

## **Ghana: Poverty Reduction Strategy Paper—2006 Annual Progress Report**

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REPUBLIC OF GHANA

**THE IMPLEMENTATION OF THE  
GROWTH AND POVERTY REDUCTION STRATEGY (GPRS II)  
2006 - 2009**

**2006  
ANNUAL PROGRESS REPORT**

ACCRA, GHANA  
MARCH 31, 2007

**GOVERNMENT OF GHANA  
NATIONAL DEVELOPMENT PLANNING  
COMMISSION**

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## ACRONYMS

ADB	African Development Bank
ADR	Alternative Dispute Resolution
AESD	Agricultural Engineering Services Directorates
AfDB	Africa Development Bank
AG	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
CAGD	Controller and Accountant General's Department
CBO	Community Based Organization
CEPA	Centre for Policy Analysis
CEPS	Customs Excise and Preventive Service
CG	Consultant Group
CHPS	Community Health Planning and Services
CHRAJ	Commission for Human Rights and Administrative Justice
CIDA	Canadian International Development Agency
CPI	Consumer Price Index
CRMAS	Community Resource Management Areas
CRT	Criterion Referenced Test
CSOs	Civil Society Organisations
CSPG	Cross Sectoral Planning Groups for the GPRS update
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 Programme

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 für Wiederaufbau
KIA	Kotoka International Airport
LAP	Land Administration Project
LPG	Liquefied Petroleum Gas
LTU	Large Taxpayers Unit
M&E	Monitoring and Evaluation
MCT	Ministry of Communication and Technology
MDAs	Ministries, Departments and Agencies
MDBS	Multi Donor Budget Support
MDGs	Millennium Development Goals
MLGRD	Ministry of Local Government and Rural Development
MMR	Maternal Mortality Ratio
MOES	Ministry of Education and Sports

MOFA	Ministry of Food & Agriculture
MOFEP	Ministry of Finance and Economic Planning
MOH	Ministry of Health
MOTI	Ministry of Trade and Industry
MOWCA	Ministry of Women and Children Affairs
MPSD	Ministry of Private Sector Development
MRT	Ministry of Roads and Transport
NDAP	National Decentralisation Action Plan
NDPC	National Development Planning Commission
NED	National Economic Dialogue
NGP	National Governance Programme
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 Programme
RPMG	Regional Poverty Monitoring Group
RPCU	Regional Planning Co-ordinating Unit
SEA	Strategic Environmental Assessment
SHEP	Self Help Electrification Project
SME	Small Medium 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 fifth in a series of Annual Progress Reports (APRs) and the first on the assessment of progress made in the implementation of policies outlined in the Growth and Poverty Reduction Strategy (GPRS II, 2006-2009). The APR for 2006 has been conducted from an assessment of the status of indicators and targets, adopted for monitoring and evaluating the achievements and impacts of key policy and programme interventions undertaken during the year.

The document is presented in seven chapters with five appendices which provide an assessment on programmes such as the Multi Donor Budget Support (MDBS), the linkage between the 2006 Annual Budget and the GPRS II, performance towards the attainment of the Millennium Development Goals (MDGs) and the African Peer Review Mechanism (APRM). The chapters are set out as follows:

- Chapter One: Introduction
- Chapter Two: Macroeconomic Performance and Economic Governance
- Chapter Three: Private Sector Competitiveness
- Chapter Four: Human Resource Development
- Chapter Five: Good Governance and Civic Responsibility
- Chapter Six: Linking the GPRS II and the 2006 Budget
- Chapter Seven: Implementing the GPRS II at the District Level

Challenges to data collection encountered in compiling this APR are not significantly different from those identified in previous years. Generally, data used in preparing this report were sourced from sector ministries, departments and agencies (MDAs), and metropolitan, municipal and district assemblies (MMDAs) which have different reporting cycles and this presented significant challenges to the preparation of the APR on timely basis.

The different reporting timelines of MDAs and MMDAs need to be synchronised with the timeframe for the development of the APR in order to enhance the analytical framework for presenting more realistic results on the assessment of policies and issues under the various thematic areas.

The inadequacy of updated data in general and unavailability of established baselines and targets, especially on many of the new indicators selected to track progress, pose another challenge to the effective monitoring of the implementation of the GPRS II. This situation needs to be resolved in subsequent years as the various MDAs must fully incorporate these indicators into their respective M&E system.

In line with the participatory process of formulating, monitoring and evaluating the GPRS II, two important initiatives were conducted in 2006. The first was the dissemination of the 2005 APR in a series of two-day regional workshops organised nationwide. The objectives of these workshops were to enhance public awareness on the 2005 APR, obtain feedback on progress made in implementing GPRS I policies and programmes and also, to collect data for the

development of subsequent APRs. The second initiative was the commencement of a comprehensive evaluation of the GPRS I, in order to assess its general impact on the socio-economic development of the country. It was also designed to assess the Poverty Reduction Strategy Programme (PRSP) approach and its impact on various variables of development management which could be used in strengthening the M&E of the GPRS II and future development programming in the country.

## **2.0 MACROECONOMIC PERFORMANCE AND ECONOMIC GOVERNANCE**

The performance of macroeconomic indicators in the first year of the implementation of the GPRS II continued to be satisfactory with some good progress being made in the implementation of macroeconomic policies in 2006. The economy of Ghana has remained resilient even in the wake of increases in the world market price of crude oil. This is largely the result of improved fiscal management, prudent monetary management, debt relief, a supportive international environment and structural reforms.

In 2006 the growth rate of GDP had been projected at 6.11% in the GPRS II. Actual growth rate which stood at 6.2% at end of the year 2006 thus slightly exceeded the target set in both the GPRS II and the 2006 Budget. GDP growth was mainly driven by significant increases in growth rate of 6.5% and 7.3% recorded in industry and services sectors respectively. The agricultural sector, which was projected to grow at 5.2% in the GPRS II actually increased to 5.7%.

The rate of inflation as measured by the year-on-year CPI which has been declining since 2003 falling from 23.6% to 10.6% by 2006. This rate which is still below the target of single digit set in the GPRS II is attributed to global increases in the price of petroleum which negatively affected non-oil producing developing countries, including Ghana.

Growth in domestic revenue generation as a percentage of GDP which previously improved slowly but steadily however declined from 23.87% in 2005 to 22.3% in 2006 which was below the projected target of 23.5%

The overall budget balance was a deficit of ₵8,970.9 billion, equivalent to 7.9% of GDP compared to the budget estimate of 4.5% of GDP and the 2005 deficit of 2.7%. The domestic primary balance also recorded a deficit of 1.9% of GDP against the budget estimate of a deficit of 1.4% of GDP.

In 2006, the cedi maintained its relative stability against the dollar depreciating by only 1.1%, however the British pound and the Euro became stronger against the cedi due to international market developments. The underlying reasons for the relatively stable exchange rate were the improved private remittances through formal channels, increased foreign exchange liquidity on the forex market, and sound fiscal and monetary policies which contributed to a build-up in Ghana's external reserves.



The balance of payment (BOP) recorded a surplus of US\$178.8 million compared to a surplus of \$84.34 million in 2005. This improvement is attributed to strong performance by the export sector, and growth in remittances, donor resources and debt relief.

The Central Bank accumulated net international reserves, increasing the level of gross international reserves to US\$2 billion. This was adequate to provide cover for 3.2 months of imports of goods and services.

Total stock of medium and long-term external debt which stood at US\$6,347.9 million as of end 2005, significantly reduced to US\$2,143.79 million in 2006, as a result of a 66% debt reduction facility secured under the Multilateral Debt Relief Initiative (MDRI).

The level of external debt service as a percentage of exports of goods and services declined from 5.8% in 2005 to 3.2% in 2006 which is still higher than the target of 2.3% set for the period.

The Public Domestic Debt (excluding ₵4,952.3 billion interest bearing revaluation stock and other long-term stocks held by Bank of Ghana) stood at ₵17,061.2 billion or 15.2% of GDP having increased from 11.5% in 2006.

Results from the Ghana Living Standard Survey (GLSS 5) indicate declining trends in poverty in more recent years. The proportion of Ghanaians described as **poor** in 2005/06 was 28.5%, compared to 39.5% in 1998/99 while those classified as **extremely poor** reduced from 26.8% to 18.2% over the same period. Thus the first Millennium Development Goal of halving poverty rate is most likely to be met if growth of the economy continues to remain high.

### **3.0 PRIVATE SECTOR COMPETITIVENESS**

Medium-term development policies outlined in this thematic area of the GPRS II focus on achieving accelerated growth through modernised agriculture, led by a vibrant and competitive private sector. The key policy interventions prioritised in this respect include:

- promoting the development of the private sector;
- modernisation of 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 including road, rail, water and air transport;
- improvement in energy supply to industry and households;
- promotion of science and technology to enhance productivity and development;
- promotion of Information and Communication Technology (ICT);
- development of the tourism sector for revenue and employment generation; and
- increased employment generation and the improvement and expansion of the social safety nets.

The result of the review of these indicators is presented below:

### **3.1 Private Sector Development**

The results of data analysed indicate that the number of days taken to register a business, the volume of domestic credit accessed by the private sector as a ratio of GDP and the number of days spent on resolving commercial disputes exceeded the respective targets set for 2006, and showed significant improvements over the 2005 levels. These subsequently, have impacted positively on the environment for doing business, FDI net inflows, as well as the level of economic activities which all experienced an improvement over the 2005 situation.

### **3.2 Modernised Agriculture**

The overall growth rate of the agriculture sector in 2006 was 5.7% and contributed about 35.8% to the GDP. This exceeded the GPRS II target of 5.2%, but fell below the growth rate of 6.6% anticipated in the 2006 budget statement. The performance of the sector in terms of the yield of the key staple crops declined in 2006. The yield of maize, cassava, and plantain recorded a decline in 2006 from the 2005 levels. The rate of growth in the production of livestock, however, increased by an average of 4% over the level attained in 2005. The decline in yield of the selected crops notwithstanding, the country's food security situation appears to be fairly stable since per capita production of key staple foods made some significant progress in 2006 with at least 50% of the selected products exceeding their target.

Efforts to promote commercial farming however yielded limited results and the projected target of 2.5 in 2006 could not be met. Risk to agriculture production continues to be high and the share of credit to agriculture by Deposit Money Banks and percentage of cultivated lands under irrigation continue to decline.

### **3.3 Fisheries and Aquaculture Development**

Available data indicates that the marine fisheries sub-sector has started showing signs of recovery, recording an estimated 3.6% growth in 2006 following a decline in 2005. The total surface water under fish farming also increased from 231.4ha in 2005 to 508.58ha in 2006, thus exceeding the target projected for 2006.

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

Limited progress appears to have been made in most of the indicators relating to this policy area. The cost of environmental degradation keeps increasing and was estimated to have accounted for nearly 6% of GDP in 2006 (up from 5.5% in 2005), while the hectares of degraded forest, mining, dry and wet lands rehabilitated or restored did not match the targets set for the year.

Significant progress was made in realising the objective of increasing the benefit of sharing proceeds from natural resource exploitation. The proportion of timber royalties going to resource owners in both on-reserve and off-reserve areas achieved target for 2006. Also the time taken to register land improved significantly during the year under review from 12 months in 2005 to about 7 months in 2006.

### **3.5 Trade and Industrial Development**

The value of non-traditional exports increased from U.S\$777.59 million in 2005 to U.S\$892.88 million in 2006, constituting an increment of about 15% over the previous year's level. This exceeds the 10% target set for 2006. The average number of days for clearing goods from the nation's ports improved from 4 days in 2005 to 2 days in 2006, thereby exceeding the target for 2006.

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

In the area of road transport, total funds disbursed for routine maintenance, periodic maintenance, reconstruction and upgrading works, relative to the maintenance needs exceeded the target in 2006, and the level attained in 2005. The total length or proportion of roads maintained or rehabilitated in 2006 accounted for 75.6%, falling below the 2006 target of 89% but exceeded 2005 level of 67%. In all, feeder roads accounted for the bulk (i.e. 53%) of all maintenance and rehabilitation works.

The total length of national road network currently stands at 48,381km, which represents an increase of about 546 km over the 2005 figure. The condition report indicates a road condition mix of 45% in good condition, 28% fair and 27% poor. This compares favourably with the 2005 condition mix which stood at 42% in good condition, 31% fair and 27% poor.

