementation of the GPRS II increased from US\$1,558.7 million in 2006 to US\$2,085.76 million in 2007, representing an increase of about 33.8% (Figure 6.1). The increases in overall expenditure were accounted for by increases in Government of Ghana's (GOG) spending by 58.3%. GOG resources to Private Sector Competitiveness thematic area increased by 145%, that of Human Resources Development by 46%, while that of Good Governance and Civic Responsibility declined by 52.1% (Table 6.3).

**Figure 6.1: GPRS II Spending Priorities, 2006 & 2007 (in million US\$)**



*NB: Figures of Good Governance thematic area in 2007 includes US\$108.17 million*

*\*Figure includes an equivalent of US\$29.24 million in contingency*

**Table 6.3: Trends in Releases of Resources in 2006 and 2007 (in million US\$)**

GPRS II Thematic Area	2006			2007		
	GoG	DPs	GOG+DPs	GoG	DPs	GOG+DPs
Private Competitiveness	218.33	357	575.33	532.34	322.89	855.23
Human Resources	340.3	329.3	669.6	498.86	316.91	815.77
Governance and Civic Responsibility	256.61	56.9	313.51	231.19	154.33	277.35
Statutory (DACF)				108.17		108.17
Contingency				29.24		29.24
<b>Total</b>	<b>815.5</b>	<b>743.2</b>	<b>1558.7</b>	<b>1,291.63</b>	<b>794.13</b>	<b>2,085.76</b>

In 2007, some degree of resource misalignment was observed in the release of actual resources to the various priority areas of GPRS II. While GPRS II indicated that the bulk of the overall services and investment budget (53.6%) is spent on Human Resource Development, actual releases show that Private Sector Competitiveness thematic area received the highest share of the resources (43.9%), primarily due to the re-prioritization of resources to address the emergency situation in the infrastructure sector including energy and roads. Total resources (i.e. services and investment) released for the implementation of programmes and projects in 2007 amounted to US\$2,085.6 million, as against US\$ 2,083.24 million envisaged under the GPRS

II. The GOG component of US\$1,291.63 million constituted about 61.9% of total release, while the DP component of US\$794.12 million was about 38.1%.

As shown in Table 6.2, out of the total releases (GoG + DPs), 43.9% went to the implementation of policies, programmes and projects under Private Sector Competitiveness, 41.9% went to Human Resource Development and 14.2% went to Good Governance and Civic Responsibility thematic areas respectively.

The actual release of US\$855.23 million for private sector competitiveness was slightly above the GPRS II resource allocation of US\$764.81 million for 2007. This was accounted for by the higher discretionary payments by GoG (about 64.5%) in addition to the large inflows from DPs for programmes and projects under Private Sector Competitiveness (Tables 6.4 & 6.5).

**Table 6.4: 2007 spending priorities with GPRS II Costing framework, categorized into GoG and DPs (in millions of US\$)**

GPRS II Thematic Areas	GPRS II Resource Allocation for 2007		GoG Actual Releases (Discretionary. + Statutory.)		DPs Actual Releases		Total Resources (GoG + DP)	
	Value	%	Value	%	Value	%	Value	%
Private Sector Competitiveness	764.811	36.7	532.34	46.12	322.89	40.7	855.23	43.90
Human Resource Development	1,115.94	53.6	498.86	43.22	316.91	39.9	815.77	41.87
Good Governance and Civic Responsibility	202.485	9.7	123.02	10.66	154.33	19.4	277.35	14.24
DACF	-	-	108.17	-	-	-	108.17	-
Contingency	-	-	29.24	-	-	-	29.24	-
<b>GRAND TOTAL</b>	<b>2,083.24</b>	<b>100</b>	<b>1291.63</b>	<b>100</b>	<b>794.12</b>	<b>100</b>	<b>2085.76</b>	<b>100</b>

**Table 6.5: Alignment of 2007 Spending Priorities with Approved Budget-DPs Inclusive (in millions of US\$)**

GPRS II Thematic Areas	GoG (Discretionary)*			Statutory****			DPs**			Total		
	Budget Approved	Releases	%	Budget Approved	Releases	%	Projected Inflows	Releases	%	Budget Approved	Releases	%
Private Sector Competitiveness	592.79	423.78	71.49	117.94	108.56	92.1	597.32	322.89	54.1	1308.052	854.92	65.38
Human Resource Development	88.47	50.20	56.74	371.04	448.66	120.9	141.24	316.91	224.4	600.75	815.76	135.79
Good Governance and Civic Responsibility	186.54	123.02	65.95	-	-	-	184.85	154.33	83.5	371.38	277.35	74.68
DACF***				167.70	108.18	64.50	-	-	-	167.70	108.18	64.50
Contingency	36.31	29.24	80.52							36.31	29.24	80.52
<b>GRAND TOTAL</b>	<b>904.11</b>	<b>656.68</b>	<b>69.27</b>	<b>656.68</b>	<b>704.64</b>	<b>107.3</b>	<b>923.40</b>	<b>794.12</b>	<b>86.0</b>	<b>2484.196</b>	<b>2085.75</b>	<b>83.96</b>

Source: Computed from MoFEP Budget Statements, 2005-2008 and data from Budget Division

Note: \* GoG Figures includes item 3 & 4 (item 4 normal + additional from capital market and divesture) only

\*\*DPs figures includes Projects loans and Grants (excluding BoP and budget support)

\*\*\*The utilization of DACF cuts across the implementation of programs and projects in all three thematic areas;

Based on the DACF allocation formula it is difficult to spread the DACF utilization of all the districts on the thematic areas of the GPRS

\*\*\*\* Statutory Funds excludes external debt servicing and transfers to households

Although, the release of statutory funds to the Human Resource Development thematic area was higher than the approved budget, the total release of US\$ 815.77 million represented a shortfall of 36.8% of the expenditures anticipated under the GPRS II in 2007. The less than anticipated outturn in this priority area resulted from the low level of resources released from discretionary expenditures which represents not more than 50% of the budgeted expenditures.

The Good Governance and Civic Responsibility priority area received US\$277.35 million, which represented about 14.2% of total amount released. This was more than the projected resource allocation of US\$202.49 million in the GPRS II for 2007, and can be attributed to the higher discretionary spending by GoG and, a fairly higher inflow from DPs. Most of the resources were channelled into the implementation of activities related to public policy management and public sector reforms, improving public safety and security, fiscal policy management and strengthening the practice of democracy (Table 6.6).

**Table 6.6: Summary of Approved Discretionary Budget (services and investments) released for the Financial Year 2007(in millions GH¢)**

		GOG *			
	<i>Thematic /Key Focus Area/Policy/MDA</i>	<b>Budget Approved</b>	<b>Releases</b>	<b>Variance</b>	<b>% Release</b>
	1	2	3	5=2-3	6
	<b>GoG</b>	<b>841,768,452.2</b>	<b>579,086,210</b>	<b>262,682,242</b>	<b>68.79</b>
	<b>1 PRIVATE SECTOR COMPETITIVENESS</b>	<b>575,007,134.0</b>	<b>411,067,461</b>	<b>163,939,673</b>	<b>71.45</b>
010	Private Sector Development	4,959,820.3	1,888,350.1	3,071,470.3	38.07
020	Modernized agriculture	15,766,941.4	11,763,046.2	4,003,895.2	74.61
021	Modernized Fishing Methods and a Developed Aquaculture	63,720.0	42,974.0	20,746.0	67.44
022	Restoration of Degraded Environment and Natural Resource Management	4,074,074.1	1,368,639.6	2,705,434.5	33.59
023	Promoting Trade and Industrial Development	6,541,408.0	5,550,167.4	991,240.6	84.85
030	Transport Infrastructure: Road, Rail, Water and Air Transport	122,320,254	264,994,568	-142,666,334	216.63
031	Energy Supply To Support Industry And Households	371,108,947.0	118,700,028	252,406,919	32.0
032	Science and Technology To Support Productivity and Development	1,625,052.7	0.0	1,625,052.7	0.00
040	Developing Information and Communication Technology (ICT)	3,729,079.4	2,586,829.5	1,142,249.9	69.37
041	Developing the Tourism Sector For Revenue And Employment Generation	2,196,873.1	2,548,504.0	-351,630.9	116.01
042	The Music Industry for Growth and Job	566,035.1	31,870.3	534,164.8	5.63
050	Employment Generation and Improvement and Expansion of Safety Nets	1,873,104.2	1,412,551.3	460,552.9	75.41
070	Life Cycle Related Vulnerability and Exclusion	407,426.0	175,911.7	231,514.3	43.18
	<b>2 HUMAN RESOURCE DEVELOPMENT</b>	<b>85,822,406.6</b>	<b>48,690,672.6</b>	<b>37,131,734.0</b>	<b>56.73</b>
090	Education	15,041,661.0	18,846,450.9	-3,804,789.9	125.30
100	Skills and Manpower Development	13,215,337.9	3,647,952.8	9,567,385.1	27.60
110	Sports Development	23,845,167.2	12,089,790.4	11,755,376.8	50.70
120	Health	20,367,769.7	9,915,419.0	10,452,350.6	48.68
150	HIV/AIDS	312,850.0	110,581.6	202,268.4	35.35
160	Population Management	1,713,907.1	303,275.4	1,410,631.7	17.69
170	Water and Environmental Sanitation	4,038,417.6	1,140,445.7	2,897,971.9	28.24
180	Urban Development, Housing and Slum	7,287,296.1	2,636,756.8	4,650,539.3	36.18
	<b>3 GOOD GOVERNANCE AND CIVIC RESPONSIBILITY</b>	<b>180,938,911.6</b>	<b>119,328,077.2</b>	<b>61,610,834.4</b>	<b>65.95</b>
192	Access to Rights and Entitlements	186,302.0	110,266.4	76,035.6	59.19
210	Strengthening Practice of Democracy	14,003,361.5	14,307,617.2	-304,255.8	102.17
211	Enhancing Decentralization	5,488,888.4	3,587,774.7	1,901,113.7	65.36
220	Protecting Rights under Rule of Law	11,118,664.2	13,394,246.7	-2,275,582.6	120.47
221	Improved Access to Rights and Entitlements	73,311.5	0.0	73,311.5	0.00
230	Public Safety and Security	35,815,126.5	22,001,177.9	13,813,948.6	61.43
231	Public Policy Management and Public Sector Reforms	52,078,109.1	43,364,479.2	8,713,629.8	83.27
240	Women Empowerment	1,016,924.1	512,068.6	504,855.5	50.35
260	Enhancing Development Communication	161,432.5	26,119.7	135,312.9	16.18
270	Promoting Civic Responsibility	186,464.7	11,728.9	174,735.8	6.29
280	Fiscal Policy Management	60,555,397.0	21,846,577.9	38,708,819.1	36.08
310	Good Corporate Governance	109,212.2	103,126.3	6,085.9	94.43
320	Promoting An Evidence-Based Decision Making	145,718.0	62,893.6	82,824.4	43.16

Source: Budget Division MoFEP

\* GoG Figures includes item 3 &4(item 4 normal + additional from capital market and divesture) only

\*\* Excludes expenditures on monetary policy management

## 6.6 SPENDING ON POVERTY REDUCTION

Poverty spending in 2007 comprised both direct poverty reduction interventions as well as growth enhancing expenditures, underlining Government's position that there can be very little poverty reduction without growth. This position is further emphasized in GPRS II, which focuses on growth inducing policies and programs with the potential to support wealth creation and sustainable poverty reduction. Expenditures have therefore been distributed between both poverty reducing and growth enhancing initiatives.

Government's commitment to poverty reduction continued to be evident in all areas of the economy in support of the objectives and targets of the Growth and Poverty Reduction Strategy (GPRS II). The Multilateral Debt Relief Initiative (MDRI) which came into effect in 2006 provided additional fiscal space in 2007 to address the energy crisis, contributing appreciably to bringing the situation under control. Spending from the HIPC debt relief fund continued with activities in support of both poverty reduction and growth enhancement.

### **6.6.1 Discretionary Spending on Poverty**

Government's discretionary spending on poverty reduction is focused on seven (7) major areas:

- Basic Education
- Primary Health Care
- Poverty Focused Agriculture
- Rural Water
- Feeder Roads
- Rural Electrification
- Other Poverty Focused Expenditures

Total discretionary spending on poverty reduction as a percentage of total government expenditure in 2007 was just under 30% representing a drop from 2006 level of 34.86%, however this is higher than the budgeted amount for the year 2007. Total poverty reduction expenditure in 2007 amounted to Gh¢1,464 million compared to the projected amount of Gh¢1,317 million.

The largest share of total poverty spending continues to be allocated to activities related to the provision of basic education, which accounted for almost 40% of all poverty reduction expenditure. The poverty reduction expenditure on basic education amounted to Gh¢583 million in 2007, and accounted for more than 54% of education sector expenditures from discretionary sources. On the other hand, poverty reduction expenditure for primary health care amounted to GH¢285.5 million, and represents only 19.5% of total poverty reduction expenditure, but 46.8% of health sector expenditure.

While GH¢13.94 million of the total poverty reduction expenditure was budgeted for rural water projects, more than GH¢21.345 million was spent in the year 2007. This represents about 1.5% of total poverty reduction expenditure and 51.5% of the total expenditure on Works and Housing. On the other hand, 2.9% of the poverty reduction expenditure was spent in agricultural development.

**Table 6.7: Government Spending on Poverty Reduction**

	2004 Budget	2004 Actual	2005 Budget	2005 Actual	2006 Budget	2006 Actual	2007 Budget (GH CEDIS)	2007 Actual GH CEDIS
Total Poverty Reduction exp. in billion cedis	5456.21	6122.61	8,014.93	8,256.01	11,985.21	12374.03	1,317,687,364.40	1,464,091,818.20
Total Govt. expenditure	19507.80	21765.10	25,052,040	23,948.62	34677.1	35493.2	5,017,191,239.00	4,884,684,209.00
Total Poverty Reduction Exp. As % of Total Govt. Exp.	27.97	28.13	31.99	34.47	34.56	34.86	26.26	29.97
<b>BASIC EDUCATION</b>								
Basic Education Exp. in billion cedis	2605.37	2969.76	3,029.77	3,708.82	4187.66	4707.89	604,669,578.96	583,609,686.75
Education Exp. c billion	4512.65	5289.76	5331.87	6,601.47	7357.84	9074.81	1,007,304,335.13	1,077,423,861.52
Basic Education Exp. as % of Education Exp.	57.73	56.15	56.82	56.18	56.91	51.88	60.03	54.17
% of Total Poverty Exp.	47.75	48.50	37.80	44.90	34.9	38.05	45.89	39.86
<b>PRIMARY HEALTH CARE</b>								
Primary Health Care Exp. in billion cedis	1205.32	1088.20	1988.80	1,749.95	2664.51	1982.64	264,899,766.35	285,518,006.92
Health Sector Exp. c billion	1550.92	1622.02	3203.64	2,915.69	4019.78	1982.64	484,687,016.35	610,731,214.53
PHC Exp. as % of Health Sector Exp.	77.72	67.09	62.08	60.02	66.28	56.92	54.65	46.75
% of Total Poverty Exp.	22.09	17.77	24.80	21.20	22.2	16.02	20.10	19.50
<b>POVERTY FOCUSED AGRIC.</b>								
Poverty Focused Agric. Exp.	132.68	145.05	205.33	175.91	351.72	484.40	48,367,200.00	42,198,758.85
Agric Sector Exp. in billion c	146.91	150.34	217.32	205.07	382.5	517.77	53,422,200.00	47,261,068.3
Poverty Focused Agric. As % of Agric Sector Exp.	90.31	96.48	94.48	85.69	91.95	93.56	90.54	89.28
% of Poverty Spending	2.4	2.4	2.56	2.13	2.93	3.91	3.67	2.88
<b>RURAL WATER</b>								
Rural Water Exp. c billion	140.86	111.99	160.27	117.67	142.67	186.54	13,940,249.31	21,345,153.91
Works & Housing exp.	225.11	228.64	264.05	238.23	243.93	366.70	27,702,749.31	41,440,475.38
Rural Water Exp. as % of Works & and Housing Exp.	62.57	48.98	60.7	49.39	58.49	58.49	50.32	51.51
% of Poverty Spending	2.6	1.8	2.0	1.43	1.19	1.51	1.06	1.46
<b>FEEDER ROADS</b>								
Feeder Roads Exp. c billion	296.552	337.98	395.56	410.24	875.07	766.95	53,721,124.74	69,394,221.25
Roads & Transport Exp. in c	1039.69	1045.32	1424.73	1,505.56	2214.58	2322.35	218,800,401.74	223,660,122.84
Feeder Roads Exp. as % of Roads & and Transport Exp.	28.52	32.33	27.76	27.25	39.51	33.02	24.55	31.03
% of Poverty Spending	5.4	5.5	4.91	4.97	7.3	6.20	4.08	4.74
<b>RURAL ELECTRIFICATION</b>								
Rural Electrification Exp. c	156.15	187.81	644.87	381.91	825	1011.78	100,553,679.17	130,658,698.26
Energy Sector Exp.	193.8	216.39	655.95	385.94	853.59	1029.23	216,553,254.17	155,916,250.68
Rural Electrification as % of Energy Sector Exp.	80.57	86.79	98.31	98.96	96.65	98.30	46.43	83.80
% of Poverty Spending	2.9	8.04	8.04	4.63	6.88	8.18	7.63	8.92
<b>OTHER POVERTY EXPENDITURES</b>								
Other Poverty Exp. c billion	919.31	1281.82	1,590.33	1,711.51	2938.58	3233.84	231,535,765.87	331,367,292.27
Other Poverty Exp. as % of Total Govt. Expenditure	4.71	5.89	5.64	7.15	10.17	9.11	4.61	6.78
% of Poverty Spending	16.8	20.9	6.35	20.73	24.5	26.13	17.57	22.63

SOURCE: MoFEP, 2007

Poverty reduction expenditure on feeder roads exceeded the budgeted figures for the year, even though the amount was lower than the 2006 expenditure for the same sub-sector. Expenditure on poverty related projects in the feeder roads sector from discretionary sources represented

4.7% of total poverty reduction expenditure in 2007; and constituted 31.03% of all expenditure on Roads and Transport.