Available data indicates that the volume of both maritime and rail passenger and goods traffic declined. Passenger traffic by rail which stood at 64,000 (thousand passenger-km) in 2005 declined by 40% to 38,000 (thousand passenger-km) in 2006, while goods traffic by rail (in thousand tonnes-km) fell by 19% in 2006. On the other hand, while maritime traffic (goods unloaded) declined by about 18% from the 2005 the decline in goods loaded in terms of maritime traffic was only marginal, representing about 0.1%, from the 2005 figures

The review of the air transport sub-sector indicates that total air freight, number of aircraft flying into the airspace, and the number of air traffic passengers all increased. However, while the number of air traffic passengers exceeded the set target by about 1%, the total air freight and the number of air craft movement fell short of their respective targets by 2% and 4%.

### **3.7 Energy Supply to Industry and Households**

The year 2006 was a particularly difficult year for the energy sector as it was characterised by shortages in energy supply and increases in the price of crude oil and petroleum products. As a result of the serious electricity supply deficit, a load-shedding programme was instituted in August 2006 which resulted in increase in the average number of hours of electricity outage per consumer per year. The percentage of households with access to electricity supply however increased, though marginally, from 45% in 2005 to 48% in 2006.

### **3.8 Science and Technology for Increased Productivity and Development**

Currently appropriate indicators and sufficient data are not available to objectively assess the impact of science and technology on increase in productivity and development. However some indicative figures obtained on government expenditures of the three main public

institutions engaged in science and technology research, namely the Ministry of Environment and Science, Council for Scientific and Industrial Research (CSIR) and Ghana Atomic Energy Commission (GAEC), amounted to US\$3, 258,260.90 (constituting about 0.03% of GDP) in 2006. This represents only 5.3% of the total investment budget of the Ministry of Education Science and Sports.

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

The overall teledensity or the penetration rate of telephones improved over the 2005 level, and exceeded the target set for 2006. The current teledensity is estimated to be about 27.2%, comprising 25.5% mobile and 1.7% fixed lines. This compares favourably with the 2005 level of 16.6%, comprising of 14.9% mobile and 1.7% fixed lines. However progress towards increasing internet access is still slow. The proportion of internet subscribers increased marginally by 0.05% instead of the 2% targeted for 2006, while the number of schools also with internet access increased marginally from 53 (including 46 Senior Secondary Schools, and 7 Teacher Training Institutions) in 2005 to 58 (including 50 Senior Secondary Schools, and 8 Teacher Training Institutions) in 2006.

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

Ghana ranks 10th in terms of the volume of tourist arrivals in Africa and is considered a serious emerging market with high potential in the region. The percentage change in the volume of tourist arrival declined marginally in 2006 and fell short of the target. Total receipts by the sector increased by about 18% over the level recorded in 2005, generating nearly 183,192 jobs in the process, which is about 6% more than the jobs generated in 2005.

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

A total of 200,000 new jobs were generated in 2006 compared with 125,000 in 2005 contributing to a reduction in the level of unemployment from 11.1% in 2005 to 10% in 2006. This is attributed to the implementation of the National Youth Employment Programme and improved business environment which is the necessary for attracting private investments (both domestic and foreign) and providing employment opportunities, among others.

## **4.0 HUMAN RESOURCE DEVELOPMENT**

The main goal of Human Resource Development in the GPRS II is the production of a knowledgeable, well-trained and healthy population with the capacity to drive and sustain private sector-led growth. A summary of progress made towards attaining the targets set out in this thematic area, using some selected key indicators is presented as follows:

### **4.1 Education**

Increasing access to quality education is a key strategy for attaining the educational outcomes necessary to ensure quality human resource for accelerated economic growth and poverty reduction.

### Access to Education

Significant progress was made in improving the level of enrolment at the basic school level over the past year. Growth in enrolment at the kindergarten level registered 9.8%, while the primary school and Junior Secondary School (JSS) levels recorded increases of 7.8% and 8.8% respectively. Compared to the previous year, gender parity (GPI) at the kindergarten and primary levels remained relatively stable, while the GPI at the JSS level improved.

### Quality of Education

Improving the quality of education has been more challenging. The significant increase in enrolment at the basic level has increased pressure on the existing classroom facilities and teachers.

The proportion of trained to untrained teachers continues to decline, in spite of various initiatives to train and retain teachers. The deployment of teachers to deprived regions and districts also continues to pose critical challenges to the education sector. Pupil: Teacher Ratio (PTR) at the primary level increased from 34.9:1 in 2004/05 to 35.7:1 in 2005/06, indicating an increase in the workload of teachers for the period. However, declines in PTR were recorded in the deprived regions and districts during the period under review. These declines in the deprived areas are due to the attraction of more pupil teachers to the teaching profession as a result of the pupil teacher-upgrading programme implemented during the year.

For the first time, the nationwide School Education Assessment (SEA) was successfully administered. The SEA provides a good tool to measure and improve quality of education. A total of 900,000 students in grades 2 and 4 were assessed.

## **4.2 Health**

The objectives of health sector policy continue to focus 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.

### Bridging the Equity Gaps in Access to Quality Health and Nutrition Services

The review of performance of the health sector indicated that almost all the sector-wide indicators registered improvements. The performance of some of these key indicators is summarised below:

#### *(i) Outpatient Per Capita*

This indicator is a proxy measure of physical access to health care and nutritional services. In 2006, utilisation of clinical services decreased from the 2005 level of 0.54 per capita to 0.52 per capita. A number of factors may account for the low utilisation of health services and these include among others, population growth, industrialization and inadequate reports from the private sector.

*(ii) Coverage of Immunisation*

Significant progress was made during the year in the immunisation of children. The coverage of immunisation against measles improved to 85.1% in 2006 compared to 82% in 2005. In addition 84.2% of children were immunized with Penta 3 vaccine. The sector is making progress in its effort to eradicate polio and since September 2003, there have been no reported cases of wild polio virus. This is mainly due to the successful NIDs and improved routine immunisations in the country. The elimination of measles is also under way with no reported cases of death since 2003.

*(iii) Antenatal Care (ANC)*

The coverage of antenatal care has remained relatively high. Over 80% of pregnant women now have access to antenatal care services.

*(iv) Supervised Deliveries*

Increasing coverage of skill attendance during labour and delivery is critical to reducing maternal mortality. Supervised delivery is the percentage of deliveries attended by skilled health personnel, irrespective of the outcome (This excludes deliveries conducted by traditional birth attendants). In 2006, the overall coverage of supervised delivery nationwide increased from 40.3% in 2005 to 44.5% in 2006, a 4.2% increase over the 2005 performance.

*(v) Guinea Worm Cases*

A cumulative total of 4136 cases were recorded in 2006. This represents an increase of about 6% over the 3,981 cases reported in 2005 despite increased efforts to eradicate the disease. Thus guinea worm eradication efforts need to be intensified.

*Improving Doctor- Population Ratio*

The doctor-population ratio in the country is improving steadily. Currently, there is one doctor to 10,641 persons. This represents a modest improvement over the 2005 ratio of 1: 16,000. . The improvement could be attributed to the implementation of retention policies including enhancement of salaries for doctors and the establishment of the Ghana College of Physicians and Surgeons, which provides post-graduate training for doctors. However, the three most deprived regions-Northern, Upper West, Upper East still have the worst doctor: population ratios of 1:63,614, 1:44,317, and 1:28,670 respectively

*Improving Nurse: Population Ratio*

The nurse population ratio in 2006 was one nurse per 1,636 persons, which is an improvement on the ratio of 1:1,800 persons in the previous year. The regional distribution of nurses however indicates marked regional disparity.

*Ensuring Sustainable Financial Arrangements that Protect the Poor*

The proportion of the population registered under the National health Insurance Scheme (NHIS) increased during the year from 22% in 2005 to 38% in 2006. There was also positive growth in the proportion of registered members exempted from payment under the scheme

(children under 18 years of age; persons over 70 years of age). At the regional level, the three northern regions experienced the fastest growth in the proportion registered between 2005 and 2006. The Greater Accra region remains the region with the lowest proportion of NHIS registrants.

### *Reducing new HIV Infections*

Prevention of new HIV infections, particularly among the youth (aged 15 to 29) is strategic to managing the menace

The HIV Sentinel Survey Report on pregnant women indicated that the mean HIV prevalence among adolescents and the 25-29 year age group increased between 2005 and 2006. The results suggest renewed emphasis on the HIV/AIDS campaign and devising new and innovative strategies to target the youth.

### *Reducing the impact of HIV/AIDS related Vulnerability, Morbidity and Mortality*

Several activities were implemented in 2006 to reduce the impact of HIV/AIDS related vulnerability. These included advocacy sessions; development and adoption of National Policy Guidelines on Orphans and Vulnerable Children (OVC); Voluntary Counseling and Treatment Services; PMTCT services across the country; the administration of the Antiretroviral Therapy (ART) and Antiretroviral Combination Treatment to approximately 14.4% of people in need. The media was also supported to scale-up targeted HIV/AIDS messages

### *Malaria Control*

The following two key interventions on multiple malaria prevention were implemented in 2006 under the Malaria Control Programme to reduce the incidence of the disease. These were:

#### *a) Scaling up the Distribution of Insecticide Treated Nets (ITNs)*

The use of ITNs has been shown to be effective against malaria. There was significant improvement in the use of ITNs by high risk groups (children under 5 years and pregnant women). The proportion of children under five years using ITN increased from 26% in 2005 to 32.3% in 2006. For pregnant women the proportion increased from 26.8% to 46.3% during the period.

#### *b) Implementing Intermittent Preventive Treatment (IPT) Policy*

Malaria contributes to the incidence of miscarriages and low birth weights among pregnant women. To prevent these poor health outcomes, IPT provides chemoprophylaxis for all women during pregnancy. In 2006, all district health facilities implemented the IPT policy. About 230,269 pregnant women received 2 doses or more of the treatment in 2006.

### **4.3 Population Management**

The focus of policy on population management is to enhance access to and utilisation of family planning services; and promote compulsory and universal birth registration.

#### *Promote Access to and Utilisation of Family Planning Services*

The effective utilisation of family planning services has a positive impact on the quality of maternal health and plays an important role in reducing the level of fertility. Estimates based on previous DHS results indicate modest progress in access to and use of family planning services.

#### *Promoting Compulsory and Universal Birth Registration*

The level of registered births decreased from 67% in 2005 to 54% in 2006. A significant proportion of births in Ghana thus remain unregistered.

### **4.4 Water and Sanitation**

The policy thrust of this sector is to increase access to safe water and adequate sanitation in rural and urban communities.

The level of access continued to improve in both rural and urban communities in 2006. The percentage of rural population with access to safe drinking water increased marginally from 52.0% in 2005 to 53.18% in 2006; access was much better for the urban population than for the rural population, and increased from 55% to 56.0% during the period under review.

An assessment of progress made towards improving sanitation is seriously compromised by the absence of adequate data. The most reliable data sourced from the result of the 2003 Core Welfare Indicator Questionnaire (CWIQ) indicates that only 55% of the population had access to adequate sanitation with marked regional variations. However data available on solid waste disposal indicate that three out of the four largest cities in Ghana namely Accra, Kumasi and Takoradi, exceeded targets set for 2006.

### **4.5 Housing and Slum Upgrading**

#### *Access to Safe and Affordable Housing*

Available data shows that only about one in ten Ghanaians had access to secure housing in 2004 and the situation has barely improved as at 2006. This means most Ghanaians live under insecure housing tenure conditions and face the problem of possible eviction.

#### *Promote Slum Upgrading*

Available Information indicates that about one in five Ghanaians live in what are classified as slum areas with poor access to basic infrastructure including water, electricity supply, proper drainage system, and poor sanitation.



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

The focus of medium term policies under the Good Governance and Civic Responsibility thematic area is to:

- deepen democracy;
- improve the institutional, legislative and policy environment;
- promote gender equity;
- improve citizen responsibility to the state;
- adopt evidence-based decision-making; and
- harness the development potential of traditional authorities.

A summary of progress made towards attaining the targets set out in this thematic area is presented as follows:

### **5.1 Strengthening the Practice of Democracy and the Rule of Law**

#### *Strengthening Parliament*

The capacity of Parliament was strengthened through workshops conducted on issues relating to: (a) reducing tension between DCEs/MCEs and MPs; (b) promoting good parliamentary practices; and (c) assist the leadership of Parliament in discharging its oversight role in ensuring the attainment of the MDGs. Budgetary allocation to Parliament was also increased in 2006.

#### *Ensuring Free and Credible Elections*

Two successful by-elections and district assembly elections were successfully conducted in 2006. The government passed the Representation of Peoples' Amendment Law, enacted to enfranchise Ghanaians living abroad. The policy of instituting an Election Fund is however yet to be implemented.

#### *Fostering Civic Advocacy to Nurture the Culture of Democracy*

A platform was offered to civil society to participate in the Consultative Group meeting on the GPRS II held in April 2006 and government further supported the liberalisation of the operations of the media which has led to the emergence of new newspapers and new radio stations across the country. A Peoples' Assembly was held by His Excellency the President in Sunyani, in the Brong Ahafo Region which brought ordinary citizens into contact with the President. The public budget making process has also been democratized to promote civic ownership and participation in economic governance.

### **5.2 Enhancing Decentralisation**

#### *Expanding Decision-Making in MMDAs*

National and regional level workshops were organised by the Local Government Service in conjunction with the Ministry of Public Sector Reform, Office of Head of Civil Service, the

Ministry of Local Government Rural Development and Environment to discuss a range of issues including, organization structures, management and legal reporting relationships, the timing of the programme implementation the establishment of the Departments of the Assemblies, the integration of line departments, the transfer of functions/resources and staff to the MMDAs, and financing of the Districts.

The Integration of the four decentralized departments of the Ministry (Community Development, Births and Deaths, Parks and Gardens and Town and Country Planning) was initiated in the year.

#### Ensuring Proper Functioning of Sub-District Administration Structures

Recommendations on reforming the sub-district structures of MMDAs have been made to reduce the number of Unit Committees from 16,000 to 5,000 and the membership of each committee from 15 to 7.

#### Strengthening MMDA Revenue Generating Capabilities

The MLGRDE introduced specific strategies to increase the level of internally generated revenue from a minimum of 14% to 65%. Cabinet endorsed the District Development Fund (DDF) including the plan for its operationalising in the 2008 fiscal year. The Ministry completed the final draft of the Functional Organisational Assessment Tool (FOAT) Design Report and its implementation manual.

### **5.3 Protecting Rights under the Rule of Law**

#### Enhancing Speedy and Affordable Access to Justice

Support to the Judiciary was enhanced through capacity building programmes, supply of office equipment and improvement in infrastructure. About 70 Attorneys participated in various international conferences, workshops and seminars in and out of Ghana. The Legal Aid Scheme in collaboration with FIDA conducted sensitization clinics in 5 selected regions to promote awareness on the availability of legal aid services.

### **5.4 Public Safety and Security**

#### Improving Internal Security

Joint police-military patrols conducted in 2006 improved the security situation in the country. This was preceded by a joint police-military training on internal security at the Army Junior Staff College for a batch of 10 police officers. A new sense of safety and security by citizens has developed. Some however consider the slow nature of searching of vehicles at night and the resultant night traffic build up as a nuisance.

## Increasing National Capacity to Ensure Safety of Life and Property

### The Police:

The Ghana Police Service continued its policy of recruiting 2,000 new entrants annually to augment the strength of the Service. In 2006, a total of 1711(520 women) were recruited and trained in basic policing. The total strength of the Ghana Police Service as at December, 2006 increased to 17,826. The police citizen ratio as at December 2006 stood at 1:1121 (compared to 1:1021 in 2005).

Budgetary allocations for capital expenditures including maintenance of service vehicles, ration and uniforms and for the purchase of communication equipment, new vehicles and other logistics for the service increased in 2006.

### Supporting for Victims of Domestic Violence:

The Police Administration opened 23 new offices and desks for the DOVVISU across the country. The Unit now has 63 offices and desks in different parts of the country. Also, all the regional DOVVISU offices are now headed by Senior Police Officers. This has significantly improved the operations, administration and supervision of the Unit within the regions.

### Neighbourhood Watch Committees:

In 2006, the police improved upon its relationship with the communities. Neighbourhood Watch Communities were established across the country to complement the efforts of the police in combating crime.

### Crime Situation in the Country:

The general crime situation in the country during the fourth quarter of the year 2006 showed an increase of 28.3% of the total cases reported as compared to that of the same period the previous year.

### Forestalling External Aggression

Border Patrol Units have been established to assist in dealing with cross-border crimes, smuggling and arms and human trafficking. Joint border patrols by the Immigration Services and Customs, Excise and Preventive Service (CEPS) have been introduced. The number of metal detectors and scanners at the border has also been increased. The ceding of the Preventive Service domain of CEPS to the Immigration Service is being discussed by government. Common border check-points have been operationalised at borders with Burkina Faso, Togo and La Cote d'Ivoire. There has been increased sharing of intelligence and vital information on cross-border crimes and criminals in West Africa.

## **5.5 Public Policy Management and Public Sector Reform**

### Increasing the Capacity of the Public and Civil Service for Accountable, Efficient, Timely and Effective Performance and Service Delivery

Substantive 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, and policy formulation, among others. Organizational analysis and redesign were completed and implemented; performance monitoring system has been developed; and a new staffing and internal training plan have been developed and is being implemented.

The MPSR initiated action on the three components of the Service Delivery Improvement Programme (SDIP) namely:

- Client Service Units,
- Business Process Reviews; and
- President's Excellence Awards Programme (PEAP).

The details are presented in Chapter Five.

## **5.6 Fight Corruption and Economic Crimes**

Government continued implement anti-corruption measures in public procurement by ensuring the adherence to the provisions of Public Procurement Act 2003 (Act 663). Most public institutions now apply the recommended procurement procedures in their procurement activities. Evidence of openness is the noted in the increase in the number of tenders published in the newspapers. In addition, 109 Review Boards were also set up in MDAs and MMDAs. However, many MDAs report difficulties in the functioning of the Entity Tender Committees.

Public perception on the prevalence of corruption in the procurement process is still high.

## **5.7 Empowerment of Women**

### *Enforcing Existing Laws Protecting Women's Rights*

The Department of Women at the Ministry of Women and Children Affairs carried out a nationwide public education and sensitization on the Domestic Violence to solicit public opinion and suggestions on the Bill. The Department assisted in educating and lobbying Parliament on the Bill and the effects of violence on family life. At the time of compiling this review the Bill was passed into law (Domestic Violence Act 2007 (Act 732)

### *Enhancing Women's Access to Economic Resources and Promoting Women in Public Life*

The Ministry of Women and Children's Affairs launched a "Women in Local Governance Fund" in March 2006, to support women aspirants to local assemblies. After training, 1,783 women aspirants were given a minimum amount to prepare for the elections District Assembly elections. Radio programmes were also run to create awareness for voters to vote for women.

Government is earnestly pursuing an Affirmative Action Policy which is aimed at increasing the proportion of women in administrative and political leadership. There is a gradual increase in the number of women appointed to leadership positions in the public service.

### Promoting Gender Budgeting

The Ministry of Women and Children's Affairs commissioned a study on gender budgeting in Ghana and continues to analyse and promote gender equity in the formulation of national policy frameworks and budgets.

## **5.8 Enhance Development Information Management**

### Promoting the Development of Modern Management Information System

Government is seeking to improve the efficiency and effectiveness of information dissemination by adopting one messaging and workflow system throughout MDAs. Under this programme a single standard for ICT within government under the auspices of the Ministry of Communications (MoC).

## **5.9 Promoting Evidence Based Decision-Making**

### Strengthening the Database for Policy Formulation and Decision-Making

The Ghana Statistical Service completed the Ghana Living Standards Survey 5 (GLSS 5). The NDPC in collaboration with the GSS also undertook training and awareness creation on the use of the GhanaInfo Data Base to prepare the ground for evidence-based policy making, general planning, monitoring and evaluation.

## **6.0 LINKING THE GPRS II AND THE 2006 BUDGET**

Financing the GPRSII from the budgetary resources required a close linking and alignment of the Budget with the thematic areas of GPRS II as was started under the GPRS I, namely Private Sector Competitiveness, Human Resource Development and Good Governance and Civic Responsibility so as to be able to finance the activities and programmes envisaged under the GPRS.

Consistent with the policy of enhancing the functional alignment of the national budget to the goals, policies and objectives prioritized in the GPRS II, a number of activities were undertaken in 2006, including workshops organised to improve MDAs understanding of the MTEF process as well as linking the GPRS II to the Budget;

The budgetary allocation and the actual spending in 2006 are not properly aligned to the GPRS II resource allocation. This may be attributed to the following. Firstly, on the GOG side, there may be increased expenditures in a particular sector of the economy due to unanticipated or unprogrammed events being undertaken in that sector. These increases in expenditure may not reflect the spending priorities in the GPRS II costing framework. Secondly, the inflows of donor resources into the economy are not based on the priorities

outlined in the GPRS II costing framework. The Controller and Accountant General Department which provides data on actual expenditure is yet to modify and align its budgetary data format with the GPRS thematic areas.

Although, the actual expenditure of \$562.3 million in the private sector competitiveness thematic area was below the GPRS II and budgetary allocations, it constituted about 45.7 % of actual spending, the highest for 2006. This was due to the increased donor spending in this area.

Resource allocations to activities under the thematic area of human resource development constituted 38.9% of the total budgetary outlay. This is lower than the 53.7 % in the GPRS II resource allocation requirement.

The thematic area of Good Governance and Civic Responsibility which was projected to receive the lowest proportion of financial resource allocations of 9.9% under the GPRS II actually received 16.2% of the budgetary allocation.

Total projected figure of €3,810.465 billion in donor inflows was below the budgeted figure of €6,251.815 billion. The bulk of disbursements from this source was channeled to the infrastructure sector (40.8%). In the economic sector agriculture and energy were the major recipients of donor funding. The education and health took 99.6% of allocations to Social sector, although the bias was towards Education.

About 57% of total poverty reduction expenditure was provided from the Government discretionary budget. In 2006, direct spending to poverty reduction related activities increased significantly by 49.9% to €12,374 billion and exceeded planned spending in the Budget by 3.24%. It constituted about 34.86% of total government spending in 2006. The poverty related expenditures were mainly allocated to the Basic Education, Primary Health Care, Agriculture, Rural water, Feeder Roads and Rural Electrification components of the strategy.

Pro-poor discretionary spending in 2006 was supplemented by HIPC funds disbursed on all the thematic areas of the GPRS II. Actual releases from the HIPC fund constituted only 58% of planned spending. Both the Human Resource Development and Private sectors received more than planned allocation from the HIPC resources.

The Outcome of these expenditures on poverty reduction yielded positive results in the areas of education, malaria control, the eradication of measles and polio, HIV/AIDS and coverage for rural water supply.

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

District Assemblies were assisted to develop and prepare District Medium Term Development Plans (DMTDPs) which are consistent with the broad national goal and objectives of the GPRS II. All Districts Assemblies have completed the task of drafting their development plans.

Guidelines for District M&E Plans have also far been developed and issued by the NDPC to assist the District Assemblies to develop their own district M&E Plans. The objective is to institute an effective and efficient system for tracking the implementation of programmes, projects and activities and also generate timely reports and other stakeholders. The guidelines were successfully piloted at training sessions held in 2006.

Revenue for financing development programmes at the district level is generated from central government transfers, grant facilities from development partners', and revenues internally generated by the district assemblies. The District Assemblies' Common Fund (DACF) still remains the dominant reliable source of funding for the implementation of district development programmes. Total releases of funds from the DACF to all districts since its establishment in 1994, amounts to ₦4,363.180 billion.

It is evident that the collection of the internally generated revenue remains very low and constitutes only 14% of the total revenue base of district assemblies. Only two regions were able to generate internal revenue equivalent to a fifth of their total revenue accruals. The persistent weak capacities of district assemblies to generate adequate levels of internal revenues needs to be addressed through training programmes on modalities for enhancing the level of internally generated revenues, effective monitoring of performance and the institution of an appropriate incentive schemes including the enforcement of appropriate penalties.

# CHAPTER ONE

## INTRODUCTION

### 1.1 BACKGROUND

This Annual Progress Report (APR) is a review of the status of actions taken on the implementation of policies outlined in the Growth and Poverty Reduction Strategy, GPRS II in 2006. The report has been compiled from the result of the assessment of a set of indicators, triggers and targets which have been adopted for monitoring and evaluating the achievements of key policy and programme interventions implemented in 2006. The objectives of the APR are to:

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

The document provides an update on the status of actions taken on policies, programmes and projects implemented during 2006 within the framework of GPRS II. Specifically, it outlines and assesses the status of the following:

- the set of core indicators agreed in the GPRS II M&E Plan, including additional ones that have since been identified;
- the linkage between the 2006 Annual Budget and the GPRS II;
- policy initiatives prioritised in the 2006 Annual Budget;
- follow-up actions on policy recommendations made in the 2005 APR;
- the Multi-Donor Budget Support (MDBS) programme; and
- performance towards the attainment of the Millennium Development Goals (MDGs) and the African Peer Review Mechanism (APRM).