Expenditure on rural electrification exceeded the budgeted amount in 2007 with GH¢130.67 million being spent; representing 83.8% of energy sector expenditure and 8.9% of all poverty related expenditures. This represents a constant increase in the share of poverty related rural electrification in total poverty reduction expenditures from discretionary sources. Expenditures classified as Other Poverty expenditures also accounted for 22.6% of all poverty spending.

## 6.6.2 HIPC Funds

In line with the objectives of the GPRS II, HIPC funds were allocated to the following key areas:

- Human Resource Development
- Private Sector Competitiveness
- Good Governance; and
- Domestic Debt Reduction

In 2007, out of the Gh¢50.097 million of the planned HIPC funds for Human Resource Development thematic area (which represents 22.6% of the total planned HIPC funds), about Gh¢43.83 million was actually released (representing 27.5% of the total actual HIPC funds released) (Table 6.8). More than half of HIPC expenditures for human development were used for education, in particular the supply of exercise books to basic schools, school feeding programme in selected schools in disadvantaged areas, upgrading of senior secondary schools, and payment of subsidies for senior secondary schools. Metropolitan, Municipal and District Assemblies (MMDAs) supported education through the use of MPs share of the HIPC Fund. These measures have contributed significantly to the high rates of school enrolment and retention recorded at basic and senior secondary school levels.

In the area of health, HIPC funds went to primary health care. Other health expenditures included the refurbishment of the outpatient department of Komfo Anokye Teaching Hospital (KATH) and the setting up of a foundation for orthopaedics. Improvement in sanitation in the big cities and other urban centres received a big boost during the year. Almost 50% of total Human Resource Development spending under HIPC went to sanitation. Part of HIPC funds was also spent on disaster relief for victims of severe rainstorms in various parts of the country.

Expenditures from the HIPC funds in support of Private Sector Development improved significantly in 2007, with government spending over Gh¢92.87 million (58.2% of total HIPC spending), even though this was lower than the planned amount for the year of Gh¢113.836 million. Expenditure on micro finance alone constituted about 30% of expenditure on Private Sector Development. Other sectors under Private Sector Development which received funding from HIPC sources in the year included housing delivery, energy, private sector expenditure on forestry development, and agricultural and industrial development. HIPC funds of over Gh¢1 million also went to the establishment of a liquid nitrogen plant.

HIPC funding for the Good Governance and Civic Responsibility Thematic area amounted to Gh¢15.75 million or 9.87% in 2007. This was higher than the budgeted 5.85%. Communication on Government strategies and policies received significant support, while in the area of public financial management, Government spent HIPC funds on strengthening capacity of the

Controller and Accountant General's Department including expenditures on the IBM 'P' Series for IPPD 2 and the VSAT network. Government support to improve conditions in the prison environment continued in 2007. Funds were utilized on the Ankaful Maximum Security Prison, while the Ministry of Justice and the Judiciary Service also received funding for capacity building. Government expenditure on domestic interest payments, for the year 2007 was Gh¢7.12 million, constituting 4.5% of total HIPC funds released.

**Table 6.8: Utilization of HIPC Fund in 2007 – Planned Expenditures and Releases**

Pillar	Planned (Gh¢ million)	Share (%)	Releases (Gh¢ million)	Share (%)
Human Resource Development	50.097	22.6	43.83	27.47
Private Sector Competitiveness	113.836	51.49	92.87	58.20
Good Governance	12.933	5.58	15.75	9.87
Domestic Debt	44.218	20.00	7.12	4.46
<b>Total</b>	<b>221.084</b>	<b>100.00</b>	<b>159.58</b>	<b>100</b>

SOURCE: MoFEP, 2007

### 6.6.3 Multilateral Debt Relief Initiative (MDRI)

Of the total amount of Gh¢183.81 million released under the Multilateral Debt Relief Initiative (MDRI) to support growth enhancing and poverty reducing measures in the 2007 Budget Statement and Economic Policy, about 30% was classified as poverty reducing expenditures. This was shared among Ministry of Education, Science and Sports, Ministry of Local Government, Rural Development and Environment, Ministry of Women and Children Affairs, and Ministry of Manpower, Youth & Employment.

The School Feeding Programme received the highest amount of these poverty reduction expenditures, representing 30.7%, followed by the Capitation Grants and subsidies for Senior High Schools with 28.2% and 20.5% respectively. Funding for Women and Children Affairs from MDRI funds went mainly to support micro credit schemes (Table 6.9).

**Table 6.9: 2007 MDRI Allocations**

MDRI Priority Area	Amount(Million GH¢)	%
<b>Education</b>		
- Capitation Grants	15.70	28.22
- Subsidies for B.E.C.E	3.80	6.83
- Subsidies for senior High School	11.40	20.49
<b>Local Government, Rural Development &amp; Environment.</b>		
- School Feeding	17.10	30.74
<b>Women &amp; Children Affairs</b>		
- Micro Credit	2.00	3.60
<b>Manpower, Youth &amp; Employment LEAP</b>	2.00	3.60
Contingency	3.63	6.53
<b>Total</b>	<b>55.63</b>	<b>100.00</b>

Source: MoFEP, 2008

## 6.7 SUMMARY OF POLICY RECOMMENDATIONS

### 6.7.1 Actions Taken on 2006 Recommendations

2006 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2007	
		STATUS Tick $\checkmark$ if implemented and $\times$ if not implemented	REMARKS (specific actions taken)
APR 2006 Pg 155	Upgrade the software at the CAGD so that they can capture the actual expenditures based on the thematic and key focus areas of the GPRS II	$\checkmark$	Ongoing
APR 2006 Pg 155	GOG must deepen the linkage between her spending priorities and the GPRS II Costing Framework	$\checkmark$	Substantial improvement in terms of linking the budget and spending to GPRS II costing Framework. Misalignment still present in certain areas.
APR 2006 Pg 155	Development partners must align their spending priorities to GPRS Costing framework	$\checkmark$	Very good progress
APR 2006 Pg 155	Measures instituted to ensure that GOG is able to accurately predict the direction of flow, amounts involved and the timeliness of the release of DPs	$\checkmark$	GOG/DP meetings instituted to facilitate such informational flow. Timeliness of releases remains a problem
APR 2006 Pg 155	Expand the coverage of districts using the composite budgeting format	$\checkmark$	More districts were introduced to the composite budgeting format

Source: APR 2006 and MoFEP Budget Division

### 6.7.2 Revised Policy Recommendations

- The Budget Division of MoFEP and CAGD should develop a common and consistent format based on GPRS II thematic and key focus areas to capture releases and actual expenditures. This would improve the quality of data on releases and also minimize deviations and time spent on reconciling data on releases from the two institutions.
- MoFEP should strengthen its internal mechanisms for capturing releases especially the release of statutory funds and link it to GPRS II thematic and key focus areas
- Desk officers for MDAs at MoFEP must be trained on how to capture and generate all data based on GPRS II thematic and key focus areas for their respective MDAs.
- GOG must deepen the linkage between spending priorities and the GPRS II costing framework
- Development partners must be encouraged by GOG to align their spending priorities to GPRS II costing framework
- To deepen the alignment process, efforts must be made to expand the total coverage of MMDAs using the composite budgeting format.



## **CHAPTER SEVEN**

### **IMPLEMENTING THE GPRS II AT THE DISTRICT LEVEL**

#### **7.1 MONITORING AND EVALUATION OF DISTRICT MEDIUM TERM DEVELOPMENT PLANS**

##### **7.1.1 Introduction:**

Following the formulation of the GPRS II, Metropolitan, Municipal and District Assemblies (MMDAs) were supported to develop their respective District Medium Term Plans (DMTPs). To institutionalize effective and efficient monitoring and evaluation systems for tracking progress of implementation of development programmes/ projects identified in their DMTDP at the sub-national level on a sustainable basis, the National Development Planning Commission (NDPC) in 2006, developed guidelines to assist MMDAs to prepare their own Monitoring and Evaluation Plans. All MMDAs prepared Monitoring and Evaluation Plans in 2007 and some subsequently went ahead to prepare Annual Progress Report (APR).

The overall objective of Monitoring and Evaluation at the level of MMDAs is to determine the extent of progress made towards the implementation of the GPRS II at the local level. More specifically, to:

- assess the extent to which the targets of the District Medium Term Development Plans have been met;
- institute an effective and efficient Monitoring and Evaluation System for tracking performance of programmes/projects;
- generate timely and relevant reports for dissemination to key stakeholders;
- assess the constraints and lessons learnt with the view to improving future planning, implementation and provision of services to communities; and
- strengthen the ownership of the development agenda at the local level.

##### **7.1.2 District Monitoring and Evaluation Activities in 2007**

The DPCUs adopted various processes/strategies to accomplish their monitoring and evaluation objectives in 2007. Meetings and workshops were the most widely used mechanisms for bringing key stakeholders together for monitoring and evaluation activities. However, the degree of success in the use of these mechanisms varied from one district to another. While some MMDAs reported significant successes, others indicated the lack of motivation on the part of some decentralized departments to participate actively in the process, especially when requested to provide data on programmes and activities carried out by their departments.

#### **7.2 OVERVIEW OF PROGRESS MADE ON KEY INDICATORS IN 2007**

Twenty core indicators derived from the GPRS II have been incorporated into the set of district indicators to help track progress towards the implementation of the GPRS II at the district level. In view of the differences in socio-economic conditions, the MMDAs were requested to identify additional district-specific indicators through participatory processes.

Overall, a total of 78 MMDAs out of the existing 138 MMDAs submitted copies of their 2007 Annual Progress Reports (APR) to NDPC (Table 7.1). The response rate is quite commendable given the fact that this was the first time the MMDAs had been requested to prepare Annual Progress Reports based on their own M&E plans. The highest number of APRs per region was submitted by the Upper West (100%), Upper East (87.5%) and Greater Accra (83.3). Only two out of the nineteen MMDAs in the Brong Ahafo region, however submitted their APRs (Table 7.1).

**Table 7.1: Number of Districts that Submitted Annual Progress Reports**

Region	Districts which have submitted APRs		Total Number of Districts in Ghana
	Number	%	
Northern	9	50.0	18
Upper East	7	87.5	8
Greater Accra	5	83.3	6
Eastern	10	58.8	17
Volta	7	46.7	15
Western	9	69.2	13
Central	10	76.9	13
Upper West	8	100	8
Ashanti	11	52.3	21
Brong Ahafo	2	10.3	19
<b>Total</b>	<b>78</b>		<b>138</b>

### 7.2.1 Challenges Facing Monitoring and Evaluation of Core District Indicators

The Metropolitan, Municipal and District Assemblies face a number of challenges in monitoring and evaluating the Core District Indicators due to the following:

- the implementation of the District Monitoring and Evaluation Plans are still going through teething problems;
- lack of budgetary allocation for monitoring and evaluation;
- lack of adequate monitoring and evaluation personnel;
- lack of clearly defined methods for collecting and analyzing data on the indicators; and
- lack of standardization of the measurement of indicators across MMDAs.

### 7.3 FINANCING THE IMPLEMENTATION OF MMDAs MEDIUM TERM DEVELOPMENT PLANS

The District Assemblies derive the revenue for the implementation of the District Medium Development Plans from five major sources, namely, the District Assembly Common Fund (DACF), Internal Generated Funds (IGF), Government of Ghana (GOG) Grants, Donor Grants, and the HIPC fund.

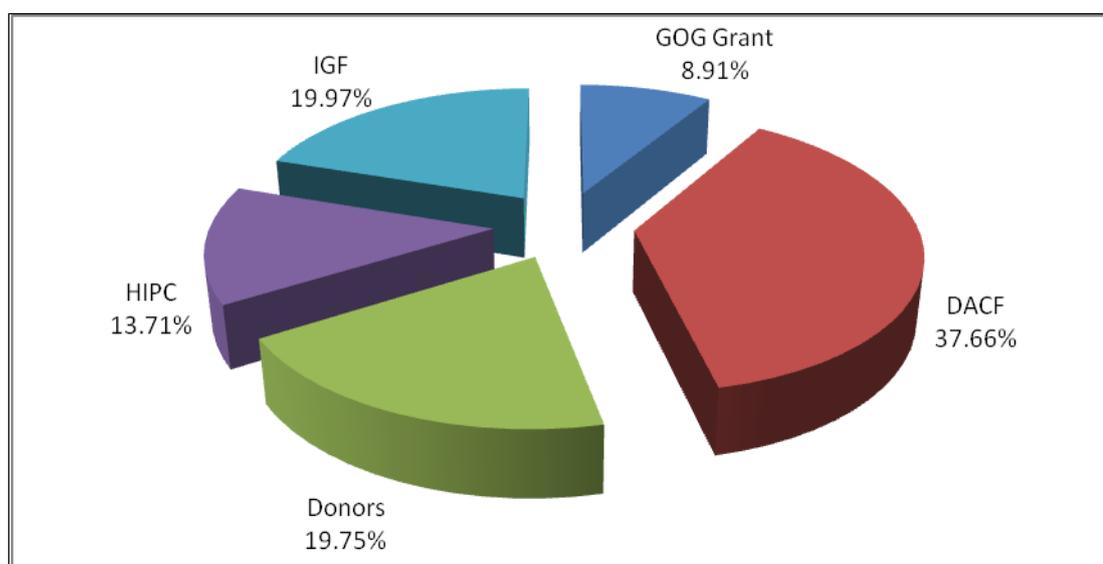
### 7.3.1 Sources and Level of Revenue Inflows to Districts in 2007

Based on available data the DACF remained the leading source of revenue for funding of DMTDPs in 2007. However, the MMDAs expressed dissatisfaction with the delays in the releases of the DACF as well as the large deductions made at source for various expenditures by the Ministry of Local Government, Rural Development and Environment (Figure 7.1 and Table 2).

The delay in the release of DACF disrupts the schedules prepared by the MMDAs for the implementation of the DMTDPs. This has the potential to increase costs and consequently erode the confidence of the people in the abilities of MMDAs to deliver services promptly. In effect, most of the MMDAs reported of carrying over some projects in the DMTDPs meant for 2007 to the 2008 financial year. There is an urgent need to review and streamline the mechanisms used by the DACF Secretariat, Ministry of Finance and Economic Planning and other key stakeholders for timely release of the DACF to facilitate effective and efficient execution of the DMTDPs.

Donor grants shifted from 4<sup>th</sup> position to the second position in 2007 in terms of sources of revenue to the MMDAs. This was followed by Internally Generated Funds, HIPC Funds, and GOG grants, in that order (Figure 7.1).

**Figure 7.1: Sources of Revenue to District Assemblies from Main Sources, 2007**



Source: DACF Secretariat, 2007

**Table 7.2: Main Sources and Levels of Funding for MMDAs – 2007 (000' Gh¢)**

REGIONS	GOG GRANTS	DACF		DONORS	HIPC	TOTAL GRANTS RECEIVED	IGF	
		ASSEMBLY	MP				ESTIMATES	ACTUAL
Greater Accra	1,784.73	2,466.15	381.30	1,244.50	1,998.60	7,875.28	20,300.09	14,700.12
Eastern Region	2,140.03	8,650.65	879.08	3,149.05	2,734.30	17,553.12	3,583.13	3,784.70
Northern	1,384.07	9,106.56	714.70	8,832.66	2,211.27	22,249.26	1,829.85	932.26
Upper East	923.98	6,500.26	406.38	6,461.28	2,030.99	16,322.89	890.46	685.61
Ashanti	3,912.67	12,520.49	764.92	5,884.65	4,237.56	27,320.29	7,885.25	8,297.86

REGIONS	GOG GRANTS	DACF		DONORS	HIPC	TOTAL GRANTS RECEIVED	IGF	
		ASSEMBLY	MP				ESTIMATES	ACTUAL
Brong Ahafo	2,622.35	9,316.59	637.74	4,435.30	3,335.58	20,347.57	3,093.13	3,195.23
Upper West	316.39	2,323.86	168.58	2,567.64	1,745.58	7,122.06	425.30	370.71
Western	1,094.29	7,449.20	361.57	839.61	2,072.47	11,817.14	5,628.39	4,577.91
Volta	2,150.99	7,202.39	748.62	3,809.00	5,453.37	19,364.37	2,056.63	1,681.06
Central	1,527.53	4,540.78	358.15	2,376.39	1,659.53	10,462.39	1,778.39	1,817.78
<b>Total</b>	<b>17,857.03</b>	<b>70,076.94</b>	<b>5,421.06</b>	<b>39,600.08</b>	<b>27,479.26</b>	<b>160,434.37</b>	<b>47,470.62</b>	<b>40,043.24</b>

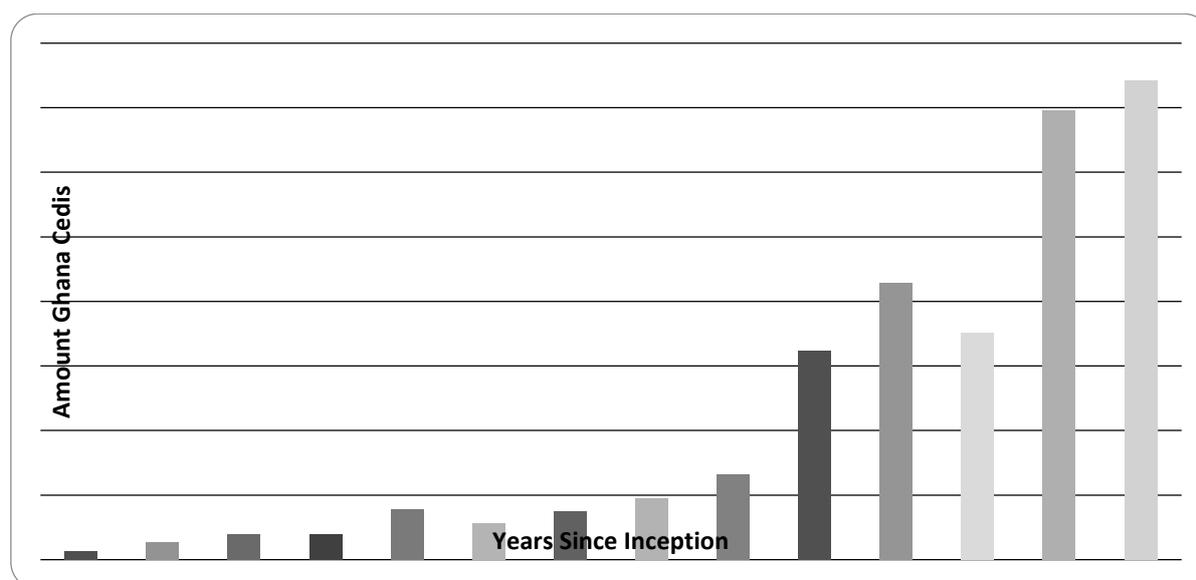
Source: MLGRDE 2007

### 7.3.1.1 The District Assembly Common Fund

The District Assembly Common Fund (DACF) which was established in 1994 remained the leading revenue source for District Assemblies in 2007. Figure 7.2 and Table 7.3 show the trends and percentage changes in allocations of the DACF to the MMDAs since its inception in 1994.

With the exception of 1999 and 2005, the allocations of the DACF have been on the increase.

Figure 7.2: Trends in Allocation of DACF, 1994 – 2007



Source: DACF Secretariat, 2007

Table 7.3: DACF Allocations since Inception in 1994 to 2007

Year	Amount (in Ghana Cedis)	Percentage Change in DACF Allocation
1994	2,619,300	
1995	5,407,700	106%
1996	7,803,600	44%
1997	7,903,700	1%
1998	15,528,800	96%
1999	11,242,100	-28%
2000	14,952,600	33%
2001	18,872,900	26%
2002	26,535,000	41%

Year	Amount (in Ghana Cedis)	Percentage Change in DACF Allocation
2003	64,856,200	144%
2004	85,717,200	32%
2005	70,191,700	-18%
2006	139,161,500	98%
2007	<b>148,389,400</b>	<b>7%</b>

Source: DACF Secretariat, 2007

### Sharing Formula for the DACF Allocations to the MMDAs

Although, based on the same principles of equity and need as in 2006, there was slight review of the formula used for allocating the DACF by Parliament in 2007 (Table 7.4). In 2006, there was no detailed breakdown of the Need component in terms of percentages as shown in 2007. This approach has the benefit of promoting balance in sector development at the district level.

**Table 7.4: Formula for DACF Allocations**

No	Principle		Indicator		%age of DACH Allocated	
	2006	2007	2006	2007	2006	2007
1	Equality	Equality	Equal Sharing of percentage of DACF among all MMDAs	Equal Sharing of percentage of DACF among all MMDAs	50%	50%
2	Need	Need	Lump percent of DACF Allocated for Distribution based on No. of Schools, Pupil/Teacher Ratio, No. of Health Facilities, , Doctor/population Ratio, Nurse /population ratio	Pre-determined Breakdown of Lump percent of DACF allocated for health, Education, Water, and Roads	40%	<b>i) Health:</b> - Health Facilities (6%) - Doc/Pop Ratio (7%) - Nurse/Pop Ratio (7%)  <b>ii) Education:</b> - Education Facilities (7%) - Teacher/Pupil Ratio (7%)  <b>iii) Water</b> -Water Coverage (4)  <b>iv) Roads:</b> -Tarred Roads (2%)
3	Reponsive ness	Reponsi veness	Revenue Improvement	Revenue Improvement	5%	5%
4	Service Pressure	Service Pressure	Population Density in the District	Population Density in the District	5%	5%

### DACF Utilization Guidelines for the Period 2006-2007

There was a significant review of the DACF utilization guidelines in 2007 as shown in Table 7.5. The National Youth Employment Programme received a boost of 5%, while the provision for Self-Help Projects was reduced by the same amount. The provision for People With Disabilities was also reduced from 5% in 2006 to 2% in 2007 to make provision for Sports and Culture which was allocated 3%.

**Table 7.5: DACF Utilization Guidelines 2006 and 2007**

No.	Item	Proportion of DACF	
		2006	2007
1	Human Capacity Building	2%	2%
2	National Youth Employment	-	20%
3	National Youth Employment Programme, Productivity Improvement and Employment Generation (Poverty Reduction)	15%	-
4	Self-Help Projects	10%	5%
5	District Education Fund	2%	2%
6	Establishment and Strengthening of Sub-District Structures	5%	5%
7	District Response Initiative on HIV/AIDS	1%	1%
8	Malaria Prevention	1%	1%
9	People with Disabilities	5%	2%
10	Sports and Culture	-	3%
11	Other Projects (Economic Ventures, Social Services, Administration and Environment)	59%	59%

**Table 7.6: Regional Distribution of Expenditure by Sector, 2006 - 2007**

REGION	ECONOMIC VENTURES		SOCIAL SERVICES		ADMINISTRATION		ENVIRONMENT		CONSTITUENCY LAB. MP		REGIONAL TOTAL
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2007
WESTERN	1,655,491.50	<b>1,236,242.20</b>	2,184,999.20	<b>1,713,742.20</b>	2,960,441.60	<b>3,278,162.07</b>	1,942,888.20	<b>806,278.80</b>	616,584.80	<b>266,759.83</b>	<b>7,301,185.10</b>
CENTRAL	1,455,908.20	<b>980,667.79</b>	1,606,141.40	<b>1,731,482.73</b>	2,925,719.20	<b>3,359,635.50</b>	678,325.60	<b>683,822.36</b>	498,309.10	<b>626,048.50</b>	<b>7,381,656.88</b>
GT. ACCRA	531,913.30	<b>402,172.71</b>	902,418.30	<b>2,579,962.19</b>	1,650,904.70	<b>3,440,645.29</b>	4,504,053.60	<b>1,596,282.74</b>	746,034.80	<b>313,163.80</b>	<b>8,332,226.73</b>
EASTERN	1,745,485.60	<b>1,575,365.20</b>	3,937,742.30	<b>3,256,686.00</b>	3,205,875.90	<b>3,230,999.10</b>	841,647.70	<b>759,902.90</b>	742,669.80	<b>414,063.00</b>	<b>9,237,016.20</b>
VOLTA	1,437,417.90	<b>1,143,375.12</b>	1,866,370.40	<b>2,011,772.00</b>	3,220,999.30	<b>3,760,915.44</b>	597,503.70	<b>624,586.10</b>	437,437.60	<b>606,345.60</b>	<b>8,146,994.26</b>
ASHANTI	4,544,097.30	<b>2,821,755.21</b>	3,965,734.30	<b>5,743,152.08</b>	5,578,011.50	<b>9,236,280.27</b>	2,237,387.80	<b>2,058,227.92</b>	810,466.40	<b>2,419,524.94</b>	<b>22,278,940.42</b>
BRONG-AHAFO	1,277,562.20	<b>2,870,596.76</b>	2,824,395.70	<b>4,334,185.36</b>	5,193,419.90	<b>5,955,611.62</b>	954,788.80	<b>901,531.31</b>	502,693.60	<b>738,545.53</b>	<b>14,800,470.58</b>
NORTHERN	2,840,406.50	<b>1,342,561.07</b>	3,846,663.20	<b>2,972,163.73</b>	4,727,191.00	<b>2,879,177.01</b>	2,428,845.80	<b>2,406,753.67</b>	606,886.70	<b>999,481.76</b>	<b>10,600,137.24</b>
UPPER WEST	719,864.50	<b>4,583,424.00</b>	1,137,613.30	<b>3,938,071.40</b>	2,689,943.60	<b>4,797,524.48</b>	513,787.90	<b>80,885.10</b>	2,404,64.90	<b>425,699.60</b>	<b>13,825,604.58</b>
UPPER EAST	1,157,838.70	<b>1,339,395.00</b>	1,500,694.70	<b>58,494,144.38</b>	2,558,562.30	<b>1,702,883.00</b>	317,524.20	<b>4,305,216.00</b>	330,231.40	-	<b>65,841,638.38</b>
TOTAL	17,365,985.70	<b>18,295,555.06</b>	23,772,772.80	<b>86,775,362.07</b>	34,711,069.00	<b>41,641,833.78</b>	15,016,753.30	<b>14,223,486.90</b>	5,291,314.20	<b>6,809,632.56</b>	<b>167,745,870.37</b>

Source: DACF Secretariat, 2007

### 7.3.1.2 Internal Revenue Generation by Region

The performance of Internal Revenue Generation (IGF) for 2006 and 2007 is presented in Tables 7.7 and 7.8.

IGF expressed as a percentage of total revenue, generally increased in 2007 compared to 2006 with the exception of Upper East, Volta and Upper West regions (Table 7.7). This notwithstanding, there were significant variances between estimated and actual IGFs realized in 2007 (Table 7.8).

The magnitude of the regional variances between estimated and actual IGFs ranged from -5% to 96%. This, in no doubt, impacted negatively on the abilities of the MMDAs to fully implement the 2007 activities identified in the MTDPs. It is therefore not surprising that many of the MMDAs indicated that they had to defer execution of some planned activities expected to be funded from the IGFs to the 2008 financial year.

Various reasons, including, inadequate logistical support and limited database on rateable items, and narrow revenue base, have been advanced to explain the low internal revenue generation by MMDAs in 2007. Many of the MMDAs have reported on measures, including review of revenue collection strategies, updating of database on rateable and property taxes, and training of revenue collectors to improve performance. MMDAs should continue to strengthen, intensify and sustain their efforts as well as explore more innovative ways of increasing internal revenue mobilization for the implementation of their DMTDPs.

**Table 7.7: Internal Revenue Generation (IGF) Performance for the period 2006 and 2007**

Region	Total Grants Received 2007	Actual IGF 2007	Total Revenue 2007	% IGF of Total Revenue 2007	% IGF of Total Revenue 2006
Greater Accra	7,875,284.53	14,700,124.14	22,575,408.67	65%	35%
Eastern Region	17,553,117.67	3,784,701.15	21,337,818.83	18%	16%
Northern	22,249,258.15	932,263.73	23,181,521.89	4%	3%
Upper East	16,322,892.38	685,609.72	17,008,502.09	4%	7%
Ashanti	27,320,292.34	8,297,856.05	35,618,148.39	23%	17%
Brong Ahafo	20,347,569.76	3,195,230.00	23,542,799.76	14%	13%
Upper West	7,122,055.47	370,711.52	7,492,766.99	5%	5%
Western	11,817,144.40	4,577,913.43	16,395,057.83	28%	21%
Volta	19,364,369.51	1,681,055.40	21,045,424.90	8%	9%
Central	10,462,388.62	1,817,775.16	12,280,163.78	15%	9%

Source: MLGRDE, 2007

**Table 7.8: Variance of Estimated against Actual 2007 IGF for District Assemblies**

REGION	IGF		Percent Variance between Estimated IGF and Actual IGF for 2007
	ESTIMATES	ACTUAL	
GREATER ACCRA	20,300,091.46	14,700,124.14	-38%
EASTERN REGION	3,583,128.28	3,784,701.15	5%
NORTHERN	1,829,852.34	932,263.73	-96%
UPPER EAST	890,462.88	685,609.72	-30%
ASHANTI	7,885,247.78	8,297,856.05	5%
BRONG AHAFO	3,093,131.30	3,195,230.00	3%
UPPER WEST	425,298.56	370,711.52	-15%
WESTERN	5,628,385.22	4,577,913.43	-23%
VOLTA	2,056,629.41	1,681,055.40	-22%
CENTRAL	1,778,389.96	1,817,775.16	2%

Source: MLGRDE, 2007

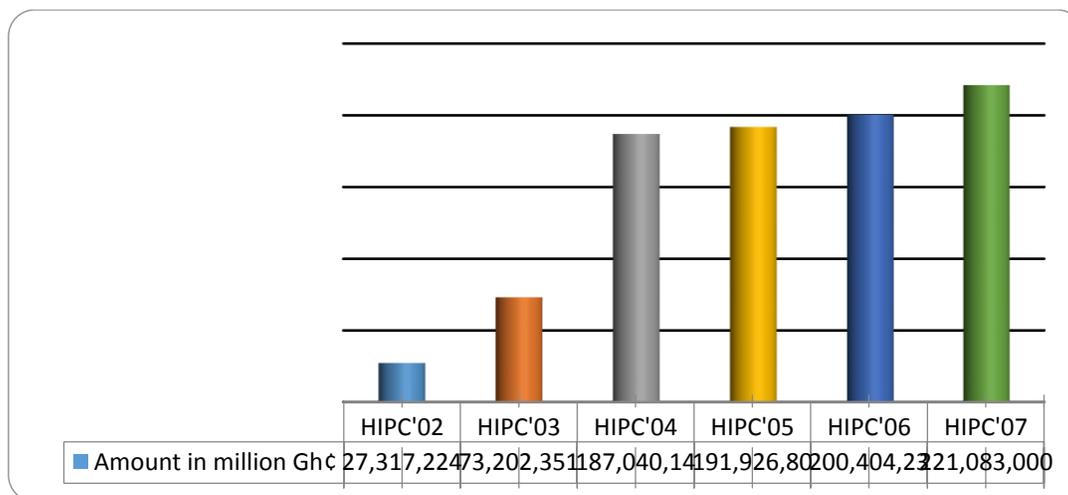
### 7.3.1.3 HIPC Funds Disbursement and Utilization

The Ministry of Finance and Economic Planning (MoFEP) exercises overall responsibility in the allocation of HIPC funds in line with programmes and projects of government under the GPRS II on an annual basis.

#### Growth of HIPC Funds for the period 2002-2007

Figure 7.3 shows the trend of HIPC funds disbursements since its inception in 2002.

Figure 7.3: Disbursements of HIPC Fund, 2002 - 2007



#### Formula for HIPC Funds Allocation

The formula used for the allocation of the HIPC funds in 2007 is presented in Table 7.9. The allocation of funds for each item in 2007 is indicated in the Table.

**Table 7.9: Formula for HIPC Funds Allocation in 2007**

No.	Item	Percentage (%)	Amount (Ghc)
1	Proportion of HIPC funds allocated to Domestic Debt Reduction	20	44,216,600
2	Sectoral Programmes/Activities	65	143,704,000
3	Contingency	5	11,054,200
4	Direct release to MMDAs for use by MPs for projects in their respective constituencies	10	22,108,300
<b>Total</b>		<b>100%</b>	<b>221,083,000</b>

**HIPC Funds Activity and Sector Allocation for 2007**

The approved HIPC funds allocations for activities and sectors are presented in Table 7.10 below.