The report is presented in seven chapters. The first chapter presents an overview of the monitoring and evaluation activities related to the development of the 2006 APR. Chapter two is a review of macroeconomic performance and economic governance, and chapters three to five outline the status of actions taken on the implementation of the policies and measures outlined in the three thematic areas namely (Private Sector Competitiveness, Human Resource Development and Good Governance and Civic Responsibility). Issues relating to the financing of the GPRS II at the national and district levels are discussed in Chapter 6 and 7 respectively.

### 1.2 CHALLENGES TO DATA COLLECTION IN THE MONITORING AND EVALUATION OF THE GPRS II

Generally, data used in the preparation of this report were obtained mainly from sector ministries, departments and agencies, and metropolitan, municipal and district assemblies.



Problems encountered in data collection were not significantly different from those identified in the previous year. Key among the problems were the following:

- inconsistencies in some data collected;
- difficulties posed to the capacities of ministries, departments and agencies (MDAs) in responding to the different monitoring and evaluation needs and reporting requirements of different stakeholders;
- inadequate financial and human resources for the conduct of monitoring and evaluation activities at the various levels of governance;
- a number of new indicators which have emerged during the preparation of the GPRS II which do not have baseline or current data to support the setting of realistic targets and monitoring.
- differences in the annual reporting cycles adopted by the MDAs as indicated in the Table 1.1 below.

**Table 1.1: Reporting Cycles, and Data Gaps for Selected MDAs**

MDA	INDICATORS WITHOUT DATA	ANNUAL REPORTING PERIOD
Ministry of Finance and Economic Planning	- Budget deviation Index	February
Ministry of Women and Children's Affairs		February-March
Ministry of Health	- Maternal Mortality Ratio - Percentage of rural population with access to adequate sanitation. - Percentage of urban population with access to adequate sanitation.	April
Ministry of Education, Science and Sports	- Percentage change in Research and Development expenditure (Public)	March
Ministry of Trade, Industry, PSD & PSI	- Private fixed investment (as % GDP) - Time Taken to get duty drawback	April
Ministry of Food and Agriculture	- Percentage changed in agro-processing and agro-business enterprises and micro-enterprises established	March
Ministry of Fisheries	- Total Fish Production (mt) a. Inland Capture fisheries	April
Ministry of Lands, Forestry and Mines	- Hectares of degraded forest, mining, dry and wet lands rehabilitated/ restored a. Mining b. Dry and wetland	March
Ministry of Road Transport		April
Ministry of Aviation	- Total funds disbursed to the rail and maritime sub-sectors, relative to the investment needs a. Air	April
Ministry of Ports, Harbours and Railways	- Total funds disbursed to the rail and maritime sub-sectors, relative to the investment needs: b. Rail c. Maritime	March
Ministry of Energy	- Average number of hours of electricity outage per consumer per year	May
Ministry of Communications	- Size of the ICT industry	February
Ministry of Tourism and Diaspora Relations		March
Ministry of Manpower, Youth and Employment	- Social Protection Exp as percentage of GDP	February

Other challenges to data collection which were identified are discussed below:

*(i) Metropolitan, Municipal and District Assembly (MMDA) Level*

It was observed that contrary to the requirement for MMDAs to submit monthly trial balances to the Ministry of Local Government, Rural Development and Environment (MLGRDE), most district reports cover only 6 months of the year. It was also noted that there are a number of deficiencies in the quality of the data collected at the district level. This could be attributed to limited capacity to process data at this level. There are also inconsistencies relating to the DACF returns at both the MLGRDE and the DACF thus making analysis and reconciliation very difficult.

*(ii) Macroeconomic Stability*

Data received on macroeconomic indicators turn to be provisional. Data received from the Ministry of Finance and Economic Planning (MoFEP) and the Bank of Ghana (BOG) as at February 2007 covered transactions through the 3<sup>rd</sup> quarter of 2006, while that from the Controller and Accountant Generals Department (CAGD) was up to November 2006.

The specific challenges associated with collecting data had to do with the classification of resource allocations. Whereas the MoFEP has put in place mechanisms to track releases based on the GPRS II thematic groupings, the CAGD continues to classify actual figures according to the traditional functional classifications. This makes reconciliation of disbursements of funds (releases) and actual expenditures very difficult.

*(iii) Private Sector Development*

Key data collection challenges for this thematic area related to the non-availability of data on several indicators. This was due to a number of new indicators which were selected for monitoring the performance of this thematic area.

*(iv) Human Resource Development*

Generally data collection challenges identified in previous years still apply. These include inconsistencies in some of data collected and the differences in the annual reporting cycles.

*(v) Good Governance and Civic Responsibility*

Information received on this thematic area were mostly descriptive and highly dependent on secondary sources. This could be traced primarily to the difficulties in identifying quantitative indicators for tracking progress towards the implementation of policies and programmes.

## **Summary of Policy Recommendations:**

Drawing from the general and specific data collection challenges, the following recommendations are made to enhance the data collection processes in order to facilitate the development of subsequent Annual Progress Reports:

- the accounting systems of the MMDAs should be reviewed to identify any bottlenecks which impedes efficient reporting;
- the different reporting formats issued to the MDAs from the Office of the President, the Office of the Head of Civil Service and the NDPC should be harmonised;
- MDAs should be required to prepare sector APRs which would subsequently feed into the APR of the GPRS II; and
- it is essential that sector APRs be prepared and submitted by the end of February to enable NDPC meet the deadline for the production of the national report not later than April each year. There is therefore the need to realign the reporting timelines of all MDAs to the timeframe for the development of the national APR.

### **1.3 KEY ACTIVITIES FOR THE MONITORING AND EVALUATION OF THE GPRS**

In line with the participatory processes which were adopted in formulating, monitoring and evaluating the GPRS I& II, the following three important activities were conducted in 2006:

#### **1.3.1 Dissemination of 2005 APR**

A series of two-day regional workshops were organised nationwide to disseminate the 2005 APR and the Citizen's Assessment Report on the implementation of GPRS I.

The objectives of the dissemination exercise were to:

- promote public awareness on the 2005 APR and the Citizen's Assessment Report;
- promote dialogue and obtain feedback on the progress made in the implementation of key policy and programme interventions undertaken under the various thematic areas of GPRS II; and
- collect data for the preparation of the 2006 Annual Progress Report.

Participants were drawn from the ten Regional Planning and Coordinating Units (RPCUs) and the 138 District Planning and Coordinating Units (DPCUs), the regional and district directors of key sector departments: Agriculture, Health and Education. The Regional/District Coordinating Directors, Planning Officers, Budget Officers and Representatives from Civil Society Organisations (CSOs) also attended the meetings which were facilitated by technical staff of the NDPC.

Participants made the following recommendations towards enhancing the communication strategy of the GPRS II:

- the dissemination workshops should be extended to the towns and villages;

- handouts and tracts capturing key elements of the GPRS II should be developed to improve upon the dissemination process; and
- adequate time should be allocated for the workshops to ensure that participants' concerns are sufficiently addressed.

### **1.3.2 Evaluation of the GPRS I**

A comprehensive evaluation of the GPRS I was initiated in 2006 to assess the general effect on the socio-economic development of the country and specifically to:

- evaluate to what extent the GPRS was relevant, efficient and effective for achieving sustainable impacts on poverty reduction and growth;
- identify evidence of good practices, lessons and recommendations on the implementation of the GPRS;
- determine how, why, when and the circumstances or context under which the GPRS has achieved or could not achieve intended objectives; and
- show clear links between development policy objectives, intended outcomes and the strategic directions adopted to achieve those objectives in development programming in Ghana.

The evaluation was also designed to assess the Poverty Reduction Strategy Paper (PRSP) approach and its impact on various variables of development management which could be used in strengthening the M&E of the GPRS II and future development programming in the country.

Working groups of experts were set up to evaluate the following aspects of the GPRS I:

- design and ownership of the GPRS I
- poverty analysis over the period the GPRS I was implemented
- macroeconomic stability for accelerated growth
- production and gainful employment
- human resource development and access to essential services
- vulnerability and exclusion
- governance and increased capacity of the public sector
- monitoring and evaluation issues of the GPRS I

### **1.3.3 GhanaInfo Database**

The GhanaInfo database was launched by NDPC and GSS in July 2005. It is a comprehensive national socio-economic database made up of a compilation of indicators suitably adopted for planning and policy formulation.

The number of activities which were carried out in 2006 include the following:

- training of the staff of PPMEDs;
- regional roll-out of the GhanaInfo;
- workshop on general data collection;
- workshops on statistical literacy; and

- workshops on the orientation and updating of GhanaInfo database.

Following the launch of the GhanaInfo, there was the need to train focal persons in the MDAs. Consequently, sixty officers from the MDAs were trained during the period December 2005 to January 2007.

The regional roll-out programme was designed to introduce the GhanaInfo to officers of the RPCUs and also expose the regions to the operational modalities of the national database. These workshops were successful on account of the high attendance, enthusiasm of participants and the ease with which the exercises were undertaken.

Various units of the Ghana Statistical Services collected data for use by the GhanaInfo and there was the need to bring the relevant units together to share ideas related to the data collection challenges they encountered on the field. An off-site workshop was thus organised over a 3 day period for about forty-five participants.

Workshops on statistical literacy were held for staff of the GSS, NDPC, Media and Religious bodies and Civil Society Organisations to sensitize participants on the need to appreciate the value of statistics.

The Ministry of Roads and Transport is currently collaborating with the GSS to set up a database on transport indicators. Workshops have been organised to this effect and a budget presented for the implementation.

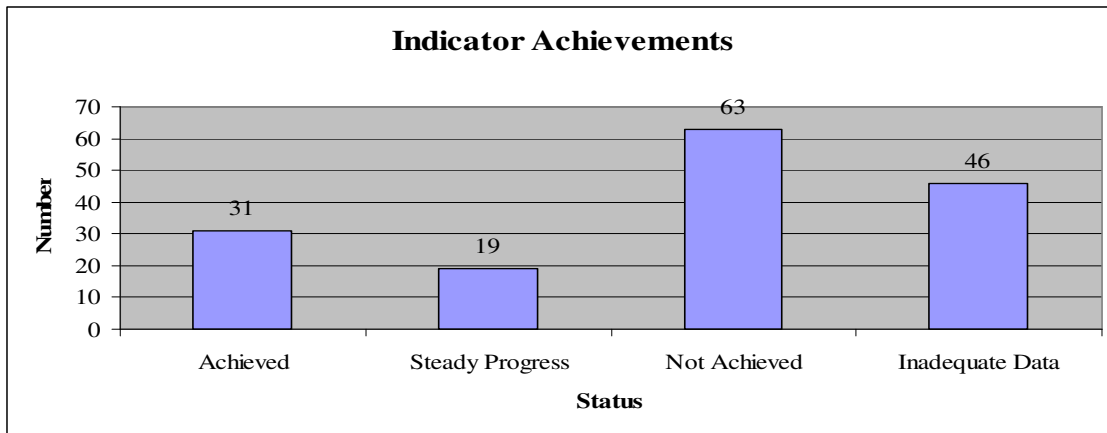
#### 1.4 SUMMARY OF PROGRESS – GPRS II CORE INDICATORS

Table 1.2 below provide a summary of assessment of performance on the GPRS II core indicators that were identified and monitored to date.

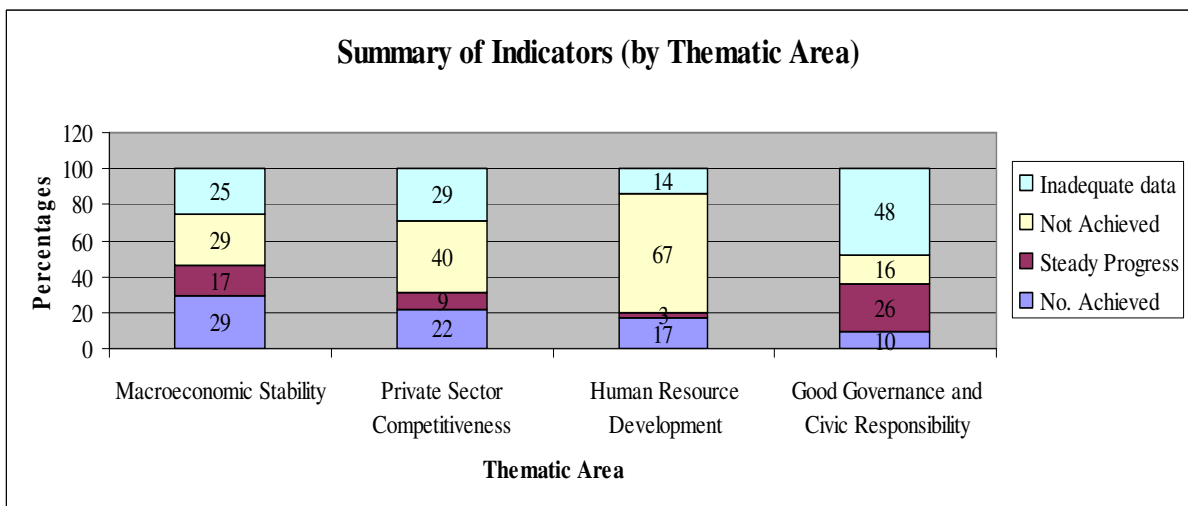
**Table 1.2: Summary of the Progress made on Indicators**

<b>Thematic Area</b>	<b>No. Achieved</b>	<b>Steady Progress</b>	<b>Not Achieved</b>	<b>Inadequate data</b>	<b>Total</b>
Macroeconomic Stability	7	4	7	6	24
Private Sector Competitiveness	15	6	27	20	68
Human Resource Development	6	1	24	5	36
Good Governance and Civic Responsibility	3	8	5	15	31
<b>Total</b>	<b>31</b>	<b>19</b>	<b>63</b>	<b>46</b>	<b>159</b>

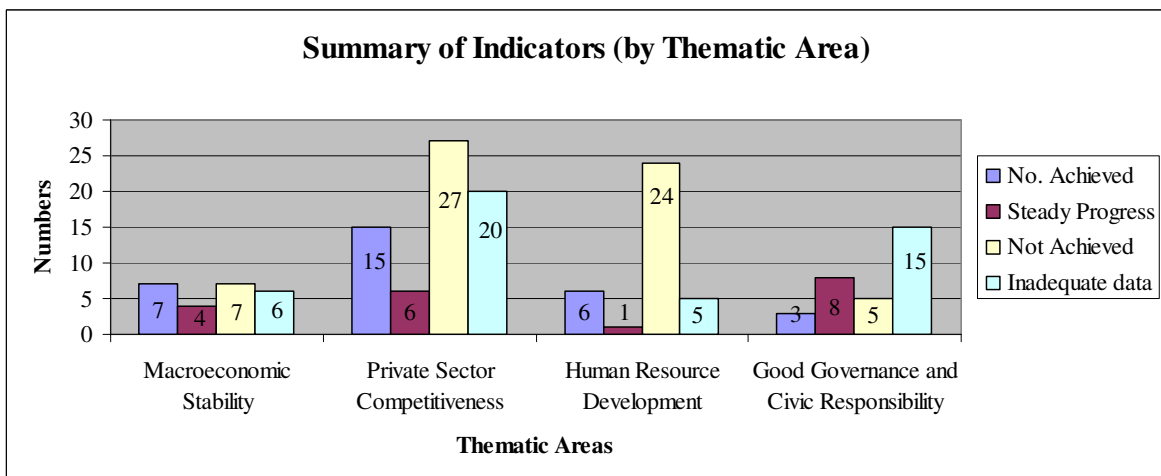
**Figure 1.1a: Summary of Indicator Achievement for 2006**



**Figure 1.1b: Summary of Indicator Achievement for 2006 – Cumulative Percentages**



**Figure 1.1c: Summary of Indicator Achievement for 2006 (by Thematic Area)**





## **CHAPTER TWO**

# **MACROECONOMIC PERFORMANCE AND ECONOMIC GOVERNANCE**

### **2.1 INTRODUCTION**

The GPRS II is guided by the goal of doubling the size of the economy (in terms of real production) within the next decade and bringing the per capita income of the average Ghanaian to middle income level by 2015. The strategy for attaining this goal is to accelerate growth of the economy through sustained macroeconomic stability, strengthening the capacity of the private sector to lead the growth, development of an adequate, knowledgeable and healthy human resource while deepening good governance and civic responsibility.

In this context GPRS II will continue with the implementation of policies that will enhance and sustain the gains made in macroeconomic stability under GPRS I by ensuring:

- prudent fiscal policy management;
- a monetary policy that is flexible enough to respond to external shocks, promote growth and ensure price stability;
- real interest rates that enhance effective mobilisation of savings and make credits affordable to the private sector; and
- maintenance of relatively stable real exchange rates that promote Ghana's competitiveness in international trade.

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

Within this framework and overall objective of the GPRS II, the following macroeconomic policy objectives were to be pursued to attain macroeconomic stability and improved economic governance in 2006:

- improving expenditure management
- promoting effective debt management
- improving fiscal resource mobilisation
- price exchange stability
- improving the institutional, legal and regulatory framework
- deepening the capital market
- strengthening the financial sector
- creating amore diversified financial sector and improve access to financial services
- improve import competitiveness
- diversify and increase export base
- instituting mechanisms to manage external shocks
- accelerating economic integration with other regional and/or sub regional states



To track progress towards the attainment of these objectives the following indicators have been selected:

- per capita GDP (in US\$);
- real GDP Growth Rate;
- real sectoral growth rate;
- percentage contribution of sub-sectors to GDP (in %);
- inflation;
- interest rates;
- domestic revenue;
- overall budget deficit;
- exchange rate;
- foreign reserves;
- external debt; and
- domestic debt-servicing.

A review of the macroeconomic indicators for the first year of implementation of the GPRS II reveals that some progress has been made in the implementation of macroeconomic policies in 2006 and that economic performance has continued to be broadly satisfactory leading to a stable economic environment. The economy of the Ghana has remained resilient in the wake of increased world crude oil prices. The favourable environment has been achieved as a result of improved fiscal management, prudent monetary management, debt relief, a supportive international environment and structural reforms. The review of performance of key indicators in 2006 is presented below:

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

The GPRS II targets the economy to grow at an annual rate which is projected to rise from 6% to 8% towards the realization of a middle income status by 2015.

The growth rate of GDP for 2006 was projected at 6.11% in the GPRS II while the 2006 Annual budget had targeted 6.0%. The actual growth rate of 6.2% was above these two targets. This growth was mainly driven by the significant growth experienced in the industrial and services sectors.

Agriculture has been identified as the lead sector among the strategic sectors, as investments in this sector has the potential to accelerate economic growth in the medium term. Growth in the sector is projected at 5.2% under the GPRS II and 6.6% in the 2006 Annual budget. Actual agricultural growth was 5.7% which was above the GPRS II target but significantly below the Annual budget target. The 5.7% agricultural growth has been attributed to increase in cocoa production and marketing. It must be noted that the 8.7% growth in the cocoa sub-sector far exceeded the targets of 3.0% set under the GPRS II.

The fishing sub-sector has started showing signs of recovery, recording a 3.6% growth in 2006 from the negative 1.2% growth in 2005. As a result of the lower than expected agricultural growth, its share as a percentage of GDP declined from 36.0% in 2005 to 35.8% in 2006, while it contributed 2.1% to the overall GDP growth.

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

INDICATOR	GPRS 2006 Target	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Per capita GDP (in US\$)	538	434.0	492.4	572.0	Target exceeded
Nominal GDP (million \$)		8862.52	9234.44	12277.63	
Population (in million)	21.0	20	20.52	21.05	
2. Real GDP growth rate	6.1%	5.8%	5.9%	6.2%	Target exceeded
3. Real sectoral growth rate (in %):					
- Broad Agriculture	5.24	7.0	4.1	5.7	
- Broad Industry	6.11	4.8	7.7	7.3	
- Broad Services	5.75	4.9	6.9	6.5	
4. Percentage contribution of sub-sectors to GDP (in %):					Target exceeded Steady progress Target exceeded
- Broad Agriculture	34.6	36.6	36.0	35.8	
- Broad Industry	26.7	24.7	25.1	25.4	
- Broad Services	30.1	29.9	30.0	30.4	
5. End-year inflation	10.4%	11.8	14.8	10.5	Steady exceeded
6. Nominal Exchange Rate of Depreciation (cedi/\$)	Between 0.4% - 4%	-2.2	-0.9	-1.1	Target met
7. Interest Rates (%):					Steady Progress
- Bank of Ghana Prime Rate	Na	18.50	15.50	12.50	
- Demand Deposits (Annual Av.)	Na	7.50	7.13	7.13	
- Savings Deposits (Annual Av.)	Na	9.50	6.38	4.75	
- Lending Rates (Annual Av.)	Na	28.75	26.00	24.25	
- 91-Day Bills (Annual Av)	Na	17.08	11.45	10.70	
8. Foreign remittance as a percentage of GDP	Na	14.5%	16.8%	15.5%	Steady progress
9. Gross international reserve (months of imports of goods and services)	≥3months	3.04	3.8	3.2	Target exceeded
10. Ext. Debt service as percentage of exports of goods and service	2.3%	5.36%	5.81%	3.17%	Steady progress
11. Domestic revenue (excluding grants) as % of GDP	23.5%	23.9%	23.9%	22.7%	Slow progress
12. Budget deficit excluding grants/ GDP	≤4%	3.2	2.7	4.9	Slow progress
13. Deficits as % of GDP		8.85	7.2	7.7	
14. BOG financing of Deficit/ Domestic revenue (excl. grants)	<10%	1.57	-8.79	-0.8	Target met
15. Incidence of extreme poverty	26% by 2015)	39.5% (1998/99)	Na	28.5%	Significant progress
16. BPEMS generated and reconciled fiscal reports issued monthly within 4 weeks		-	-	-	Delayed rolled out
17. Removal of secondary reserves				Removed	Target met
18. Computerization of the inter-bank foreign exchange market				Ongoing	Slow progress
19. Establish credit referencing bureau				Bill in Parliament	Steady progress
20. Availability of diversified financial institutions providing alternative financial services to bank products				ongoing	Steady progress

Sources: Bank of Ghana, MOFEP, Budget Statements, 2006

**Table 2.2: Percentage Sectoral Growth Rates (2002-2006)**

	2002	2003	2004 Actual	2005 GPRS Target	2005 Budget	2005 Actual	2006 Budget	2006 Actual	GPRSII 2006 target
GDP	4.5	5.2	5.8	5.0	5.8	5.9	6.0	6.2	6.11
Agriculture	4.4	6.1	7.5	4.8	6.5	6.5	6.2	5.7	5.24
Crops and livestock	5.2	5.3	5.4		6.0	6.0	6.2	6.0	6.11
Cocoa	-0.5	16.4	29.9		13.2	13.2	12.2	8.7	2.99
Forestry & Logging	5.0	6.1	5.8		5.6	5.6	5.6	2.6	3.86
Fishing	2.8	3.0	3.5		3.6	3.6	3.6	3.6	3.9
Industry	4.7	5.1	5.1	5.2	5.8	5.6	6.4	7.3	6.11
Mining & Quarrying	4.5	4.7	4.5		4.9	3.0	6.3	3.0	3.22
Manufacturing	4.8	4.6	4.6		5.5	5.5	5.0	4.2	5.53
Electricity & Water	4.1	4.2	3.7		4.5	6.6	4.0	23.0	6.11
Construction	5.0	6.1	6.6		7.0	7.0	7.5	8.2	6.11
Services	4.7	4.7	4.7	5.1	5.4	5.4	5.5	6.5	5.75
Transport, Storage & Communication	5.7	5.8	5.6		6.0	6.0	6.0	7.2	6.11
Wholesale & Retail Trade	5.6	5.0	4.9		6.1	6.1	6.2	7.5	6.11
Finance & Insurance	5.5	5.2	4.8		5.6	5.6	5.7	7.6	6.06
Government Services	3.6	4.0	4.4		4.3	5.0	5.0	5.7	5.13
Community, Social & Personal Services	4.4	4.1	4.2			4.3	4.2	4.2	5.54
Producers of private non-profit services	3.1	3.3	3.5		3.8	3.8	3.8	4.5	4.92

Source: 2004 Annual Progress Report/2003-2007 Budget Statement

Industrial growth was a contributory factor to the GDP growth rate of 6.2%. The 7.3% industrial growth with electricity and water (23%) being the major contributory sub-sectors exceeded the GPRS II and the Annual budget targets of 6.1% and 6.4% respectively.

The Mining and Quarrying and the Manufacturing sub-sectors underperformed with growth rates lower than projected in the GPRS II and the Annual budget. The Construction sector with 8.2 %, growth rate exceeded the target for the year. This is attributed to increased activities in road construction and other infrastructural projects in the country.

As a share of GDP, the industrial sub-sector has improved from 24.7% in 2004 to 25.4% in 2006 although it is still below the GPRS II target of 26.7% for 2006. Although modernisation of agriculture is a priority for growth under the GPRS II, its share in GDP was expected to decline from 36% in 2005 to 34.6% in 2006, although the actual was 35.8%.