**Table 7.10: HIPC Funds Allocations by Activity and Sectors for 2007**

No	Activity Areas	Sectors	Amount GHc)
1.	Sanitation, Street and House Numbering	Local Government	11,000,000
2.	Water, Guinea worm control	Water Res, Wks and Housing	1,000,000
3.	Upgrading of SSS	Education	4,500,000
4.	KATH, Exemptions, Ortho Centre	Health	9,500,000
5.	Afforestation Programme	Lands and Forestry	9,000,000
6.	Acquisition of Tractors	Food and Agriculture	17,400,000
7.	ECG, SHEP 4	Energy	35,000,000
8.	Affordable Housing, Drainage	Water Res, Works and Housing	15,000,000
9.	District Industrial Development Programme	Trade, Industry and Public Sector Development	13,800,000
10.	NYEP, LEAP	Manpower Youth and Employment	10,000,000
11.	Feeder Roads	Roads	2,500,000
12.	Community Information Centre	Communications	2,000,000
13.	Tourism	Tourism	1,000,000
14.	BPEMS	Ministry of Finance and Economic Planning	6,000,000
15.	Ankaful Prisons + others	Interior	5,000,000
16.	Justice	Justice	1,000,000
	<b>GRAND TOTAL</b>		<b>143,700,000</b>

*Source: Ministry of Finance and Economic Planning, 2008*

## HIPC Fund Allocation to Ministries, Departments, and Agencies and Expenditure for 2006-2007

The HIPC Funds allocations to the Ministries, Departments, and Agencies and the expenditures made are presented in Table 7.11 below. A significant improvement from 2006 is the organization of the MDAs in line with the three thematic areas of the GPRS II. The re-organization of some Ministries in 2007 has also made it difficult to compare 2006 and 2007 HIPC Fund allocations and expenditure at MDA level.

**Table 7.11: HIPC Funds Allocation to MDAs and Expenditure for 2007**

Ministries, Departments and Agencies	Total HIPC Allocation	Break Down of Expenditure (Gh¢)		Total Expenditure Gh¢)	Utilization Variance	% Utilization Variance
		Service	Investment			
<b>PRIVATE SECTOR COMPETITIVENESS</b>	<b>96,700,000</b>	<b>3,332,250</b>	<b>54,708,542</b>	<b>58,040,792</b>	<b>38,659,208</b>	<b>39.98%</b>
Ministry of Food and Agriculture	17,400,000		7,592,821	7,592,821	9,807,179	<b>56.36%</b>
Ministry of Lands, Forestry and Mines	9,000,000		9,734,041	9,734,041	- 734,041	<b>-8.16%</b>
Ministry of Energy	35,000,000		14,065,538	14,065,538	20,934,462	<b>59.81%</b>
Ministry of Trade, Industry, PSD and PSI	13,800,000	2,332,250	4,332,250	6,664,500	7,135,500	<b>51.71%</b>
Ministry of Tourism and Diaspora Relations	1,000,000	1,000,000		1,000,000	-	<b>0.00%</b>
Ministry of Water Resources, Works and Housing	16,000,000		13,015,585	13,015,585	2,984,415	<b>18.65%</b>
Ministry of Transportation	2,500,000		3,141,527	3,141,527	- 641,527	<b>-25.66%</b>
Ministry of Communications	2,000,000		1,326,780	1,326,780	673,220	<b>33.66%</b>
Ministry of Harbours and Railways	0		1,500,000	1,500,000	- 1,500,000	
<b>HUMAN RESOURCE DEVELOPMENT</b>	<b>24,000,000</b>	<b>14,927,024</b>	<b>32,352,975</b>	<b>47,279,999</b>	<b>- 23,279,999</b>	<b>-97.00%</b>
Ministry of Education and Science & Sports	4,500,000	14,927,024	15,966,909	30,893,933	- 26,393,933	<b>-586.53%</b>
Ministry of Manpower Dev't; Youth and Employment	10,000,000		8,363,300	8,363,300	1,636,700	<b>16.37%</b>
National Commission on Civic Education	0		1,617,964	1,617,964	- 1,617,964	
Ministry of Health	9,500,000	-	5,900,992	5,900,992	3,599,008	<b>37.88%</b>
Ministry of Women and Children Affairs	0		503,810	503,810	- 503,810	
<b>GOOD GOV. &amp; CIVIC RESPONSIBILITY</b>	<b>89,365,942</b>	<b>32,866,234</b>	<b>29,300,674</b>	<b>62,166,908</b>	<b>27,199,034</b>	<b>30.44%</b>
Min of Local Govt, Rural Develop & Environment	33,568,660	8,926,965	23,690,594	32,617,559	951,101	<b>2.83%</b>
Ministry of Finance and Economic Planning	49,797,282	12,856,185	3,360,105	16,216,290	33,580,992	<b>67.44%</b>
Electoral Commission	0		45,289	45,289	- 45,289	

Ministries, Departments and Agencies	Total HIPC Allocation	Break Down of Expenditure (Gh¢)		Total Expenditure Gh¢)	Utilization Variance	% Utilization Variance
		Service	Investment			
Office of Parliament	0	370,910	161,206	532,116	- 532,116	
Ministry of Information & National Orientation	0	3,000,461		3,000,461	- 3,000,461	
Ministry of Justice	1,000,000		1,000,000	1,000,000	-	<b>0.0%</b>
Judicial Service	0		600,000	600,000	- 600,000	
Commission on Human Rights and Admin Justice	0		443,480	443,480	- 443,480	
Ministry of the Interior	5,000,000	7,711,713		7,711,713	- 2,711,713	<b>-54.23%</b>
<b>TOTAL MDAs</b>	<b>210,065,942</b>	<b>51,125,508</b>	<b>116,362,191</b>	<b>167,487,699</b>	<b>42,578,243</b>	<b>20.27%</b>

*Source: Ministry of Finance and Economic Planning 2008*

## **7.4 UPDATE ON DISTRICT INTERVENTIONS AND POVERTY REDUCTION PROGRAMMES**

A number of critical poverty reduction interventions were implemented by the Metropolitan, Municipal, and District Assemblies (MMDAs) in 2007. Each of the MMDAs was involved in at least three of the following programmes.

### **7.4.1 The National Health Insurance Programme**

The National Health Insurance Programme has been initiated in all the districts, with registration ranging from a low of 32% of the population to a high of 58% in some MMDAs. Most MMDAs continued to experience problems with identification cards while a lot of people, particularly women remained unregistered in a significant number of MMDAs.

### **7.4.2 The School Feeding Programme**

Many MMDAs reported benefiting from the School Feeding Programme which has had significant positive impact on enrolment and retention at the primary school level. The negative aspect of the programme is over-crowding and high pupil-teacher ratios which tend to undermine quality teaching and learning.

### **7.4.3 The Capitation Grant**

The Capitation Grant proved very effective in most MMDAs as a mechanism for increasing enrolment of both girls and boys. The grant has empowered schools financially to undertake quality improvement activities for improved teaching and learning. It has also relieved poor parents of the burden of having to pay fees which hitherto, had deprived children of such parents the right to have basic education.

However, similar to the School Feeding Programme, the implementation of the Capitation Grant has contributed to unprecedented increases in enrolments in most schools without any corresponding increase in the provision of classrooms and recruitment of new teachers to meet the demand.

#### **7.4.4 The National Youth Employment Programme**

The National Youth Employment Programme has provided significant employment opportunities for the youth in all the districts. The main areas of employment included education (community teaching assistants), agric-business, waste and sanitation management, health extension, community policing, and environmental health. Although laudable, the difficulties in paying the allowances of the youth engaged in the programme have raised concerns about the sustainability of the programme.

#### **7.4.5 Business Development Initiatives**

The National Board for Small Scale Industries (NBSSI ) provided technical and credit support to various women and vulnerable groups to start various businesses, including handicrafts, carpentry, hairdressing, catering and dress making. These initiatives have contributed immensely to the increase in self-employment in the MMDAs.

#### **7.4.6 The Guinea Worm Eradication Programme**

The incidence of the Guinea worm disease remained persistent in some parts of the northern sector. The districts within the target zone took active part in monitoring the guinea worm disease, and in providing community education for the control of the disease. These efforts have contributed to the virtual elimination of the disease in many communities.

#### **7.4.7 Free Ride on Mass Transit Bus for School Children**

Many MMDAs are yet to benefit from this facility. However, reports from the current beneficiary districts indicate a positive impact on school attendance. Lateness to school has reduced significantly. Parents have also been relieved of having to pay for their children's transport to school.

### **7.5 SUMMARY OF POLICY RECOMMENDATIONS**

For the successful monitoring and the evaluation of the implementation off the DMTDPs, the following recommendations are proposed:

- review, operationalize and standardize the Core District Indicators to facilitate easy collection of data for comparative purposes.
- provide technical support to refine all District Monitoring and Evaluation Plans in order to make them operational.
- strengthen the monitoring and evaluation knowledge and skills of the RPCUs and DPCUs.
- provide adequate separate budgetary item for district monitoring and evaluation activities.

- bring together MMDAs, Ministry of Local Government, Rural Development and Environment, and the District Assembly Common Fund Secretariat to review the management mechanisms to ensure timely disbursement to the Districts. The issues of deductions at source and sharing of data on the DACF, and HIPC fund disbursement should be reviewed to promote mutual understanding and agreement.
- institutionalize quarterly review meetings at the Metropolitan, Municipal and District levels to promote regular sharing of information and learning among key stakeholders for improved performance.
- impose sanctions on MMDAs for failure to provide quarterly review and annual progress reports.

## APPENDIX I: ACHIEVEMENTS OF 2006 BUDGET INITIATIVES

The focus of the 2007 budget was to promote growth and stability. As the second year of implementation the GPRS II policies, programmes and projects, the 2007 Budget to due cognizance of the priorities and goals of the national development agenda and accordingly put in place adequate measures to help achieve the stated goals and objectives of GPRS II.

The status of implementation of some of the policy initiatives outlined in the 2007 Budget Statement and Economic Policy are presented below.

2007 BUDGET INITIATIVES	ACTION TAKEN IN 2007
<b>A.PRIVATE SECTOR DEVELOPMENT</b>	
<p><b>Capital Market Development</b> The government proposes to issue a 5-year bond early in 2007. The bond will be a major benchmark issue to be listed on the Ghana Stock Exchange.</p>	New Bond Issued in 2007 on the International Capital Market.
<p><b>Unclaimed Financial Assets</b> Government will initiate a review leading to the establishment of appropriate legislative and administrative processes to address the problem of Unclaimed Financial Assets</p>	An expert was recruited to advice on the appropriate legislative and administrative arrangement. Initial report was presented at stake holders forum on September 14, 2007 and a final report was to be submitted on November 2007
<p><b>Private Finance Initiatives (PFI).</b> Government will from the 2007 fiscal year promote the use of Private Finance Initiatives (PFI) to stimulate private investment in public sector projects. To facilitate the achievement of this novel idea, MOFEP in cooperation with the private sector will develop a framework for Private Finance Initiatives to assist MDAs in applying the Private Finance Initiative Model.</p>	Ministry of Finance and Economic Planning has established the Project and Financial Analysis Unit to develop the framework for the utilization of PFIs
<p><b>Promotion of an Independent Investment Authority</b> Government proposes to create an independent investment authority called Ghana Investment Corporation (GIC).</p>	A bill providing legal backing for the establishment of GIC has been drafted and a panel has been constituted to review it. The review when completed will be submitted for Cabinet approval and Parliamentary passage
<p><b>Involving Ghanaians in Development Finance: The Golden Jubilee Bond</b> Government will, in 2007, launch the Ghana Golden Jubilee Bond, to provide a vehicle for all Ghanaians, including those in the Diaspora to be part of Ghana's development. The proposed bond is targeted to raise the cedi equivalent of \$25 million for a landmark infrastructure project.</p>	Golden Jubilee Bond was issued.
<p><b>International Financial Services Centre</b> In 2007 government will continue with the implementation of the banking component and initiate the preparatory work for the non-</p>	The Banking Amendment Act 2004, (Act 673) was passed by Parliament in March 2007 to include provisions to allow for the operation and regulation

<p>banking component with the view to having a full-fledged IFSC in place by March 2008.</p> <p><b>Expanding Banking Services and Reducing Interest Rates</b> To deepen the financial system, Bank of Ghana, in collaboration with the banks, is spearheading the introduction of a National Payments System (NPS) to ensure delivery of financial services to the unbanked, underbanked and banked segments of the population under a common payment system framework.</p> <p>The Bank of Ghana will publish on a regular basis, the various main bank charges of all the banks to provide customers and potential customers with regular information about the cost of particular financial services.</p>	<p>of the offshore banking services portion of the International Financial Services Centre.</p> <p>A local research firm has been tasked to carry out a nationwide survey with a technical assistant from GSS and Finmark trust of South Africa to investigate how access to financial services can be extended to the 90% of Ghanaians estimated to be un-banked</p> <p>The Bank of Ghana published the Annual Percentage Rate of various banks in early 2008</p>
<p><b>REVENUE ENHANCEMENT, TAX RELIEFS AND INCENTIVE MEASURES</b></p> <p><b>i. National Reconstruction Levy</b> The National Reconstruction Levy will cease to exist starting on January 1, 2007.</p> <p><b>ii. Review of Exemption on Imports</b> Government intends to review the exemption regime as a whole to reduce the scope and to eliminate abuses in the administration and application of the facility.</p> <p><b>iii. Broadening the Income Tax Base</b> During 2007, government will develop and implement a system that will enable us to assess and collect income tax using the value of vehicles registered.</p> <p><b>iv. VAT Clearance Certificate</b> VAT Clearance Certificate (VCCs) will be issued to VAT registered businesses in good standing on application from the first quarter of 2007. These certificates will have a validity period of 6 months, and will be used for example, as passes by businesses in activities such as competitive tendering and the clearing of goods at the port.</p> <p><b>v. Intensifying R &amp; D</b> Government will promote the establishment of an Endowment Fund for Science and Technology Research by providing an initial allocation of ₵5.0 billion.</p>	<p>The Levy has been scrapped</p> <p>Government started the review process which is expected to be completed by amending the existing legislation to take care of the policy in 2008. Only recognized hospitals, clinics and registered ambulance service companies will be exempted from the payment of duties.</p> <p>DVLA introduced a new driver license to replace the old one to meet international standard and develop a reliable vehicle statistics involving identification of license plates.</p> <p>The issuance of VAT clearance certificate has been implemented.</p> <p>The Science and Technology Endowment Fund was established in 2007 and will be made operational in 2008</p>

<p><b>INCENTIVES FOR LOCAL MANUFACTURERS</b></p> <p><b>Promotion of Locally Produced Rice And Poultry</b> Government will actively promote the use of locally produced rice and poultry products by all public institutions like schools, hospitals and the security agencies.</p> <p><b>District Industries Programme</b></p> <p>A major highlight of the 2007 Budget is the implementation of the District Industries Programme (DIP). Under this program, each of the 138 districts will be assisted with funding to create an enabling environment and play a catalytic role in the creation of district industries by partnering with the private sector investors.</p>	<p>Policy implemented nationwide.</p> <p>Business plans were completed for 20 selected districts. They are expected to be allocated seed capital to support their industrial projects in 2008.</p>
<p><b>ENERGY</b></p> <p>An amount of US\$470m will be invested over the next 3 years to improve the energy generating capacity of the country.</p> <p>The 125 MW Osagyefo barge and the 126 MW power plants will be operational by August 2007.</p> <p>Government is sourcing funds from the Chinese Government to finance the Bui Dam Project.</p> <p>The procurement of more CFLs to replace 1 million incandescent bulbs with CFLs, as a first step, by end 2007.</p>	<p>Ministry of Energy signed a Power Purchase Agreement with Balkan Energy Company to operationalize the 125MW Osagyefo Power Barge at Effasu - Mangyea. The refurbishment and ancillary works were far advanced at the end of 2007 and the plant was expected to be in operation by March 2008.</p> <p>Parliament approved a loan facility of US\$562.0 million from the Chinese Government for the project, while the Government of Ghana is providing counterpart funding of US\$60.0 million making the total project cost US\$622.0 million. The project is on-going</p> <p>Government approved the importation and free distribution of 6 million energy saving Compact Fluorescent Lamps (CFLs) to replace Incandescent Filament Lamps (IFLs) throughout the country</p>
<p><b>B. HUMAN RESOURCE DEVELOPMENT</b></p>	
<p><b>Model Senior High Education</b></p> <p>Upgrading of the 31 selected Senior Secondary Schools is at an advanced state and is expected to be completed and commissioned by the end of the year. Work on the second phase of the programme, involving 25 additional schools, was initiated.</p>	<p>Upgrading of facilities at 20 out of the 31 senior high schools were completed in 2007. The other 11 schools were almost complete. An amount of Gh¢20.940 million was paid in 2007 in respect of works executed on the projects. Since the inception of the policy in 2003, Government has released an amount of Gh¢143.26 million for the programme.</p>
<p><b>Education Sector Reforms</b></p> <p>The entire education sectors will be designed to make education more responsive to current challenges. Specifically, the reforms involve changes to structure, focus and content of education as well as management issues which affect education service delivery in the country.</p>	<p>Curricula and syllabi for all the core subjects from basic to senior high school level have been developed and distributed to all schools in the country. Orientation courses on the use of the syllabi started.</p>

<p><b>National Youth Employment Programme (NYEP)</b> 200,000 employment opportunities will be created.</p>	<p>A total of 107,114 youth have been engaged on the seven modules as at August 2007. The breakdown is as follows:</p> <table border="1" data-bbox="917 331 1453 520"> <thead> <tr> <th><u>Modules</u></th> <th><u>No employed</u></th> </tr> </thead> <tbody> <tr> <td>Agri-Bus-Crop</td> <td>25,383</td> </tr> <tr> <td>Community Education Teaching &amp; Volunteer Teachers</td> <td>32,801</td> </tr> <tr> <td>Comm. Protection Unit</td> <td>2,749</td> </tr> <tr> <td>Health Extension Workers</td> <td>15,000</td> </tr> <tr> <td>Waste &amp; Sanitation</td> <td>9,100</td> </tr> <tr> <td>Internship</td> <td>5,200</td> </tr> <tr> <td>Sub-Modules (forestry and revenue mobilization)</td> <td>16,881</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>107,114</b></td> </tr> </tbody> </table>	<u>Modules</u>	<u>No employed</u>	Agri-Bus-Crop	25,383	Community Education Teaching & Volunteer Teachers	32,801	Comm. Protection Unit	2,749	Health Extension Workers	15,000	Waste & Sanitation	9,100	Internship	5,200	Sub-Modules (forestry and revenue mobilization)	16,881	<b>TOTAL</b>	<b>107,114</b>
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<p><b>Livelihood Empowerment Against Poverty (LEAP)</b> Government intervention to strengthen social protection, a Livelihood Empowerment Against Poverty (LEAP) pilot social grants scheme will be developed this year.</p>	<p>Under the LEAP programme the following activities among others were implemented:</p> <ul style="list-style-type: none"> <li>• GH¢500,000.00 was released for disbursement to beneficiaries under the LEAP.</li> <li>• Institutional assessment of the capacity of Department of Social Welfare to effectively implement the LEAP was carried out to enable more strategic strengthening for effective implementation of the programme.</li> <li>• About 2,000 households with orphans and Vulnerable Children (OVC) benefited from an initial bi-monthly conditional cash transfer of between Gh¢6-Gh¢8/month to meet their basic needs and other services in health and education</li> </ul>																		
<p><b>C. GOOD GOVERNANCE AND CIVIC RESPONSIBILITY</b></p>																			
<p><b>Public Sector Wage Reform</b> Government has decided to implement a new framework within which public sector salaries, wages, negotiations, grading and pay administration will be implemented.</p>	<p>Under the national pay reforms initiative the following activities were undertaken:</p> <ul style="list-style-type: none"> <li>• Job evaluation of 5,100 job holders for about 2,500 jobs, this represented jobs done by more than 250,000 public servants</li> <li>• Design and preparation of Job specifications, from job content data, for all categories of jobs in the public sector, including the Police, Prisons, Customs, Excise and Preventive Service and the Armed Forces.</li> <li>• Comparison of job values from evaluations with pay for positions of similar value</li> <li>• Identification of disparities in value and pay and providing Government with recommendations on approaches to resolving the disparities and establishing equity</li> </ul>																		

## **APPENDIX II: STATUS REPORT ON POVERTY REDUCTION SUPPORT CREDIT (PRSC) 2007 AND THE MULTI-DONOR BUDGETARY SUPPORT (MDBS) 2007**

Multi-Donor Budgetary Support (MDBS) is the Official Development Assistance (ODA) arrangement under which development partners (DPs) collectively contribute to the budget of the Government of Ghana (GOG). Specifically the donors coordinate their financial support or resources behind the country's medium term development strategy (i.e. GPRS). This form of direct budget support indicates a move away from the previous approach in which individual donors funded selected sectors and/or project.

In March 2003, GoG signed a framework memorandum with nine DPs to govern the first year of budget support operation. The signatories included the African Development Bank, Canada, Denmark, European Union, Germany, Netherlands, Switzerland, United Kingdom and the World Bank. From the outset, the arrangement was designed in an inclusive manner so as to facilitate the entry of new partners. Thus, France which was initially an observer and became a signatory of the Framework Memorandum and provider of budget support from 2005. Similarly, the IMF, JICA, USAID, UNDP and UNICEF have had observer status, virtually from the beginning of the arrangement.

The primary objective of the MDBS is to improve aid effectiveness through the creation of a harmonized mechanism for the disbursement of budget support to assist the implementation of the government's medium term development framework (i.e. GPRS). Under the MDBS initiative is common structure for dialogue between the MDBS partners and Government based on a programme of twice-yearly substantive discussions, including a formal annual progress assessment. It established a disbursement schedule explicitly linked to the budget cycle and created a common set of benchmarks for assessing progress, based on a Performance Assessment Framework (PAF) matrix. In the first year of implementation, the World Bank disbursed against a separate PRSC matrix of policy triggers and targets but from 2004 disbursements have been based on a single harmonized PAF matrix.

A critical component of Ghana's MDBS arrangement has been the establishment of a two tranche system of disbursement, which is based upon a 'base payment', disbursed in the first quarter of the fiscal year against satisfactory outcome of the annual PRGF review in the previous year and a 'performance payment' linked to the achievement of a set of explicitly defined 'policy triggers'. A 50/50 split between these tranches was envisaged, although the performance tranche was designed to be disbursed in full or in part, depending on the number of trigger conditions fulfilled. It was explicitly agreed in the Framework Memorandum that the 'triggers for performance-based disbursement should be realistic, within the power of the GoG to achieve and limited in number (see appendix iii below for summary of triggers and targets).

The choice of performance triggers has been made through an annual process of negotiation between GoG and the MDBS partners. In 2003, the MDBS triggers covered PFM, the budget process, decentralization, public sector reforms and other governance issues only. In 2004, when the MDBS and PRSC PAFs were merged, the scope of the triggers was widened to cover policy actions related to growth, income and employment as well as service delivery. These triggers comprised a sub-set of a bigger group of policy targets, derived from the pre-existing PRSC matrix.

The year 2005 was the first time in which there was an input from the GoG into the initial proposals for targets and triggers, although again these remained close to those already defined in the PRSC. By 2006, a functional structure of sector working groups was in place, comprising mainly sector MDA and sector DP representatives; these groups developed first proposals on the PAF, which were screened by MoFEP before being agreed between MoFEP and the MDBS partners.

The status of the various policy measures and indicators in 2007 is summarized in the table below.

## APPENDIX III: SUMMARY OF STATUS OF MDBS/PRSC MEASURES/TRIGGERS/ACTIVITIES

### I. PROMOTING GROWTH, INCOME & EMPLOYMENT

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
<b>A. Improving the Environment for Business and Financing Development while Protecting the Poor - Private Sector Development</b>				
<p><i>A1. Improve Ghana's position in global and regional markets; and enhancing efficiency and accessibility to national markets.</i></p>	<p>1. Implementation of 3 out of 5 of the following activities approved and funded under the 2007 PSDS Composite Work Plan; i.e</p> <p>(i) Trade Facilitation</p> <p>(ii) Establishment of Customer Service Unit in Registrar General's Dept (RDG).</p> <p>(iii) Number of days to register a business.</p> <p>(iv) PSDS Monitoring and Evaluation</p>	<p>2007 Performance Assessment Report (PAR) - reporting on the implementation of actual funded activities in the 5 output areas with the 2007 Composite Work Plan.</p>	<p>Progress has been steady and the PAR to be ready in Feb. 2008</p> <p>Trade data has not been completed. A new assessment needs to be conducted. Work has also began on the fees structure for goods clearance. This is expected to be completed before March 08. Electronic tracking mechanism has also been piloted.</p> <p>CSU is established at the RDG. Infrastructure work almost completed. Consultant engaged and staff trained.</p> <p>Reports from various organizations indicate different number of days for registering a business, Auditor-General's (11 days), MOTI/CEPA (10 days) and WB (8 days)</p> <p>Consolidated M&amp;E Framework developed. Pilot MIS carried out in 3 agencies. This will be rolled out to 6 others by the end of the 1st quarter of 08. Baseline survey (to be financed under the WB MIS project) is still to be completed.</p>	<p>Overall reduction in transaction time for the private sector to meet regulations and procedures for doing business in Ghana, such as registering a business and trading across borders.</p> <p>Number of days to register business, time taken to export and time taken to import (source Ministry Of Private Sector Trade &amp; Industry)</p>

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
	(v) Implementation Capacity Building for MDAs		Procurement training workshops conducted for 11 key MDAs. Process management training also completed. 2 procurement specialists recruited to support participating MDAs and strengthen Policy Support Bureau.	
<b>B. Improving the Environment for Business while Protecting the Poor –Energy</b>				
<i>B1. Improve management and accountability in power utilities.</i>	2. (i) Re-state the government's public commitment to moving to full cost recovery tariffs within an agreed timeline.	<b>GoG Public Statement</b>	The statutory body in charge of tariff is the PURC. GoG however has demonstrated its commitment to cost recovery tariffs by not opposing the revised tariffs that have been gazetted.	
	2. (ii) Redesign the electricity bill, so that the new bill reflects to each customer (a) the total payment obligation due based on the PURC approved tariff (b) the portion of the total payment obligation that is earmarked as subsidy payment due from Government to VRA and ECG and, (c) the net payment obligation of each customer.	<b>Sample of Customer Bills</b>	ECG to implement the redesigned bills with effect from Jan 2008. A sample of the redesigned customer bill will be issued end-January 2008 and made available in February 2008. Consumers (those who fall under the 0-150 lifeline) will be credited with subsidies accrued for November & December 2007.	
	3. PURC to review and gazette new tariffs upon receipt of request and justification from the utility companies following new investment supported by government according to PURC guidelines	Gazetted Tariffs	This was done on Tuesday 13 November, 2007.	
<i>B2. Provide support to modernize and expand power infrastructure.</i>	<b>Power Sector Reform</b> 4. (i) Electricity Transmission Utility (ETU) set up by July, 2007.	Registration certificate by the Registrar-General.	Ghana Grid Company was registered on 15 December 2006. Chief Executive has been duly appointed. (Certificate of incorporation available).	Increase electrification access rate according to amounts defined in the action plan (baseline 2006: 54%).
	4. (ii) Formulation of national energy policy and action plan	Evidence of submission to Cabinet.	Energy policy was completed last year. However, as a result of	By end June, 2008, 2009 and 2010:

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
	for its implementation submitted to Cabinet.		significant changes in the industry, there has been the need to revise it to include issues on petroleum and gas. A committee has been set up by the President to do the revision.	System losses reduced in line with targets defined in the contract. PVI improved in line with targets defined in the contract.
<i>B3. Develop long term source of fuel for the thermal plants.</i>	<b>Secondary Gas Market</b> 5. (i) Rules and regulations for the operation of secondary gas market laid in Parliament by end May, 2007.  5. (ii) Local Distribution Company (LDC) selected by July 1, 2007.	Evidence of submission to Parliament.  Confirmation letter from Ministry of Energy.	The process has been completed and gazette notice is out.  The sector Ministry has recommended to Parliament to make BOST the lead distribution company that will work with other private companies.	Increase in industrial consumption of gas.
<b>C. Improving Performance of the Rural Sector in the Interest of the Poor</b>				
<i>C1. Develop and strengthen the institutional capacity of MOFA to guide the sector towards agricultural growth and poverty reduction.</i>	6. Adapt MOFA's monitoring and evaluation framework to meet the requirements of the GPRS II and the Food and Agriculture Sector Development Policy (FASDEP).  (i) Train staff in Directorates, RADUs and DADUs to build capacity to implement the framework within MOFA.	MOFA's monitoring guidelines harmonized with the GPRS II matrix under the NDPC and FASDEP.  MOFA's Training Assessment Report.	A harmonized matrix is available and has been discussed with DPs. It is currently being tested on the field.  Training of staff at 3 levels completed in Dec 2007. However, the training report can be provided only after sufficient time has passed i.e. after 2nd quarter) To assess the impact of training, an evaluation report will be made available before assessment.	Use the M&E results to strengthen development planning and programming.
	7. Policy and Financial Framework approved by	MLFM memorandum on the bill to Parliament.	A Cabinet memo on the Financing Framework (FF) was	100% of budget allocation to FC is released (baseline 2004: 63%).

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
<i>C2. Ensure the sustainable management of natural resources.</i>	Cabinet and supporting legislation submitted to Parliament for approval.		submitted to the Office of the President on 3 May 2007 for consideration and approval. The FF has been approved by Cabinet and the approved framework formed the basis for Parliamentary approval for the 2008 budget for the FC.	Over 80% of approved district budgets is released (baseline 2005: 58%)  Revenue collection rate increased to over 80%.  Strategic initiatives like log tracking / TVA and VPA implemented.
<i>C3 Build the requisite institutions and strengthen the regulatory framework to reduce cost of environmental degradation.</i>	8. Priority environmental issues identified through SEA in 4 key sectors and 30 districts and related oversight mechanism established to follow up on implementation.	SEA sector reports and district development plans. Copies of minutes of meetings of oversight body.	<b>SEAs sector:</b> Water - completed; Transport - completed; Energy - completed; Mining: 85% completed; Tourism/Wetlands - started, expected completion in March 08; Agriculture - about to start; Shelter - started.  <b>District SEA:</b> 24 districts completed; 25 near completion (March 08); 6 to be initiated (the last six might not be fully completed in March 08).	Cost of degradation reduced to 3.5% of GDP (NDPC proposed target).
			<b>Related oversight mechanism:</b> A plan for an oversight body is prepared and expected to be in place in March 08. A ministerial committee and technical committee for NREG are functional. Recommendations from SEAs are used in preparing the policies of water and transport.	

## II HUMAN DEVELOPMENT AND BASIC SERVICES

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
<b>A. Education</b>				
<i>A1 – Increase access to and participation in education and training at all levels.</i>	<p>9. Increase the level of public expenditure on primary education to at least 35% of total public expenditure on education.</p> <p><i>Definition: Total expenditure (Item 1-4) from the following sources - GOG (MOES domestic budget), donor expenditure, GETFund, DACF,HIPC and IGF spent on primary education.</i></p>	2006 Accounts and Expenditure Returns and 2007 Education Sector Performance Report.	GoG only expenditure analysis indicated 44.5% primary expenditure as at the third quarter of 2007. The total public expenditure on primary will be ready by March for the assessment. MOESS and GES are confident that target will be met as budget allocations of funds in 2007 were higher.	<p>MDG Universal Primary Completion (UPC).</p> <p><i>Baseline 2005/06</i></p> <p><i>29%</i></p>
<i>A2 – Bridge gender gap in access to education.</i>	<p>10. Implement specific measures to achieve gender parity particularly in areas with low enrolment of girls.</p> <p>Gender Parity Index</p> <p>GPI Primary - 0.97</p> <p>GPI JSS - 0.88 GPI SSS - 0.80</p>	Annual EMIS Census Report.	<p>5220 bicycles provided for girls who commute long distances to schools in deprived districts in four regions. Sensitization &amp; advocacy programmes, and provision of bicycles to girls in 15 most deprived communities with low girls' enrolment undertaken.</p> <p>The “Send-your-girl-child-to-school” campaign took place in all 10 regions and the three Northern regions have developed an accelerated plan for girl's education.</p> <p>The Complementary Education Scholarship Programme is being expanded to Lora, Talensi and East Mamprusi Districts; 919 girls were supplied with uniforms, school bags and stationary in Bole and West Gonja districts.</p> <p>Nearly 17000 girls actively enrolled in various girls clubs in 8 regions and a radio programme was diffused in the 15 districts with the lowest GPI's, in coordination with</p>	<p>Gender Parity throughout Primary and Secondary education by 2015.</p> <p><i>Baseline 2005/06</i></p> <p><b><i>GPI Primary - 0.95</i></b></p> <p><b><i>GPI JSS - 0.86</i></b> <b><i>GPI SSS - 0.78</i></b></p>

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
			R/DGEOs to promote girls education.	
<i>A3 Improve quality of teaching and learning.</i>	<p>11. Maintain annual testing of children in schools (National Education Assessment, Continuous Assessment)</p> <p>A 10% raise in the number of children in P3 and P6 passing English and Math tests.  P3 English: 18.0%; P3 Maths: 20.5% P6 English: 26.0% P6 Maths:10.8%</p>	Reports on annual Education Assessment tests in schools.	The NEA testing has been administered and results scanned. Analysis of the results has been completed and will be available by end of January. Continuous assessment has been delayed by curriculum reforms.	<p>Improved performance of students in national test and exams.</p> <p><i>Baseline P3 English: 16.4% P3 Maths: 18.6% P6 English: 23.6%; P6 Maths: 9.8%</i></p>
<i>A4- Improve quality and efficiency in delivery of education services</i>	<p>12. Reduce disparities in enrolment ratios and efficiency indicators between deprived Districts and the national averages by better targeting of resources.</p> <p>Deprived Districts:  NER (P) - 57%  PTR - 38:1</p> <p>National Averages:  NER (P) - 75.5%  PTR - 35:1</p>	Annual EMIS Census Report and Household survey data (if available).	Deprived Districts continue to receive special support through the implementation of the Pilot Programmatic Scheme of the EdSeP. The Annual Education Census is ongoing and questionnaires have been sent out to all schools to be filled out. The EMIS 2007/08 should be ready by March 2008.	<p>Improved education service delivery at the basic levels.</p> <p><i>Baseline 2005/06</i></p> <p><i>Deprived Districts:</i>  NER* (P) - 40.8%  PTR - 40:1</p> <p><i>National Averages:</i>  NER* (P) - 68.8%  PTR - 35:1</p> <p>* the baseline year is 2004/05.</p>
<i>A5. Improve Science and Technology Education.</i>	<p>13. Improve skills towards higher levels of employment, productivity and income.</p> <p>Develop a costed implementation plan for TVET including performance indicators.  (Baseline and annual targets)</p>	Costed implementation plan for TVET.	The Council for Technical and Vocational Education Training (COTVET) has been inaugurated. The COTVET Act 718 also passed. COTVET will coordinate and provide guidance for TVET implementation. Revision of the ESP has commenced, a part of the output from that exercise is a costed TVET and an implementation plan.	A higher number of graduates from post-basic education find employment in the formal sector.