The services sector almost maintained its share in GDP at around 30%.

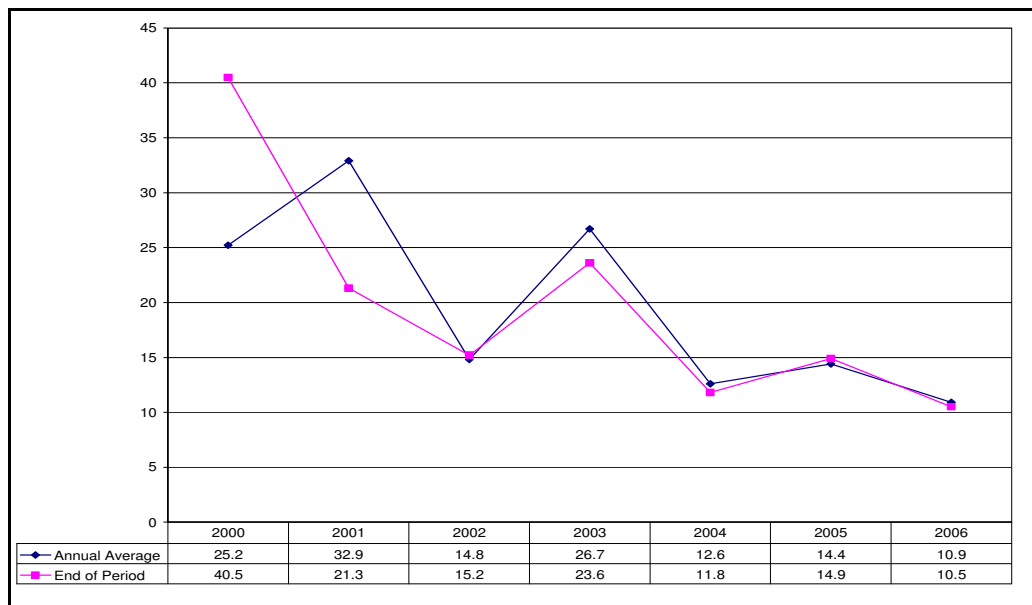
### 2.2.2 Trends in Inflation

The inflation rate as measured by the year-on-year CPI which has been declining from 23.6% since 2003 fell to 10.6% in 2006. This rate is still higher than the single digit target set in the GPRS II for 2006. This may be attributed largely to the upward adjustment in crude oil prices

in the global market with the accompanied negative rippling effect felt in small non-oil producing developing economies like Ghana and the underperformance of the agricultural sector.

The effect of crude oil price increases on inflation was ameliorated by the increase in the growth of food crops from 3.3% in 2005 to 6.0% in 2006, the strong monetary policy and the relatively stable exchange rate environment.

**Figure 2.1: Trends in Inflation, 2000 – 2006**



*Source: 2006 Budget Statement/MoFEP*

### 2.2.3 Interest Rates

Following the decline of the Central Bank’s prime rate in 2005 from 15.5% to 12.5% in 2006, the money market rates and the deposit and lending rates all experienced a downward decline in 2006. The average interest rates on the 14-day, 1-month and 2-month Bank of Ghana bills declined to 10.3%, 11.6%, and 11.2% respectively. Also the average interest rate on the 91-day Treasury bill dropped from 11.5% in 2005 to 10.7% in 2006. The Deposit Money Banks’ (DMBs) average savings deposit rate declined from 6.4% in 2005 to 4.8% in 2006, while the average lending rate which was 26.0% in 2005 also declined to 24.3% in 2006.

### 2.2.4 The Government Budget

In the course of 2006, the government continued to promote the practice of efficient taxation and enhanced confidence in the tax system by introducing measures that seek to remove the bottlenecks that impede revenue generation and collection. A number of reform initiatives which were implemented covered procedures, reporting requirements, and increased

vigilance to prevent smuggling and under-invoicing of imports. These measures have subsequently improved domestic revenue mobilization.

#### *i. Domestic Revenue*

As a percentage of GDP, domestic revenue has registered a smooth and steady growth. However, domestic revenue as a percentage of GDP declined from 23.9% to 22.3% in 2006, just below the 2006 target of 23.5%. In 2006 domestic revenue was ₵25,360.1 billion against a budget estimate of ₵26,438.8 billion.

The outturn for overall total government receipts amounted to ₵41,357.1 billion, against the budget estimate of ₵43,468.2 billion. Total revenue and grants in 2006 amounted to ₵31,917.7 against an outturn of ₵28,256.4 billion registered for 2005. This shows a 13% increase over the outturn for 2005. The relatively high outturn of total receipts recorded is mainly due to receipts from the Multilateral Debt Relief Initiative (MDRI) totaling ₵1,980.4 billion.

#### *ii. Overall Budget Deficit*

The overall budget balance recorded a deficit equivalent to 7.7% of GDP compared to the budget estimate of 4.5% of GDP. The domestic primary balance also recorded a deficit of 1.9% of GDP against the budget estimate of a deficit of 1.4% of GDP. As a result, the main fiscal anchor - domestic debt-to-GDP ratio was 10.1% against a target of 8.7% for 2006.

Although one cannot assign the increase in the deficit to a given expenditure item, a comparison of the numbers before and after the fiscal slippage indicates that the decline in the revenue to GDP ratio was equivalent to just under two-thirds of the widening in the deficit. Lower revenues were due primarily to tax exemptions granted on imports. The other one-third increase in the deficit can be assigned to public sector pay increases and to energy subsidies. As a result, the domestic debt to GDP ratio, which has been the cornerstone of fiscal policy over the last few years, is estimated to have risen to 13.8% by end of 2006, up from 10.8% at end of 2005. While part of the increased deficit was financed by issuing government bonds, a large fraction of these bonds were purchased by foreign investors. The latter meant that less pressure than expected was placed on domestic resources, allowing the Bank of Ghana to maintain its policy of gradually reducing interest rates in line with the decline in inflation.

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

#### *i. Exchange Rate*

In 2006, the cedi maintained its relative stability against the major international currencies though the British Pound and the Euro strengthened due to international market developments. The cedi depreciated by 9.5% against the British Pound and 7.8% against the Euro, while a moderate depreciation of 1.1% was recorded against the US dollar. The underlying reasons for the relatively stable exchange rate were the improved private remittances through formal channels, foreign exchange liquidity on the forex market, and

sound fiscal and monetary policies which allowed a build-up in external reserves, International recognition of the cedi was finally established in October 2006 with the first euro-cedi bond issued offshore by the Africa Development Bank (AfDB).

*ii. Balance of Payments*

Provisional data indicate that the balance of payments (BOP) recorded a surplus of US\$178.8 million compared to the surplus of \$84.34 million in 2006. This improvement is attributed to strong export performance, strong growth in remittances, donor resources and debt relief.

*iii. Foreign Reserves*

The Bank of Ghana accumulated net international reserves in 2006, and as a result the level of gross international reserves went up to US\$2 billion which was enough to provide cover for 3.2 months of imports of goods and services.

*iv. External Debt*

Ghana's total medium and long-term external debt as at end 2005 stood at US\$6,347.9 million. This amount was reduced significantly to US\$2,143.79 million in 2006, as a result of a 66 % debt reduction secured under the Multilateral Debt Relief Initiative (MDRI).

The composition of external debt remains largely the same as in 2005 as the country continues to hold more of multilateral debt, amounting to about US\$1,359.2 million (constituting 63.4% of total external debt), of which the World Bank contributes about 44.3%. Bilateral debt constitutes about US\$610.49 million (representing 28.5%) of total external debt with the remaining US\$174.1 million (representing 8.1%) ascribed to commercial debt. External debt service as a percentage of exports of goods and services declined from 5.8% in 2005 to 3.17% in 2006 which is still higher than the target of 2.3%.

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

*i. Domestic Debt Stock*

The Public Domestic Debt (excluding ₵4,952.3 billion interest bearing revaluation stock and other long-term stocks held by Bank of Ghana) stood at ₵17,061.2 billion or 15.21% of GDP. This represents an increase of ₵3,420.2 billion or 25.2% over the stock of ₵13,631.0 billion in 2005. Factors which account for the increase in the domestic debt include the following:

- lower-than-projected receipts from tax revenues and divestiture proceeds;
- delays in inflows and non-receipt of some pledged funds from the Multi-Donor Budget Support;
- unanticipated demand and agitation for higher wages by the public sector workers.
- unanticipated transfers to SOE's such as TOR and VRA on account of under-recovery and higher oil requirements respectively.

ii. *Domestic Debt Servicing*

By end-September 2006, domestic debt service amounted to ₵11,396.1 billion, made up of a redemption of ₵9,554.0 billion and ₵1,842.1 billion interest payment, compared to ₵15,133.1 billion during the same period in 2005. This represented an overall reduction of ₵3,737.0 billion (24.7 %) over the 2005 level.

## 2.3 TRENDS IN SELECTED POVERTY INDICATORS

Evidence from the results of various GLSS surveys conducted up to the fourth round indicates that poverty levels have been falling consistently. Results from the GLSS 5 conducted in 2005/2006 indicate that the proportion of Ghanaians described as poor in 2005/06 was 28.5%, falling from 39.5% in 1998/99. The proportion of persons described as extremely poor declined from 26.8% to 18.2%. Thus it appears that the first Millennium Development Goal of halving the poverty rate could be met ahead of time if growth of the economy continues to be sustained at high levels.

**Table 2.3: Poverty Incidence by Locality**

Locality	Poverty		Extreme Poverty	
	1998/99	2005/06	1998/99	2005/06
Accra	4.4	10.6	1.9	5.4
Urban Coastal	31.0	5.5	19.0	2.0
Urban Forest	18.2	6.9	10.9	2.9
Urban savannah	43.0	27.6	27.1	18.3
Rural Coastal	45.6	24.0	28.5	11.5
Rural Forest	38.0	27.7	21.1	14.6
Rural Savannah	70.0	60.1	59.3	45.4
ALL	39.5	28.5	26.8	18.2

*Source: Ghana Statistical Service, Pattern and Trends of Poverty in Ghana, 1991-2006, April 2007, Tables A1.1 and A1.2*

**Table 2.4: Poverty Incidence by Region**

Region	Poverty		Extreme Poverty	
	1998/99	2005/06	1998/99	2005/06
Western	27.3	18.4	13.6	7.9
Central	48.4	19.9	31.5	9.7
Greater Accra	15.2	11.8	2.4	6.2
Volta	37.7	31.4	20.4	15.2
Eastern	43.7	15.1	30.4	6.6
Ashanti	27.7	20.3	16.4	11.2
Brong Ahafo	35.8	29.5	18.8	14.9
Northern	69.2	52.3	57.4	38.7
Upper East	88.2	70.4	79.6	60.1
Upper West	83.9	87.9	68.3	79.0
ALL	39.5	28.5	26.8	18.2

*Source: Ghana Statistical Service, Pattern and Trends of Poverty in Ghana, 1991-2006, April 2007, Tables A1.5 and A1.6*

The decline in poverty and extreme poverty between 1998/99 and 2005/2006 was more evenly distributed than in the earlier periods of 1991/92 to 1998/99. All the localities and regions with the exception of the city of Accra and the Upper West region experienced declines in poverty. (Tables 2.3 and 2.4). While the city of Accra experienced an increase in poverty, Greater Accra Region experienced a decline in poverty from 15.2% to 11.8% between 1998/99 and 2005/2006, although extreme poverty worsened, implying that areas in the region outside the city witnessed significant declines in poverty. The Central and Eastern regions experienced the largest decline in poverty. These may be attributed to the concentration of programmes implemented under the President's Special Initiatives on Cassava, pineapples, and Oil palm in the Central Region and increased export of pineapples and cocoa from the Eastern region.

The overall decline in poverty may be attributed to the high growth rates achieved during the period of implementation of GPRS I. The growth has come from high growth in cocoa production. Thus the benefits of the growth are maintained in the more significant reductions in poverty in the cocoa producing localities and regions. Figures from the GLSS 5 show that there have been significant increases in employment across the economic sectors leading to significant reduction in poverty.

Analysis of the data suggest that if income inequalities had not worsened more in the rural areas than the urban areas during the 1998/99 to 2005/2006 period, the improvement in poverty reduction through growth would have been better for the rural areas than in the urban areas (Table 2.5).

**Table 2.5: Decomposition of Change in Poverty Headcount-1998/99 to 2005/06**

Locality	Total change	Share of change due to:	
		Growth	Redistribution
National	-10.9	-13.5	+2.6
Urban	-8.6	-8.6	0.0
Rural	-10.4	-13.8	+3.4

*Source: Ghana Statistical Service, Pattern and Trends of Poverty in Ghana, 1991-2006, April 2007, Tables 3*

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

In order to realise the strategic objectives outlined under the macroeconomic and economic governance areas, a number of policy measures and strategies were implemented in 2006. The following section is a review of some of the key measures and strategies.