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
<b>B. Health</b>				
<i>B1. Bridge equity gaps in access to health and nutrition services.</i>	14. Continue human resources reform by : (i) Increase by 3 % the total number of health staff that are posted to and working in the four deprived regions.	MOH HR Reports: 3% calculated as the average of changes from 2006 to 2007 in five staff categories: medical doctors, SRNs, midwives, CHNs and health care assistants.	Data for the Upper East region is still being validated (Reports from postings suggest that the deprived districts could not retain doctors and nurses because of lack of accommodation)	Increased staff productivity.  Improved equity in population staff ratios by regions.  Increased production of middle level health personnel.
<i>B2. Accelerate progress towards achieving MDG 4, 5 &amp; 6 by:</i>	15. More than 50% of the indicators in the basket of indicators for measuring sector performance improved, in comparison with 2006.	MOH/GHS Annual Review POW 2007 confirmed by External Review.	4 out of 7 indicators have been achieved. Three of the targets have not been achieved as at the 3rd quarter of 2007, and are unlikely to be achieved by the end of the year.	Reduced child mortality.
	Baseline: MOH/GHS Annual Review POW 2006 confirmed by External Review.			Improved maternal health.  Reduced incidence of malaria and other major diseases.  Reduced malnutrition in children under 5 years old.
<b>Basket of indicators to be confirmed by Sector Group/MOH by Mid April 2007: (1) coverage of supervised deliveries - 60%; (2) antiretroviral therapy of HIV infected persons - 25,000; (3) Family Planning (Couples Years Protection) - 1 million plus; (4) Coverage of Vit. A supplementation of children under five - 80%; (5) TB cure rate - 70%; (6) ITN coverage of children under five years - 60%; (7) HIV prevalence rate among pregnant women aged 15-24 - 2.7%. For exact definitions, ref. to sector programme.</b>				
<i>B3. Ensure sustainable financing arrangements that protect the poor.</i>	16. Increase health related spending (FY 2007) which leads to accelerated progress toward the MDGs:	MOV - FY 2007 budget execution report of MOH and of DACF in comparison with those budget execution reports on FY 2006, MLGRDE HIV Monitoring Report	Item 3 releases was Gh¢53.79 compared to 2006 levels of Gh¢53.37. Compared to the 2007 approved budget of GH39.9 the budget execution rate is 110% compared to a 2006 execution rate of 71%. However, disbursement as at November 2007 is 80% of releases. (Sector has received GH¢1.5m from HIPC, GH¢3m from NHIF, and US\$22.22m	Improved quality of health services delivery.

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
	<p>(i) Increase in real terms GoG expenditure on item 3 of the health budget (services) with an improved execution rate on item 3. [Baseline 2006: 533,782 billion cedis - GoG: 237,682 billion cedis; HIPC: 31.1 billion cedis; NHIF: 40 billion cedis; Health Fund: 225 billion cedis, Budget Execution Rate in 2006 =71%]</p> <p>(ii) 50% of districts spend at least 1% of District Assembly Common Fund on HIV/AIDS.</p>		<p>from Netherlands) which was outstanding at time of previous reporting. Final figures will show whether this trigger will be met.</p> <p>Out of 138 districts, 101 districts (73.2%) are using at least 1% of common funds on HIV and AIDS activities</p>	<p>Less indebtedness of BMC's.</p> <p>Increased productivity of the health sector.</p>
	<p>17. National Health Insurance Scheme becomes increasingly effective:</p> <p>a) 36% of population including the indigents and other exempt categories issued with ID cards.</p> <p>b) 50% of claims (No. &amp; Value) settled within the 4-week long period proposed in the LI.</p>	<p>NHIS 2007 annual report including establishment of baseline.</p>	<p>As at October 2007, about 47% of the population had been registered and 38% had ID cards ( Trigger is likely to be achieved)</p> <p>The number and value of outstanding claims are not reported routinely (MOH has issued a directive to NHIC to pay 40% of claims to service providers immediately claims are submitted in order to circumvent any problems associated with delays in reimbursement of claims).</p>	<p>Increased financial access of the poor to health services.</p> <p>More solid financing of curative health services.</p>

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
<p><b>C. Social Protection</b></p> <p><i>C1. Implement special programs to support the vulnerable and the excluded.</i></p>	<p>18. National Social Protection Strategy (NSPS) being implemented, with:</p> <p>(i) At least 2000 households receiving Livelihood Empowerment Against Poverty (LEAP) Social Grants.</p>	<p>Leap Programme Implementation manual completed.</p> <p>DSW quarterly reports showing progress with LEAP implementation. (Baseline for LEAP scheme for 2006 is zero programme beneficiaries).</p>	<p>MMYE fielded and managed a design mission of local &amp; international consultants to design a fully costed LEAP programme document and implementation manual. MMYE has a budget allocation of GH¢2.2 million in the 2008 Budget.</p> <p>DSW staff in 10 regions and 21 selected districts trained on LEAP using the implementation manual.</p> <p>2800 households have already been selected in 21 districts on the basis of a survey to identify the poorest households. 2000 households have been selected to receive the cash grants.</p> <p>District and Community LEAP Implementation committees have been set up in all 21 districts and trained to sensitise communities to the objectives of the LEAP programme.</p> <p>Post office staff has been trained to assist with the cash transfer. An MoU has been signed between the Ghana Post Office and MMYE to transfer the social grant cash to beneficiaries.</p> <p>The first tranche of cash transfer will reach beneficiaries by the end of January 2008.</p>	<p>Income and basic food security of LEAP beneficiaries improved.</p> <p>Some participants (who are able to engage in productive activities) graduate from programme to benefit from other mainstream development interventions.</p> <p>NHIS registration and school enrolment increases among beneficiaries as a result of conditionalities of the LEAP scheme.</p> <p>Regular, reliable registration, management and tracking systems in place to run LEAP programme efficiently.</p>

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
		Model for Single Register developed to monitor progress of LEAP beneficiaries.	Model Single Register has been developed with technical assistance from Government of Brazil and LEAP Design Team. Register is currently being populated with data collected on beneficiaries selected in the 21 districts of the LEAP pilot. This data collation and analysis was done in collaboration with GSS.	Baseline information about LEAP beneficiaries to be collected during their registration in 2007.
	(ii) An institutional assessment of the Department of Social Welfare (DSW) at national, regional, and district levels and a capacity building plan to improve its efficiency in implementing the NSPS.	Final report on assessment of DSW capacity at all levels, with recommendations.	DSW institutional assessment has been completed and recommendations presented to DSW, MMYE and DPs. A separate costed capacity building plan for DSW (covering next 5 years) has also been completed. Computers and motorbikes have been ordered for 21 districts.	
	19. Policy and programmes in place to promote job creation for vulnerable groups.	<p>Submission of National Employment Policy to Cabinet.</p> <p>National Youth Employment Programme M&amp;E report shows 200,000 employment opportunities created in all 138 districts, disaggregated by gender, region and disability.</p> <p>Labour Market Information System established.</p>	<p>Draft National Employment Policy and draft Action Plans developed and under review.</p> <p>A total of 108,403 jobs created as at December 2007. Data is available by region, module, gender and disability as per attachment.</p> <p>LMIS architecture and website developed. System is being populated with existing data.</p>	Previously unemployed youth and other vulnerable groups have decent, long-term employment or income-generating activities that provide a stable income.

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
<b>D. Water and Sanitation</b>				
<i>D1. Accelerate the provision of safe water</i>	<b>20. 55% access to safe water in rural communities and small towns.</b>	<b>CWSA Annual Progress Report.</b>	Preliminary assessment up to end September 2007 indicated that the target will be achieved, however, actual coverage can only be confirmed by mid-February 2008 when all required data has been received and analyzed for the whole year.	85% access to safe water in rural communities and small towns by 2015. ( <i>Baseline 2006: 53.18%</i> )
<i>D2. Accelerate the provision of adequate sanitation.</i>	21. The Environmental Health and Sanitation Directorate of MLGRDE, in close collaboration with CWSA, GSS and NDPC, starts the set up of a sound sanitation monitoring system:	Monitoring and evaluation section of the Sanitation Strategy; including:  (i) Definition of measurable indicators to monitor access to improved latrines, the management of waste water and solid waste.  (ii) Formulation of a baseline and targets for access to improved latrines in rural and urban areas.	Sanitation policy has been developed and submitted to Cabinet. A consultant, procured to facilitate the process and offer technical assistance, has developed a handbook and data collection formats which have been discussed with stakeholders at regional and district levels.  The sector Ministry has revised the Environmental Sanitation Policy. In addition, a National Environmental Strategy, an Implementation plan and a Strategic Investment Plan are being developed with support from RNE.	[X]% access in rural areas and Y% in urban areas to improved latrines in 2015 (to be defined by necessary progress to move from baseline to the defined objective).

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
		<p>(iii) Agreement on and start of implementation of data collection process and mechanisms [agreement of the institution(s) in charge, on the geographical level(s) of implementation, on specific data collection formats etc.).</p> <p>(iv) Formulation of annual and 2015 objectives for each defined indicator.</p>	<p>Data collection will cover the following key areas - latrines, solid waste, waste and storm water drainage in both rural and urban areas. Currently, data collection is ongoing at all 138 MMDAs. It is expected to be completed by end-February 2008 by which time measurable indicators to monitor access would be defined at regional and district level consultative fora. Data collected will inform district and national action plans on sanitation.</p> <p>After data collection and analysis, the baseline and targets for rural and urban sanitation would be formulated by end of April 2008. Development of the DESSAP, NESSAP and the Strategic Investment Plan will proceed, to be preceded by the formulation of annual and 2015 objectives for indicators by mid-June 2008.</p>	

### III IMPROVING GOVERNANCE AND PUBLIC SECTOR MANAGEMENT

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
<b>A. Governance-Attorney General Department</b>				
<i>A1. Improved governance and public accountability</i>	22. Review of the entire legislative framework on corruption using the UN/AU conventions as the minimum standard and production of action plan to strengthen legislative framework.	Publication of review report and production of action plan by the AG.	Anti-corruption manual prepared to include an index to anti-corruption legislation. A comparative descriptive matrix to the U.N. Anti-Corruption Convention under preparation.	

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
	23. Review existing administrative procedures and guidelines of SFO, develop comprehensive guidelines, and begin implementation of guidelines.	Revised comprehensive guidelines and 20% increase in asset recovery (including evaded tax) resulting from improved SFO performance.	Economic and Organized Crime Bill enacted to widen the scope of the Serious Fraud Office and provide for proceeds of crime. Bill before Cabinet for approval to be laid in Parliament.	
	24. A time-bound plan for implementing the Domestic Violence Bill.	Implementation plan for DV bill prepared by MOWAC.	Implementation plan is ready and will be launched in January 2008.	Improved government systems and services responding to DV.
<b>B. Governance – Decentralization</b>				
<i>B1. To develop and implement a coherent and comprehensive decentralization strategy which consolidates administrative, fiscal and political policy objectives.</i>	25. Begin implementation of the comprehensive decentralization policy following structured consultation with stakeholders, Cabinet endorsement and public dissemination.	Cabinet endorsement of comprehensive policy; dissemination of policy for public information; and endorsement of a time-bound implementation plan including MDA specific actions.	Wider stakeholder Consultation completed. Draft Implementation plan ready. Policy is being finalized to be submitted to Cabinet for endorsement.	Coordinated and decentralized re-structuring of financial and service delivery components of all decentralized MDAs.  Administrative and fiscal decentralization are aligned and significant improvement in their vertical fiscal balance has been achieved.
	26. Development of an intergovernmental fiscal framework to be endorsed by Cabinet.	Copy of the endorsed framework and implementation plan including costing, management, reporting, auditing and transfer mechanisms.	A draft Framework is ready for wider stakeholder consultation.	Enhanced DA-citizen relations demonstrated by participation in planning and transparency of reporting on expenditures.  Increased predictability and volume of MMDA funds promotes multi-year planning and budgeting.
	27. Jointly agreed DDF and FOAT management and funding framework established.	FOAT conducted in 2007 and DDF structure and mechanisms jointly agreed between GoG, DPs and other stakeholders, are established in advance of disbursement in FY 2008.	A Steering Committee to guide the implementation of the DDF established. Consultants have been procured for FOAT to be conducted in FY 2008. FOAT and DDF Management Framework and Operational Manual approved.	Improved MMDA performance and service delivery as measured by FOAT and audit reviews of MMDAs.

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
	28. Integration into MMDAs of all departments designated in the Local Government Service Act.	Submission of Cabinet endorsed legislative instrument to Parliament, to transfer functions and staff to MMDAs in accordance with approved schemes and conditions of service; and submission to Cabinet of a policy on Human Resource Management for MMDAs.	Legislative Instrument has been submitted to Cabinet for endorsement.	MMDAs are enabled to formulate a comprehensive and prioritized district development plans which form the basis for allocation decisions.
<b>C. Governance-Public Sector Reforms</b>				
<i>C1. Increase the capacity of the public and civil service for accountable, transparent, timely, efficient and effective performance and service delivery</i>	29. Satisfactory implementation of 2007 PSR Work Plan. Satisfactory implementation is defined as: achievement of at least half the outcomes and activity indicators to be measured by March 2008 (as defined in November 2006 MPSR M&E Plan). Particular attention to the following two work-streams:			Overall : Improved public sector performance and service delivery
	(i) Office of Head of Civil Service: maintains an accurate HR data for centralized recruitment/postings/transfer; provides significantly improved in-house training for civil servants; improves performance management through dissemination & enforcement of new performance management process.	M&E Report	OHCS indicated that development of HR data began in 2006 and has not been completed. It is expected that by March 2008 a lot of progress would have been made. With the exception of category 'A', all recruitments/promotions have been decentralized. However, due to problems with this, a consultant was recruited to review guidelines and has submitted a final report. By June 2008, implementation of revised guidelines will begin.	More effective civil service systems and structures; and more competent senior civil servants.

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
			OHCS, with support from MPSR, is in the process of finalizing a performance measurement and appraisal system for the civil service for 2008 implementation. Civil Service training is on-going at GIMPA for 200 Directors, HR Managers and Management Analysts for 2007. A copy of the Status Report on the development of a comprehensive payroll structure is attached.	
	(ii) Public sector pay and pensions reformed by implementing new comprehensive pay policy and structure, and establishing Fair Wages Commission. <i>Outcomes: Administration Unit operational &amp; negotiates public sector salaries (replacing ad hoc arrangements). To determine future salaries, jobs across public sector in all service classifications evaluated. All 2007 salaries drawn from Consolidated Fund placed on new pay spine.</i>	M&E Report	The Fair Wages Commission has also been established and through their work programming arrangements, MPSR is working closely with MMYE to support the Commission to become functional and trained to perform its functions. However, there have been delays resulting from the job evaluation exercise (with the addition of more jobs) and difficulty in obtaining data relating to salaries and allowances. As at now, over 90% of necessary information has been obtained.	Pay structure in place.
<b>D. Governance- Public Financial Management</b>				
<i>D1. Improve public expenditure management.</i>	30. All 6 modules of BPEMS capture all transactions in the 8 pilot MDAs.	Monthly and Quarterly Reports generated by the 8 pilot MDAs from the BPEMS including: i) Transaction reports ii) Budget execution reports (Budget/Actual Variance Analysis) iii) Departmental Accounts	All six (6) modules of BPEMS have now been deployed in the 8 pilot MDAs. Initial problems encountered with the Public Sector Budgeting module have now been resolved by Oracle. The 2008 Budget is currently being loaded onto the system. Pilot MDA transactions reports are available, plus other reports.	Integrated financial management systems is operational and used nationally to ensure timely, accurate and complete budgeting, accounting and reporting for revenue and expenditures.
	31. Action taken to deepen payroll management and control by :	Monthly payroll reports generated from the IPPD2, including Payment Vouchers, report 6-8 (Cash & Strength); Report 11 (Details of all bank	Sub-vented Agency (SA) integration to the IPPD2 has progressed steadily and a full report is available. Data on more than 50% of sub-vented Agencies	Payroll process and database made more reliable and sustainable. Responsibilities for payroll and personnel data management clearly demarcated to ensure integrity of payroll databases and reports. The payroll system is

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
	i) Integrating 50% of sub-vented agencies onto the IPPD2.	payment); and Report 20 (Details of all deductions effected for any month).	have been collected and validated on the IPPD2. Smaller SAs have been integrated and are being processed. The larger agencies (including the Police and Military) are awaiting VSAT connectivity to process their payroll from their offices. Records are updated monthly. It is expected that all sub-vented institutions will be migrated by June 2008.	fully integrated with the HR system and the financial management system.
	ii) Conduct Head count of Government payroll to effectively reconcile the IPPD2 payroll and the establishment list to determine the accuracy, reliability and transparency of payroll management processes.		Head count of Government payroll was done in October / November 2007. Provisional analysis has been arrived at. So far a total number of 1,902 separated personnel have been deleted from payroll. A mopping up exercise is ongoing at training colleges and schools, and other MDAs not covered during the exercise. CAGD is still collating and mopping the results.	

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
<p><i>D2. Strengthen budget execution and reporting</i></p>	<p>32. Continue to ensure provisions of the Public Procurement Act are fully implemented and applied, using PPB's PPME Assessment Tool, covering 500 Procurement Entities. Improvement in the following areas:</p> <ul style="list-style-type: none"> <li>• Use of appropriate procurement methods 70%</li> <li>• Publication of tender notices (NCT &amp; ICTs) from 50% to 70%</li> <li>• Publication of Award of contracts from 50% to 70%</li> </ul>	<p>Reports generated by the PPME Assessment Tool.</p>	<p>The assessment of 500 Procurement Entities is scheduled to take place between December 2007 and January 2008. The 2007 assessment exercise will cover all procurement activities undertaken by the entities in 2007. Preparatory activities undertaken so far include: (a) Selection of the 500 Procurement entities; (b) Evaluation of proposals from consultants to undertake the assessment exercise; (c) Revising the PPME tool to take account of the comments that were made by the ERPFM Procurement consultants. This involved changing some of the formulae for computing the Performance Measurement Indicators. This is the part of the PPME tool that generates the quantitative results needed to report on the triggers. <i>(The figures stated below are as at November 16, 2007)</i></p> <p>70%</p> <p>from 50% to 70%</p> <p>from 50% to 70%</p>	<p>Public Procurement being undertaken by highly trained personnel with efficient and well informed private sector providers as well as civil society.</p>
	<p>33. Internal Audit Units operational (i.e. working and producing audit reports) in all Ministries, CAGD and 10 MMDAs.</p>	<p>The Annual Report of the IAA as presented to the President for submission to Parliament.</p>	<p>IAUs are now operational in all MDAs and producing audit reports. The CAGD Internal Audit Unit is operational. More than 10 MMDAs have now got operational Internal Audit Units. The 2007 Internal Audit Report has been presented to the President and submitted to Parliament</p>	<p>Effective internal control system over revenue, expenditure, assets and liabilities increased.</p>
	<p>34. <u>Widening the Tax Net</u></p>	<p>-</p>		

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
<i>D3. Strengthening Tax Administration</i>	(i) Introduce Flat VAT Rate Scheme to extend coverage of VAT collection to include the Informal Sector;	The Flash Reports of IRS and VATS. Increase VAT retailers to 5,535 (base year 2005, 4,336).	The scheme has commenced. Registered retailers currently stand at 9,609.	Revenue collection to GDP as follows: IRS - 6.7%, CEPS - 8.8% and VATS - 5.2%
	(ii) Administer the IRS Tax Stamp system to embrace the Informal Sector into the tax net;	Increase self-employed by 6.61% (54,854) and Companies by 3.36% (17,314). Base year 2005: Self-Emp. 46,961; Companies 15,978.	53 tax bureau set up in all IRS districts. Officers have been assigned to the STB's and are operational.	Increase revenue collection 2005 baseline (IMF):
	(iii) Introduce Income Tax Verification (ITV) Stickers for private vehicles.		Implementation plan and draft bill for ITV submitted to MOFEP.	IRS - 6.7% of GDP CEPS - 8.8% of GDP VATS - 5.2% of GDP
			<b>Status as at November, 2007:</b> Self-employed: 52, 437, Companies: 18,493 ( <i>Estimated revenue to GDP for 2007 is - IRS:6.5%; CEPS:7.8% and VATs: 7.4%</i> )	
<b>E. Governance -Strengthening the Capacity to Monitor and Evaluate the Policy Agenda</b>				
<i>E1. Strengthen M&amp;E system</i>	35. (i) Satisfactory implementation of the GPRS II M&E Plan, including:	Verification of satisfactory implementation by:	Preparation of APR 07 is in progress.	M&E of Government activities improved:
	a) GoG resources for specific M&E activities, including APR & GPRS Communication Strategy.	a) Draft APR and NDPC Report on GPRS Communication Strategy	The related activities on the GPRS II Communication Strategy were undertaken in 2007. Simplified versions of both the GPRS II and 2006 APR, as well as GPRS II Flyers have been prepared. Dissemination of the 2006 APR was undertaken in 2007. Report on Communication Strategy is being prepared as part of the NDPC Annual Report .	§ Time taken to produce national APR is reduced (GPRS indicator-baseline=9 months).
	b) Undertake training for M&E capacity development at district level.	b) Training report available for capacity development at district level.	Training on M&E capacity completed for districts and sectors.	Expanding public access to information:
	c) Publish GLSS 5 report with gender-disaggregated data.	c) GLSS 5 report printed with gender-disaggregated data and made available.	Draft GLSS 5 report with gender-disaggregated data is currently being reviewed, and the final report is expected to be published by the end of first quarter 2008.	§ Increased share of GPRS II indicators reported in GhanaInfo (GPRS II indicator - baseline to be determined by GSS/UNICEF).  Note: Targets to be obtained from GPRS II M&E Plan.
	35(ii) Widening the use of evidence-based policy making	(ii) Widened use of EBPM verified by:		Source of Indicators: National Annual Performance Reports

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	Status	Expected Outcomes
	across sectors and districts including:			
	a) Sectoral APRs available from 4 agreed sectors, including gender disaggregation of indicators (to be agreed by MOWAC, NDPC and GSS).	a) Using NDPC guidelines, sectoral APRs are available by end March from the 4 agreed sectors (water, health, education and agriculture). They include a disaggregation of agreed indicators.	Orientation workshops on sector guidelines completed. Sector M&E plans and APRs are expected to be ready by end of February 2008. Follow up meeting with the MDAs to review progress so far is scheduled for end of January, 2008.	

## **APPENDIX IV: STATUS REPORT ON THE IMPLEMENTATION OF THE POA OF THE AFRICAN PEER REVIEW MECHANISM (APRM)**

The African Peer Review Mechanism (APRM) offers the opportunity to African governments and citizens to promote development that is strongly underpinned by the good governance principles of accountability, participation, equity, transparency and the rule of law. It enjoins governments to identify the appropriate development challenges, the capacity needs and select the most appropriate options available.

To ensure that the goals of the APRM are achieved, the countries develop individual national programmes of action (POA) that spell out policy objectives, standards and practices aimed at political stability, high economic growth sustainable development and accelerated sub-regional and continental economic integration. As at 2007, a total of 26 out of 53 African countries have acceded to the APRM. Of the countries that have acceded, Ghana, Kenya and Rwanda have been peer reviewed. South Africa and Algeria applied to be peer-reviewed in 2007.

### **PROGRESS OF POA IMPLEMENTATION**

The end of 2007 marked the third year of the implementation of the Programme of Action of the APRM. The 2007 Annual Progress Report on the APRM Programme of Action indicates considerable progress in the implementation of the programme of action in the three thematic areas namely, Democracy and Good Political Governance, Economic Governance and Management and Corporate Governance.

#### **Theme 1; Democracy and Good Political Governance**

This section reports on Government's commitment to the objectives and principles of protecting and promoting democracy, good political governance, human rights and the rule of law.

##### *Ratification of Conventions*

A number of major milestones were achieved during the year 2007 with respect to the ratification of some Conventions. Four out of Seven Conventions slated for the year, were ratified in 2007.

Those ratified are:

- Amendments to the Constitutive Act of the AU, 2003
- AU Non-Aggression and Common Defense Pact, 2005
- Protocol on the Rights of Women, 2003
- AU Convention on Preventing and Combating Corruption, 2003.

The three that remain on the Agenda for ratification in 2008 are;

1. Protocol on the African Court of Human and People's Rights, 1998
2. Protocol on the African Court of Justice, 2003
3. Protocol to the OAU Convention on the Prevention and Combating Terrorism, 2004

##### *Chieftaincy*

A Ministry of Chieftaincy and Culture has been established to deal with chieftaincy issues.

##### *Decentralization*

The Local Government Service Secretariat was established to work out the modalities of transferring staff to local governments. All District Planning Coordinating Units (DCPUs) have been trained in composite budgeting to enable them prepare their budgets using the Medium Term Expenditure Framework (MTEF). The number of district assemblies was increased from 138 to 168 thus bringing local government closer to ordinary

citizens. As a sign of government's commitment towards decentralization, the District Assemblies' Common Fund (DACF) which has been pegged at 5 % of tax revenue since 1993 was increased to 7.5 %.

#### *Access to Justice*

Alternative Dispute Resolution (ADR) mechanisms are being promoted to improve access to justice and reduce the backlog of cases pending in the law courts. Studies conducted by Ghana Integrity Initiative (GII) showed that corruption does exist within the judiciary and it is denying ordinary citizens access to justice.

#### *Resourcing Governance Institutions*

Government continued to increase resource allocation to governance institutions such as the Commission on Human Rights and Administrative Justice (CHRAJ), the Electoral Commission (EC), the National Commission on Civic Education (NCCE), the Judicial Service and the Police Service. The Domestic Violence Victims Support Unit of the Police received additional resources that enabled it to expand into more districts. It had offices in 75 districts up from 63 in 2006. Its staff strength has also increased from 308 in 2006 to 350 in 2007.

#### *Protecting the Rights of Women*

Parliament eventually passed the Domestic Violence Bill into, Domestic Violence Act 2007, (Act 732). The ratification of the African Protocol on Women's rights is another giant step towards securing women's rights.

#### *Women in Administration and Politics*

Government kept faith with its programme to increase the representation of women in public life. The government appointed the first ever female Chief Justice of the Republic of Ghana. Though women's participation in public life is still low government is still committed to the Affirmative Action Policy of ensuring 30% women's representation in decision-making and executive positions at all levels as well as allocation of 50% female quota of the 30% government appointments to the District Assemblies.

Notable public office positions occupied by women include:

1. Chief Justice
2. Chief Advisor to the President
3. Director-General, NDPC
4. Director, Ghana Immigration Service
5. Government Statistician
6. Executive Director, Ghana Trade fair Authority
7. Managing Director, WESTEL
8. Executive Director, Ghana Employers Association
9. Deputy Inspector General of Police
10. Increase in number of female Chief Directors of MDAs

## **Theme 2: Economic Governance and Management**

### *The Macroeconomic Framework*

The macro-economic indicators were impressive despite the energy crises that persisted through most part of the 2007. Headline inflation, measured as year-on-year changes in the consumer price index, which began the year at 10.9% ended at 11.4% at the end of the year. Interest rates followed a generally downward trend during the year. Banks deposit rates ranged between 3% to 5%, while average lending rates remained unchanged within a range of 15% to 33.5 %. There were marginal fluctuations within the exchange rate regime. The Cedi lost value to the US Dollar by 2.0 %, and by 5.4 % and 9.0 % to the British Pound and Euro respectively in the first nine months.

### *Improving debt management*

MoFEP in 2006 established the Capital Markets Committee with membership from key staff of MOFEP and BoG to be responsible for government's access to banking and capital markets as well as improving the allocation of financial resources. The Committee is currently working towards the formulation of an overall post-MDRI debt strategy for both external and internal debt.

The policy thrust of GoG is to maintain the external debt at sustainable levels by:

- maintaining the acquisition of loans at concessionary rate with a minimum grant element of 35%;
- seek more grant financing;
- seek more programme aid to support the implementation of the budget; and
- continue to implement measures to minimize cost of external borrowing such as the margin of risk on variable rate lending and the insurance premium on export credit facilities.

### *Collaboration for Macroeconomic Progress*

Collaboration between the Ministry of Finance and Economic Planning (MOFEP) and the National Development Planning Commission (NDPC) improved. A series of joint meetings were held between these two institutions to determine how to align the national budget to the GPRS II.

### *Growth in share of Non-traditional Exports*

Ghana registered significant improvement in the share of non-traditional export (NTEs). NTEs grew from US\$705,429,000 in 2004 to US\$892,878,000 in 2006, and exceeded the US\$1 billion mark to US\$1.2 billion in 2007.

### *Quality of Fiscal Data*

There has been improvement in the quality of macro and micro economic data. Though the quality of fiscal data has improved, challenges remain as regards consistency, reliability and comprehensiveness of such data.

### *Public Sector Reforms*

A Ministry of Public Sector Reforms has been established to spearhead the implementation of public sector reforms. The organizational restructuring and training of the Civil Service is on-going with the development of 10 modules by GIMPA. A Committee on Training (comprising MPSR, OHCS and PSC) has been established for the accelerated training of the leadership of the Civil Service. The training programme will target 600 staff including Chief Directors, Management Analysts, Human Resource Experts and Directors. A Performance & Management Workshop has been held for Chief Directors and Directors.

The sub-vented Agencies Act, 2006 (Act 706), which provides the legal framework for the operation, system of categorization and also policy on creation of new sub-vented agencies, was passed.

To enhance customer service, 25 Client Service Units were revitalized, and plans have been made to add an additional 13 including the Revenue Agencies (CEPS, VAT and IRS).

A number of institutions drew up Citizens/Service Charters in the pursuit of good governance and improved public accountability.

A comprehensive reform of the Ghana's tax administration was undertaken and this has broadened the tax base by bringing a substantial portion of the informal economy into the tax net.

### *Strengthening Parliament*

Parliament is re-asserting its oversight role. This was evident through the public hearing of the Public Accounts Committee and the evaluation exercise conducted by the Committee on Government Assurances.

### **Theme 3 Corporate Governance**

#### *Reduction in Business Registration Time*

The length of time required to complete company registration for limited liability company has been reduced to 10 days, while it takes 5 days to register a business name.

#### *Dispute Resolution*

There has been improvement in access to justice for business entities with the setting up of the commercial court and the promotion of Alternative Dispute Resolution (ADR).

#### *Improvements in Infrastructure*

The country's infrastructure, especially the airports, has seen marked improvement due to the African Cup of Nations Tournament (CAN 2008). Delays and loss of revenue at the ports have been reduced with the introduction of modern equipment such as the Gamma Ray Scanners and Container Satellite Tracking Systems.

#### *Tax Reduction and Corporate Income*

Improvements were registered in the operational incomes of companies due to the reduction of corporate tax from 28% to 25% and also the reduction of withholding tax from 7.5% to 5%.

### **Socio-Economic Development**

#### *Promoting Civic Engagement*

Stakeholders acknowledged the improved space for civil society engagement in public policies and programmes. This has improved civil society participation and monitoring of government policies such as the Growth and Poverty Reduction Strategy (GPRS II) and National Budgets.

#### *Improving Social Services*

Improvement in access to key social services – education, health and water and sanitation has been attributed to deliberate government policies such as the Capitation Grant, School Bussing Programme, School Feeding Programme, National Health insurance Scheme and Community-based Water Projects.

#### *Increasing Financial Resources to the Private Sector*

Lending to the private sector has increased. Formal financial institutions' lending to the private sector increased from Gh¢457.8 million in the first half of 2006 to G Gh¢792.9 million in the first half of 2007.

### **Financing the POA**

The APRM POA has been integrated through the policy framework and strategic plans of line Ministries, Departments and Agencies (MDAs) through the GPRS II.

Since the PoA activities have budgetary implications they are financed through the annual budget and Medium Term Expenditure Framework (MTEF). The on-budget financing promotes transparency and minimizes duplication and wastage. It also ensures that the PoA is not treated as an add-on or separate document that is de-linked from the national development agenda.

Analysis of provisional release of funds for APRM related activities in 2006 and 2007 is provided below. There has been an increase in APRM related activities from US\$ 433 Million in 2006 to US\$751 Million in 2007.

Theme	2006 ('000US\$)	2007 ('000US\$)	% Change
Democracy and Good political Governance	70,795.30	92,632.02	30.8
Economic Governance and Management	169,539.50	185,366.20	9.3
Corporate Governance	163,015.40	204,363.50	25.4
Socio-Economic Development	193,207.40	269,005.75	39.2
<b>Total</b>	<b>433,018.1</b>	<b>751,367.47</b>	<b>73.5</b>

*Source: MOFEP (Budget)*

## Monitoring and Evaluation

The monitoring and evaluation of the APRM is also linked to that of the GPRS II through integration and merging of their indicators. This is primarily because of the different reporting schedules of the two key institutions involved. Whereas the NAPRM-GC is required to submit its annual report before the January Summits of the African Peer Review Forum, the Annual Progress Report of the NDPC is released sometime in June. This implies the APRM Progress report always precedes the NDPC APR.

## CHALLENGES

While a number of legislations have been passed to strengthen the legal and regulatory framework, key institutions that these laws propose be established have not been set up. These include:

- Financial Administration Tribunal – under the Financial Administration Act, 2003 (Act 654)
- Internal Audit Agency – under the Internal Audit Agency Act, 2003 (Act 658) (only a quarter of MDAs and MMDAs have functional internal auditors)
- Human Trafficking Fund and Human trafficking Management Board – under the Human Trafficking Act, 2005 (Act 694)
- The Disability Council – under the Disability Act, 2006 (Act 715)

Actual releases of funds to MDAs and governance institutions have always fallen short of budgetary allocations. This affects the implementation of the Growth and Poverty Reduction Strategy and consequently the National Programme of Action.