## **2.4.1 Management of Fiscal Policy**

### *i. Improving Expenditure Management*

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

Considerable progress was made in the implementation of the BPEMS especially in the areas of deployment of 3 modules (general ledger, accounts payable and purchase ordering) in the entire 8 pilot MDAs and the complete and uninterrupted connectivity of the pilot MDAs through Fibre Optic Wide Area Network.

In June 2006, the Integrated Personnel and Payroll Database (IPPD2) was successfully used to pay the salary of the Health Sector Structure (HSS) workers following the introduction of a new pay structure. This was followed by the migration of Pension Payment and the Audit Service Payroll in July 2006. The rest of the Ghana Government Payroll including some pilot subvented agencies were migrated onto the IPPD2 in October 2006.

#### *Ensure Transparency in use of Statutory Funds:*

To improve the Cash Management System, the Controller and Accountant General's Department has successfully operationalised a re-aligned treasury system under which MDAs at the regional level are being serviced exclusively by the Regional Treasuries and the Departments and Agencies at the District level are also being serviced by District Treasuries.

Each Ministry now has one Consolidated Fund sub-account which services the Ministry and its Departments and Agencies at the national level. One Consolidated Fund sub-account has also been created for each of the 10 Regional Coordinating Councils which serves all the Departments, Agencies, and Institutions at the Regional level. In addition, 138 Consolidated Fund sub-accounts have been opened for each of the District Assemblies.

Departmental allocations for MDAs are now being lodged into the respective sub-consolidated fund bank accounts. These measures have been put in place to improve the Cash Management System in the Public Sector.

To ensure judicious, economic, and efficient use of state resources, the Public Procurement Board developed Standard Tender Documents and Manuals for Entity Tender Committees and re-assessed 100 entities to ensure that the entities adhered fully to the provisions in the Public Procurement Act. A margin of preference document to support local businesses has been prepared. A website for the Board was developed and launched in 2006.

#### *Enforce Budget Controls on SOEs:*

The Controller and Accountant General's Department has established Financial Monitoring Units at the Headquarters and Regional Directorates. This is to ensure effective and efficient fiscal decentralisation.

The Ministry of Finance and Economic Planning (MoFEP) has strengthened the capacity of the Public Expenditure Monitoring Unit to track fund releases for the timely implementation

of all government and donor funded projects, as well as ensuring that expenditures are consistent with the budget estimates and growth targets. But there has been less progress in enforcing budget controls over the State Owned Enterprises (SOEs). At present the State Enterprises Commission (SEC) receives only individual reports from the SOEs, but neither consolidate them, nor prepare reports on SOE accounts for the Ministry of Finance and Economic Planning.

The Central Government and the District Assembly Charts of Accounts have been reviewed and harmonised into a common chart of accounts to facilitate comprehensive and timely financial reporting.

### **Promote Effective Dept Management**

The overall thrust of Government's domestic debt management policy in 2006 was to build capacity for improved debt management as well as to broaden and deepen the operations of the domestic money market. The key objectives of improving domestic debt management include the following:

- lowering of borrowing costs;
- containing the growth of the domestic debt;
- lengthening the maturity profile of domestic debt to reduce the rollover/refinancing risk;
- improvement in Public Sector Borrowing Requirements (PSBR) determination and daily/weekly forecasting;
- continuing improvement in the efficiency of Government debt financing through the use of public auctions and stable issuance.

### **Monitor Size of Domestic Debt:**

Government continue to improve upon the achievements made in 2005 for the purposes of meeting the key objectives of:

- reducing the cost of borrowing (lower interest rates) of the various debt instruments. The average Treasury Bill Rate fell from 13.79% in September 2005 to 10.37% in September 2006. The volume of refinancing fell from ₵19.9 trillion to ₵11.0 trillion or from ₵383.0 billion to ₵211.0 billion per week;
- improving the forecasting of Public Sector Borrowing Requirement (PSBR) as a result of the completion of the electronic linkage of Government Accounts at the Bank of Ghana (BoG) to the Ministry of Finance & Economic Planning (MoFEP) and the Controller & Accountant-General's Department (CAGD). Daily account balances and outstanding bills are being factored into the determination of the weekly PSBR.

### **Restructure Domestic Debt Stock:**

The following key achievements were made in 2006:

- shifting towards the longer end of the market by increasing the level of outstanding medium-term instruments. Medium-term funding increased by ₵3,285.1 billion or 43.6%, that is, the balance outstanding as at the end of September 2006 stood at ₵10,818.1 billion compared to ₵7,533.0 billion in September 2005; and

- listing of the 2-year fixed rate treasury note and 3-year fixed rate treasury bond on the Ghana Stock Exchange (GSE), which took place in October 2006 to boost trading in these securities.

*Reduce Stock of Domestic Debt (20% of Projected HIPC Relief Funds Applied to Domestic Debt Stock Reduction):*

Planned expenditures incurred from the HIPC relief funds for 2006 came to a total of ₵2,277.74 billion out of which ₵455.5 billion was applied to offset the domestic debt. As at the end of September 2006 total domestic debt payments amounted to ₵96.98 billion.

***ii. Improve Fiscal Resource Mobilization***

*Minimise Revenue Leakages in all Collecting Agencies:*

The Ministry of Finance and Economic Planning in collaboration with National Security Agencies embarked on operations to curtail leakages in the revenue collection system of ten MDAs. The positive effect of this exercise was that some defaulting companies which understated their shipping quantities started paying amounts owed to government. Illegal operators arrested in respect of false vehicle licensing, issue of false passport, business registration certificate and birth certificates were prosecuted.

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

The IRS implemented the Venture Capital Tax Incentive and reduced the corporate tax rate from 28% in 2005 to 25% in 2006. The Service also extended Loss Carry Forward to cover agro-processing, tourism and ICT industries. The one-off Amnesty on penalties and sanctions for self-disclosure of unreported taxes for the first 6 months of the year was implemented by the service. The tax stamp programme designed to widen the tax net, especially to cover the informal sector, was re-launched in September 2006. In the area of personal income tax relief, the tax bands for income earners were expanded and modified. The taxation of overtime income was also fully implemented.

The VAT Service operationalised the VAT Refunds Scheme and by July 2006, 654 refunds had been processed. The full impact of the scheme was expected to be felt by the end of 2006.

The VAT Service has initiated steps to implement a Flat Rate Scheme (FRS) at 3.0% of sales value for the informal sector without recourse to input VAT claims as programmed in the 2006 budget. It is hoped that most of the difficulties of the sector will be addressed by the FRS which will be closely monitored to ensure its success.

### *Strengthen Revenue Collection Institutions:*

The automation of IRS operations was initiated on a pilot basis by installing the Tanzania version of ITAX software. The system is to be adapted and staff to be trained for full operationalisation.

The automation of operation of transit regime was also launched on a trial basis in September 2006 and it is expected to be in full operation by the beginning of 2007. This is intended to ensure that cargo entered in transit through Ghana duly leave Ghana for the entered destination. The import of this measure is to stop the diversion of transit goods into the Ghanaian market without the corresponding revenue inflows.

### *Strengthen MMDAs for Improved Tax Collection:*

As part of its initiative towards improving the generation of Non Tax Revenue, the Ministry of Finance and Economic Planning (MoFEP) released an amount of €4.8 billion to 16 MDAs to enable them implement revenue enhancement measures, including revenue monitoring, training of revenue collectors, provision of equipment, public education, and improvement in compliance with statutory provisions.

## **2.4.2 Monetary Policy**

### ***i. Improve Liquidity Management***

The year-on-year growth rate of reserve money at the end of the third quarter was 32.3% compared with 19.3% in the third quarter 2005. Seasonally adjusted, annual growth in reserve money at the end of the review period was 16.4%, which is below the 32.3% growth in the actual series.

Available data for the year 2006 shows that the annual growth rate of broad money supply, which includes foreign currency deposits (M2+) was 39.1% compared to 18.6% in the third quarter period of last year. The growth in broad money was evenly reflected in its components even though the domestic currency component dominated. Broad money excluding foreign currency deposits (M2) increased by 39.1% in 2006, compared to 22.5% in September 2005.

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

The law on Collateral Enforcement and Truth in Lending was reviewed. The following bills were prepared and submitted to Parliament for consideration and enactment:

- Credit Reporting Bill (passed in 2006);
- National Insurance Bill(passed in 2006);
- Foreign Exchange Bill(passed in 2006);
- Central Securities Depository Bill(in Parliament);
- Apex Bank Regulations (in Parliament); and
- Insolvency Bill (passed in 2006).

It is expected that these instruments would enable the private sector to have access to more capital and more diversified sources of capital and access to financial services including micro finance, etc.

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

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

Implementation of capital market development policies is showing results. This is indicated by the shifting maturity composition of government debt with an increasingly large percentage of investors moving from short-term to medium-term instruments. However, the current yield curve which is limited to 3 years does not provide a strong signal for financial institutions to lengthen the terms of their loans to the private sector.

Building on the success of the medium term instrument, the Ministry of Finance listed 2 and 3 year medium term bonds on the Ghana Stock Exchange as part of measures to develop the secondary market for Government debt securities. Furthermore, the preparatory work on the establishment of an International Financial Services Centre is in its advanced stages.

#### **Expand Bond Markets:**

In 2006 the Securities and Exchange Commission (SEC) consolidated its existing MOU with the capital market regulator in Nigeria. Another MOU with the Financial Services Board (FSB) of South Africa was to be signed before the end of this year. This will encourage sharing of information and cross listings between South Africa and Ghana.

In September 2006, the Securities and Exchange Commission approved the listing of Ecobank Transnational Incorporated (ETI) on the Ghana Stock Exchange. ETI was simultaneously listed on all the stock exchanges in the sub-region – Ghana, Nigeria and Cote d'Ivoire. This brings to 3, the number of cross-listed stocks on the GSE.

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

The Ministry of Finance and Economic Planning established a Financial Services Division to be responsible for policy formulation and the development of Ghana's Financial Sector.

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

The numbering of houses and naming of streets under the current initiative to implement a National Identification System has commenced.

#### **Reduce Bank of Ghana Secondary Reserve Requirements:**

The Bank of Ghana (BOG) secondary reserve requirement for banks was abolished during the year.

*Promote Competition in the Financial System to Reduce High Interest Rates:*

To promote fair and competitive interest rates, the Bank of Ghana has directed all bank and non-bank financial institutions with effect from January 1, 2007 to publish in all advertisements for loans as well as disclose transparently to all prospective borrowers, the Annual Percentage Rate (APR) of interest applicable to their loans, including loan processing and administration fees.

*Create a more Diversified Financial Sector and Improve Access to Financial Service*

For this policy objective, it was expected that there would be an increase in long-term savings, increase in savings as percentage of GDP, as well as an increase in credit to the private sector as a share of domestic credit.

As part of the efforts aimed at creating a more diversified financial sector and improving access to financial services, the Government continued to implement the blueprint for the financial sector deregulation as follows:

- The Central Securities Depository (CSD) is now operational with the bill submitted for parliamentary approval to make it possible for equities to be admitted into the depository;
- The Long Term Savings (LTS) bill was passed along with the subsequent appointment of the respective Boards of the Venture Capital Trust Fund and the Long term savings scheme. The Chief Executive Officer of the Venture Capital has also been appointed;
- The Insurance Bill was laid in parliament before the end of 2006 to ensure efficiency and competitiveness of the insurance industry. This is expected to support innovation and risk management in pursuit of capital market development in the country;
- the Legislative Instrument on ARB Apex Bank Regulation is in Parliament; and
- the credit reporting bill has been passed.

In 2006, government initiated preparatory work on the establishment of an International Financial Services Centre (IFSC) in Ghana. The centre will enable Ghana to provide specialised financial services for offshore customers in the areas of banking, insurance, securities, leasing and other non-bank financial services.

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.

In 2004, the Venture Capital Trust Fund Act was passed to provide a vehicle for SMEs to raise equity and quasi-equity capital. The Venture Capital Trust Fund has signed 2 investment agreements with venture capital finance companies. However, government is working to enable more venture capital finance companies participate in the scheme.

### **2.4.3 International Trade Policy**

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

A study on the impact of tariff on companies is underway to inform the improvement of the incentive regime for businesses and the development of methodology for computing the “Effective Rate of Protection” for local industries. Single corridor and 100% inspection for customs clearance of textile imports was instituted.