While Ghana is touted as one of the best 10 reformers in creating a conducive business environment, the private sector is affected by unreliable and high-cost utility services, poor infrastructure, heavy bureaucracy and weak trade facilitation.

There is stagnation in key infant and child health indicators and high maternal mortality rates.

While there is improved access to basic education, the number of qualified teachers, core textbooks and classrooms must keep pace with the increased enrolment.

## APPENDIX V: GHANA'S PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS

Goals	Will goal be reached?				State of supportive environment			
<b>Extreme poverty and hunger</b> Halve the proportion of people below the national poverty line by 2015	Probably	Potentially	<b>Achieved</b>	Lack of data	<b>Strong</b>	Fair	<i>Weak but improving</i>	Weak
Halve the proportion of people who suffer from hunger	Probably	<b>Potentially</b>	Achieved	Lack of data	<b>Strong</b>	Fair	<i>Weak but improving</i>	Weak
<b>Universal primary education</b> Achieve universal access to primary education by 2015	<b>Probably</b>	Potentially	Unlikely	Lack of data	Strong	<b>Fair</b>	<i>Weak but improving</i>	Weak
<b>Gender equality</b> Eliminate gender disparity in primary and junior secondary education by 2005	<b>Probably</b>	Potentially	Unlikely	Lack of data	<b>Strong</b>	Fair	<i>Weak but improving</i>	Weak
Achieve equal access for boys and girls to senior secondary by 2005	<b>Probably</b>	Potentially	Unlikely	Lack of data	Strong	<b>Fair</b>	<i>Weak but improving</i>	Weak
<b>Under-five mortality</b> Reduce under-five mortality by two-thirds by 2015	Probably	Potentially	<b>Unlikely</b>	Lack of data	Strong	Fair	<i>Weak but improving</i>	Weak
<b>Maternal mortality</b> Reduce maternal mortality ratio by three-quarters by 2015	Probably	Potentially	Unlikely	<b>Lack of data</b>	Strong	<b>Fair</b>	<i>Weak but improving</i>	Weak
<b>HIV/AIDS &amp; Malaria</b> Halt and reverse the spread of HIV/AIDS by 2015	Probably	<b>Potentially</b>	Unlikely	Lack of data	Strong	Fair	<i>Weak but improving</i>	Weak
Halt and reverse the incidence of malaria	Probably	Potentially	Unlikely	<b>Lack of data</b>	Strong	<b>Fair</b>	<i>Weak but improving</i>	Weak
<b>Ensure environmental sustainability</b> Integrate the principles of sustainable development into the country policies and programmes and reverse the loss of environmental resources.	Probably	Potentially	<b>Unlikely</b>	Lack of data	<b>Strong</b>	Fair	<i>Weak but improving</i>	Weak
Half the proportion of people without access to safe drinking water by 2015	<b>Probably</b>	Potentially	Unlikely	Lack of data	<b>Strong</b>	Fair	<i>Weak but improving</i>	Weak
<b>Global partnership for development</b> Deal comprehensively with debt and make debt sustainable in the long term	Probably	<b>Potentially</b>	Unlikely	Lack of data	<b>Strong</b>	Fair	<i>Weak but improving</i>	Weak

**QUANTIFIABLE PROGRESS TOWARDS THE MILLENIUM DEVELOPMENT GOALS**

Goals/Targets	Indicator	Indicator Status								MDG target
		1999	2001	2002	2003	2004	2005	2006	2007	2015
<b>Goal 1. Eradicate extreme poverty and hunger</b>										
a. Halve the proportion of people below the poverty line by 2015	Proportion below poverty (national basic needs) line (%)	27.0%	-	-	-	-	-	18.0%	-	25.8%
b. Halve the proportion of people who suffer from hunger	Under five children who are malnourished (%)	24.9	-	-	22.0%	-	-	18.0%	-	15%
<b>Goal 2: Achieve Universal primary education</b>										
Achieve universal access to primary education by 2015	Net Primary Enrolment ratio (%)	-	-	-	-	55.6%	59.1%	69.2%	81.1%	100%
<b>Goal 3: Promote Gender equality and Empower Women</b>										
a. Eliminate gender disparity in primary and junior secondary education by 2009	Ratio of females to males in primary schools (%)	-	-	0.92	0.77%	0.93	0.95	0.95	0.96	1.0
b. Achieve equal access for boys and girls to senior secondary by 2009	Ratio of females to males in senior secondary school			0.88	0.88	0.88	0.88	0.88	-	1.0
	percentage of female enrolment in SSS (%)	-	-	-	-	-	43.5%	49.5%	-	
<b>Goal 4: Under-five Mortality</b>										
Reduce under-five mortality by two-thirds by 2015	Under-five mortality Rate (per 1000 live births)	108 (1998)	-	-	111	111	-	111	-	53
<b>Goal 5: Maternal Mortality</b>										
Reduce maternal mortality ratio by three-quarters by 2015	Maternal mortality ratio (Institutional)	-	2.60	2.04	2.05	1.87	1.97	1.87	2.24	0.54

<b>Goal 6. Combat HIV/AIDS &amp; Malaria</b>										
a. Halt and reverse the spread of HIV/AIDS by 2015	HIV prevalence Rate among pregnant women	1.5%	2.9%	3.4%	3.6%	3.1%	2.7%	3.2%	2.6%	-
b. Halt and reverse the incidence of malaria	Under Five Malaria case fatality (Institutional)	-	-	-	-	3.6	2.7	2.8	2.1	-
<b>Goal 7: Ensure Environmental Sustainability</b>										
a. Integrate the principles of sustainable development into the country policies and programmes and reverse the loss of environmental resources.	a. Proportion of land area covered by forest (ha/annum)									
	b. Annual rate of deforestation	-	-	65,000	50,000	50,000	-	-	-	
b. Half the proportion of people without access to safe drinking water by 2015	Proportion of population with access to safe drinking water	-	-		-	-	-	-	-	
	-Urban				Na	Na	55.5%	56.0%	58.0%	
	-Rural				46.4%	51.7%	52.0%	53.2%	55.1%	
<b>Goal 8: Global partnership for development</b>										
Deal comprehensively with debt and make debt sustainable in the long term	External Debt service as a percentage of exports of goods & services		10.1%	10.2%	5.2%	5.6%	5.8%	3.2%	-	

## **KEY POLICY MEASURES/STRATEGIES BEING IMPLEMENTED UNDER GPRS II TO SUPPORT THE ACHIEVEMENT OF MDGs**

Policies to be implemented in order to attain the Millennium Development Goals (MDGs) have been mainstreamed into the National Development Policy Framework, GPRS II. The status of key policy measures and strategies relating to these goals are accordingly discussed and reported upon as an integral part of the text and tables of annexes to the APR 2007:

### **Goal 1: Eradicate Extreme Poverty**

The recent successes in reducing poverty in Ghana have largely been attributed to an improved macroeconomic management that has created the necessary fiscal space for public investment in agriculture, education, health and infrastructural development. It has also created the opportunity for new private investment in agriculture and other productive sectors, thereby leading to broad based economic growth. The decline in poverty and extreme poverty between 1998/99 and 2005/2006 has been more evenly distributed than in the earlier period of 1991/92 to 1998/99.

The sources of the recent economic growth which has impacted positively on poverty reduction can largely be attributed to the following:

- improving economic policy environment and investment climate;
- rising levels of investments;
- increasing harmonization of aid;
- productivity gains from factor accumulation;
- high commodity (cocoa and gold) prices on the international market;
- large contributions from agriculture, particularly, from the cocoa sub-sector and gradual productivity increases, including from small, privately owned cocoa farms; and
- large increases in domestic demand, complemented by recent increases in export growth. Increased revenue inflows from traditional exports coupled with prudent stabilization policies combined to neutralize the negative effects threatened by high world oil prices.

In addition Government continued to maintain its pro-poor policy orientation as reflected in high levels of poverty reduction expenditures for the year 2007. Poverty reduction expenditures of government reached a level of 9.4% of GDP, compared to 4.7% of GDP in 2001.

### **Goal 2: Universal Primary Education**

During the year programmes were implemented for the construction and rehabilitation of school classrooms; strengthening and improving educational planning and management; promoting and supporting private sector participation in education; strengthening the monitoring and evaluation framework and reporting channels; strengthening institutional arrangements for enhancing the role of CBOs, and CSOs in advocacy, monitoring and evaluation. The following specific activities were undertaken:

- Government spent a total of Gh¢6.2 million on providing new class rooms and Gh¢5.6 million on providing furniture for basic schools;
- a total of 1,349 classrooms for pre-schools was provided by government as a means of mainstreaming pre-schools into basic education system;
- the administration of capitation grants to pupils in public basic schools was continued. Government released a total of Gh¢14.24 million during the year as payment of Capitation Grant;
- the school feeding programme which has been implemented on a pilot basis since 2005, was expanded to cover 408,989 pupils in 2007;

- District Assemblies introduced sponsorship programmes for trainee teachers who are expected to be posted back and teach in their sponsor districts;
- the posting of qualified national service personnel as teachers to the rural areas was intensified; and
- the intensification of new policy of the Ministry of Education, Science and Sports to achieve a textbook ratio of 1:1 in the three core subjects (English, Mathematics and Integrated Science), for all basic schools in the country.

### **Goal 3: Gender Equality**

The policy of offering incentive schemes to increase girls' enrolment, retention and completion rates continued in 2007. Under the GES/WFP project in the three northern regions, take home rations of maize, palm oil and salt were distributed to 34,000 girls in P5-JHS in 25 districts in 2007. In addition, the implementation of gender differentiated capitation grants provided relatively higher levels of funding for female pupils to address gender disparities.

Other measures implemented in 2007 to address gender disparities include:

- community mobilization and sensitization on the importance of girls education;
- provision of material support including school uniforms, stationery, and school bags. Bicycles have been provided to girls who commute long distances to schools in deprived districts in four regions (Central Region, Northern Region, Upper East Region and Upper West Region);
- under the Complementary Education Scholarship Programme a number of girls continued to receive national level scholarship in districts with low girls enrolment;
- ensuring that separate sanitation facilities are available for female pupils;
- eliminating gender stereotyping in educational materials;
- encouraging the recruitment and deployment of female teachers as role models; and
- organization of vacation camps for girls from rural/deprived communities.

### **Goal 4: Under-five Mortality**

As part of measures towards reducing the prevailing high childhood mortality rate in the country, a number of interventions which were implemented in 2007 to improve child survival and development include:

- institution of a High Impact Rapid Delivery (HIRD) strategy to scale up interventions aimed at improving under-five health care and malnutrition;
- distributing health workers in favour of deprived areas;
- providing outreach services and clinics in deprived rural and peri-urban areas
- continued expansion of the NHIS which has significantly increased the demand for health services;
- increased coverage in the use of ITN coverage for children from 9.1% in 2004 to 58.3% in 2007, with the attendant decline in under-five malaria case fatality from 3.6% to 2.1% over the same period;
- development of guidelines for neonatal care;
- Integrated Management of Childhood Illness (IMCI), which is aimed at improving the quality of care provided to children under-five years of age. The three main components of the strategy include:
  - improve case management skills of health-care staff;
  - improve overall health systems; and
  - improve family and community health practices;
- the progress under the Expanded Programme on Immunization (EPI) which begun in 1978 was sustained in 2007. Immunization against the six immunizable childhood diseases (i.e., diphtheria, measles, pertussis, poliomyelitis, tetanus, and tuberculosis) has been instituted as part of Ghana's primary health care programme and coverage

increased from 75% in 2004 to 88% in 2007 for Penta 3 and from 78% to 89% for measles.

### **Goal 5: Maternal Health**

To reduce the prevailing high maternal mortality in the country, the following initiatives were implemented:

- improving access to reproductive health services through the effort of developing, at least, one fully functioning and well equipped hospital in each district to handle maternal health complications;
- expansion community-based health service delivery;
- continuous training and upgrading of skills of people engaged in traditional maternal health service delivery;
- continued advocacy for district assemblies and DHMTs to dedicate a percentage of their resources for MNC;
- establishment of the process of making maternal death a notifiable event backed by legislation;
- continued expansion of the NHIS;
- improving access to antenatal care (ANC) services to ensure favourable birth outcomes for mother and child and reduces child and maternal mortality. ANC coverage has increased from 88.4% in 2006 to 89.5% in 2007; and
- promoting supervised delivery by targeting pregnant women for NHIS registration, community education on the benefits of supervised delivery, mobilization of community leaders and providing incentives for traditional birth attendants to refer pregnant women to a health facility.

### **Goal 6: HIV/AIDS and Malaria**

The policy of reducing the impact of HIV/AIDs and malaria on the vulnerable, interventions in the following areas was scaled-up and strengthened in 2007 to increase access to HIV/AIDS services:

- voluntary Counselling and Testing/Prevention of Mother to Child Transmission (VCT/PMTCT) sites;
- providing HIV/AIDS services at Anti Retroviral Treatment sites;
- the number of persons with advanced HIV infection receiving ARV combination therapy recorded over 50% increase, from about 6,000 to 13,429 between 2006 and 2007;
- the number of Voluntary Counselling and Testing (VCT) centres increased from 341 in 2006 to 422 in 2007;
- the number of people benefiting from VCT concurrently rose from 144,856 in 2006 to 306,762 in 2007;
- as of December 2007, there were 4,135 Prevention of Mother to Child Transmission sites in Ghana and 140,200 pregnant women received services from these sites;
- undertake behavior change communication activities with special emphasis on high risk;
- promoting safe sex practices; and
- promote strategies to reduce stigma and discrimination of PLWAs.

The Ghana Health Service intensified its efforts at reducing the incidence of malaria in the country by implementing the following interventions:

- improving malaria case management in all health facilities;

- implementing the new Anti Malaria Drug Policy which replaced Chloroquine with Artesunate + Amodiaquine and Sulphadoxine-Pyrimethamine in the management of uncomplicated malaria;
- promoting home-based care with emphasis on symptoms detection and early treatment;
- promoting the utilization of Insecticide Treated Nets (ITN)/Materials, particularly among pregnant women and children under five years;
- scaling up the implementation of the Intermittent Preventive Treatment (IPT) to cover all the 138 districts in the country (IPT provides chemoprophylaxis for women during pregnancy); and
- intensifying public education to promote malaria intervention using the mass media.

The results of these interventions indicate that the use of ITNs has gone up substantially from 9.1% in 2004 for children less than 5 years of age to 53.3% in 2007; and from 7.8% of pregnant women to 52.5% during the period.

### **Goal 7: Environmental Sustainability**

Interventions to achieve environmental sustainability during the year included:

- adoption of a five year Natural Resources and Environmental Governance (NREG) Programme with the aim of addressing the governance issues as regards natural resource and environment;
- restoration of 17,000 hectares of degraded forest reserve;
- continuation of the forest plantation development programme;
- institution of measures to curb the illegal harvesting of timber;
- initiating the process of negotiating a Voluntary Partnership Agreement (VPA) with the European Union (EU) in line with the EU's forest law enforcement, governance and trade initiative which seeks to deny access of illegal timber into the EU market.

In the water sector the following measures were undertaken:

- launching of a new water sector policy in June 2007;
- completion and adoption of a new sector Strategic Investment Plan, as a follow up to the first ten year strategic plan of 1994, which was last reviewed in 2004;
- supporting MMDAs to prepare individual Strategic Water and Sanitation Plans.
- adoption of the sector-wide approach to rural water provision as a means of ensuring geographical equity in the distribution of investments;
- increasing the levels of capital investment in the water sector, with emphasis on guinea worm endemic areas;
- extending water distribution networks especially to low income consumers;
- strengthening the management of on-going investments in deprived regions;
- strengthening partnerships in water provision, and supporting the introduction of private sector management and operation of the water supply systems under management and/or lease contract arrangement and to disseminate information on safe water;
- improving community owned and managed water supply systems; and
- strengthening human resource capacity in water management and dissemination of information on water conservation.

### **Goal 8: Global Partnership for Development**

The main strategy for domestic debt management policy in 2007 was to deepen the money market, maintain the domestic debt stock at sustainable levels, and to improve on the achievement of 2006. Subsequently the government continued to deepen efforts to reduce its debt burden through:

- restructuring the public debt;
- maintaining the acquisition of loans at concessionary rate with a minimum grant element of 35%;
- seeking more programme aid to support the implementation of the budget;
- implementing measures to minimise the cost of external borrowing, including the margin of risk on variable rate lending and the insurance premium on export credit facilities;
- improving the price mechanism for the issuance of debt in order to lower borrowing costs;
- diversifying the choice and maturity of debt instruments available on the market;
- diversifying the investor base to include non-resident investors;
- promoting and facilitating the development of the domestic capital markets;
- pursuit of stable price and exchange rate policies;
- restructuring and strengthening the revenue collection institutions of the central government and the MMDAs; and
- improving the collection of Non-Tax Revenues (NTR).