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

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

Group export Marketing Schemes were implemented by Ghana Export Promotion Council (GEPC) for associations of vegetable growers. Confirmed orders of €20.24 billions (US\$2.2 million) for fruits, vegetables, medicinal plants and seeds, garments, fish and wood, secured through government facilitated trade missions.

MOTIPSD&PSI has established 3 Export Trade Houses (ETH) namely Ghana Export Trade Company Ltd (Gextraco), Ghana Trade Centre (GTC) and Ghanextrade. The ETH serves as commercial intermediaries between SME suppliers and buyers located in different countries by helping to identify and select markets, evaluate client products and related materials, negotiate export contracts as well as providing promotional support to Ghanaian SMEs.

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

Ghana continued to play a strong role within continental and sub-regional groups in all international trade negotiations for a.

Ghana is an active member of the World Trade Organization (WTO) which aims at achieving improved, secure and predictable market access opportunities in a more equitable international trading system. At the ongoing Doha Development Round, Ghana together with other developing countries are negotiating a secured development oriented outcome, particularly the cotton initiative, the elimination of trade distortions and the reduction of tariffs and non-tariff measures in industrial products. Ghana together with other West African countries is engaged in the negotiation of the WTO-compatible Economic Partnership Agreement (EPA) with the European Union (EU) to replace the existing non-reciprocal preferential trade regime in the Cotonou Partnership Agreement (CPA).

The EPA is expected be more supportive of the West African integration processes, assist in the achievement of broader development goals, enhance the productive capacity of West African countries and accelerate their integration into the global trading system.

##### *Take Full Advantage of Preferential Access to Markets such as AGOA, EU-ACP:*

National working groups were constituted to coordinate preparations for Ghana hosting of the AGOA Forum in 2007 and UNCTAD in 2008; lobbying by African Ministerial Group led

to third country fabric provision of AGOA being extended from 2007 to 2012 by US Senate and Congress.

### *iii. Institute Mechanisms to Manage External Shock*

As at the end of 2006 the level of international reserves was about US\$2.0 billion, enough to cover more than three months of imports of goods and services.

## **2.5 SUMMARY OF POLICY RECOMENDATIONS**

- i. The government should continue to sustain macroeconomic stability and prudent fiscal policy management in the areas of:
  - public expenditure management;
  - external resource mobilization;
  - non-tax revenue mobilization;
  - financial sector development; and
  - fiscal policy monitoring
- ii. The Revenue Agencies Governing Board should review and strengthen its strategic operations in meeting its mandate. Activities towards the computerization of the Internal Revenue Service (IRS) should be accelerated.
- iii. The coverage of the integrated financial management system under the BPEMS should be expanded to the remaining MDAs, as well as the regional and the district capitals.
- iv. The Controller and Accountant General's Department should consolidate and expand 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. This is to facilitate comprehensive reporting and fiscal decentralisation.
- v. To improve non-tax revenue collection, the MoFEP should collaborate with the Ministry of Local Government and Rural Development to implement measures to improve the capacity of MMDAs to generate revenue and facilitate the review of obsolete and unrealistic fees and charges by MDAs
- vi. The government should continue its efforts at strengthening and ensuring a more facilitative regulatory framework to improve the financial market infrastructure to increase access and depth of financial services.
- vii. The MoFEP should continue to monitor and evaluate the impact of fiscal policy on sectoral performance of MDAs and MMDAs to ensure that the budgetary allocations are used to fund activities that lead to the realization of sectoral targets.
- viii. The financial sector reforms should focus on inducing more competition and efficiency in the bank and non-banking institutions with the view to narrowing the wide interest rate spread.





# CHAPTER THREE

## PRIVATE SECTOR COMPETITIVENESS

### 3.1 INTRODUCTION

The focus of medium-term policies outlined under the thematic area of Private Sector Competitiveness is to achieve accelerated growth through modernised agriculture, led by a vibrant and competitive private sector. The key policy interventions prioritised under this thematic area include:

- the development of the private sector
- modernised 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 including 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 the improvement and expansion of the social safety nets.

Fifty-three indicators have been adopted to track progress over the period of implementation of this segment of the policy framework. The chapter reviews progress made in 2006 towards achieving the set targets including the status of the MDDBS/PRSC policy measures and triggers.

### 3.2 STATUS OF SELECTED INDICATORS, AND KEY POLICY MEASURES, AND STRATEGIES IN 2006

Overall, 15 of the indicators (representing 28%) achieved the targets set with about nine of them exceeding the targets, while 20 of them (representing 38%) fell short of the targets during the year under review. The remaining indicators could not be sufficiently assessed due to unavailability of initial targets or inadequate data. The performance of these indicators is detailed below.

### 3.2.1. Private Sector Development

#### Status of Selected Indicators:

The focus of policies on support to private sector are to; (i) improve Ghana's position in global and regional markets, (ii) enhance efficiency and accessibility of national markets, (iii) strengthen firms competency and capacity to operate effectively and efficiently, (iv) enhance government capacity for private sector policy formulation, implementation, and monitoring and evaluation, (v) facilitate private sector access to capital, (vi) facilitate the removal of institutional and legal bottlenecks, (vii) facilitate innovation and entrepreneurship, (viii) accelerated development of strategic sectors, and (ix) supportive and mindset change of the population towards the private sector.

The key indicators selected for monitoring progress towards the attainment of these objectives include:

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

The results of data analysed indicate that, the number of days to register business, domestic credit to the private sector as a ratio of GDP and the number of days spent on resolving commercial disputes exceeded the respective targets set for 2006, and showed a significant improvements over the 2005 levels. These, subsequently, have contributed to enhancing the environment for doing business, FDI net inflows, as well as the level of economic activities which all experienced an improvement over the 2005 situation. The ease of doing business ranking improved from 102<sup>nd</sup> in 2005 to 94<sup>th</sup> out of a 175 countries assessed in 2006. Additionally Ghana was rated among the top 10 reformers on the ease of doing business, while the Bank of Ghana Composite Index of Economic Activities (CIEA), which is an index of eight economic indicators and measures the level of confidence of businesses in the economy, increased from 225.4% in 2005 to 285.7% in 2006. The FDI net inflows increase from US\$144.97 million in 2005 to US\$434.50 million in 2006 (an increase of 200%).

**Table 3.1: Private Sector Development**

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Ease of Doing Business ranking	Within the first 55 countries in the world by 2009	Na	102	94	Slow Progress toward target, with high prospect for improved business environment. The Bank of Ghana Composite Index of Economic Activities (CIEA) indicates that economic activities are on the increase, showing the confidence of economic agents in the economy.
2. Complementary Indicator: Composite Index of Economic Activities (CIEA)					
CIEA – Nominal Movement =	Na	188.96%	225.39%	285.69%	
CIEA – Year-on-Year growth (Nominal) =	Na	14.26%	19.28%	26.8%	
CIEA – Real Movement =	Na	144.91%	160.43%	140.17%	

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
CIEA – Year-on-Year growth (Real) =	Na	7.98%	10.71%	-12.6%	
3. FDI net inflows (in millions of US\$)	Na	139.27	144.97	434.50	No baseline target, but there was a significant improvement over the previous year's level
4. Number of days for registering a Limited Liability Company	7	Na	14	5	Target exceeded
5. The number of days for resolving a commercial disputes	175	195	185	90	Target exceeded
6. Domestic credit to the private sector as ratio of GDP by 2009	19.6%	13.1%	14.9%	18.0%	Substantial progress towards target

Source: MOTIPPSI/BOG, 2006

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

The following policy measures and strategies were pursued in 2006:

#### **Improve Ghana's Competitiveness in the Global Market**

##### ***Trade Policy:***

The Trade Sector Support Programme (TSSP), commenced fully in 2006. By the end of the year, all the major planned interventions were underway in nine out of the ten components of the TSSP. Preparations for the implementation of the remaining component (IPR) are at an advanced stage. The status of actions taken on the key components of the programme is as follows:

- ***Multilateral Trade Negotiations***
  - Key stakeholders were consulted and regularly briefed on the progress of negotiations by the multilateral and regional trade teams during the year under review. EPA and ECOWAS CET impact assessments were carried out to inform negotiation strategy, as well as strengthening the overseas trade offices with additional staff and equipment to support Ghana's trade negotiation teams. An Inter-Institutional Committee has been reconstituted and is expected to be fully operational in 2007, while national working groups were constituted to coordinate preparations for Ghana's hosting of the AGOA Forum in 2007 and UNCTAD XII in 2008. The lobbying by African Ministerial Group led to third country fabric provision of AGOA being extended from 2007 to 2012 by US Senate and Congress.
- ***Trade Facilitation***
  - The coordinating functions of the MOTIPSD/PSI over the programmes of key institutions facilitating trade was strengthened through regular inter-agency meetings. The extension of the GCNet connectivity to key MDAs (BoG, GSS, MOTIPSD/PSI, IRS, VAT, GSB, GIPC, Minerals Commission, VELD and GEPC) enhanced online inter-agency information sharing. The extension of GCNet to key border points which has enabled more declarants across the country to lodge customs declarations electronically. Other activities undertaken in this area include successful piloting of

transit trade tracking system; remote entry system made fully operational and users trained; a Valuation Appeal Committee established to review petitions on valuations; competition introduced into the provision of cargo handling services; measures implemented to improve port security; fee structure for port services and WTO valuation procedures under review; and involvement of private companies in port services increased and inland container depots being established to ease congestion and facilitate the clearance of goods at Tema port.

- *Import-Export Regime*

- A study on the impact of tariffs on companies was commenced in 2006 to inform the improvement of the incentive regime for businesses and the development of a methodology for computing the 'Effective Rate of Protection' for local industries. A training and capacity building programme on trade contingency measures has been implemented and a single corridor for 100% inspection for customs clearance of textile imports instituted. Preparatory work is underway to develop and institute a Tariff Review Mechanism (Tariff Board), and to revise customs procedures and documentation in the Ghana Free Zones area.

- *Production Capacity*

- The formulation of an Industrial Policy commenced in 2006 and is expected to continue in 2007. Preparatory committee to guide the development of a Future Skills Advisory Group has been established, while the technical assessment of upgrading requirements for existing and proposed Craft Villages has been completed. Also a number of companies engaged in agro-processing (oil palm, cassava, sorghum, tomatoes, sugar, horticulture), garments manufacturing, salt production and crafts production were actively supported to expand production capacity.

- *Export Trade Support Services*

- Group Export Marketing schemes were implemented by the Ghana Export Promotion Council (GEPC) for associations of vegetable growers. Confirmed orders of €20.24 billion (US\$2,200,000) for fruits, vegetables, medicinal plants and seeds, garments, fish and wood products was secured through Government-facilitated trade missions, exhibitions and buyer-seller meetings. Government supported the establishment of three Export Trade Houses to promote the establishment of commercial intermediaries between SME suppliers and buyers located in different countries. Pineapple exporters were provided with financial assistance to introduce the market-preferred MD2 variety. An export trade information centre located in Accra was made fully operational during the year. This facility is expected to be upgraded to host the launching of an online multi-purpose trade information system under the MSME project. A Foreign Trade and Investment programme was commenced with the appointment of representatives in the US and India.

- *Finance and Investment*

- Credit from the Export Development and Investment Fund (EDIF) to exporters increased steadily. The mandate of the fund was extended to support non-export companies in key strategic areas. As at October 2006, EDIF has provided €155.2 billion of financial support to the Non-Traditional export sector.

### *Quality Standards:*

Highlights of progress made are as follows:

- the Sanitary and Phyto-sanitary (SPS) and Technical Barrier to Trade (TBT) National Enquiry Points at Plant Protection Regulatory Services Directorate (PPRSD) and Ghana Standards Board (GSB) have been fully equipped, with a contractor selected for the development of an interactive website to provide access to technical information for exporters;
- a Joint Publication Agreement has been signed between the GSB and the International Trade Centre to customise and publish a guidebook to SPS and TBT requirements for Ghanaian exporters;
- a Quality Management Steering Committee established to commenced work on the development of Quality Management training syllabi for SMEs, the establishment of a professional body for Quality Management practitioners in Ghana and to institute procedures for administering a National Quality Award Scheme;
- stakeholder consultative workshops were organised on the Standards Bill and the Food and Drugs Bill in 2006; agreement has been reached with Parliament to consider and pass the two Bills concurrently;
- the Ghana Standards Board (GSB) has been restructured into commercial and core divisions, with technical experts being recruited to assess the upgrading requirements of selected laboratories;
- negotiations were conducted with the Foreign Agricultural Service of the US Department of Agriculture to support the development of a National Alert System for Ghana.

### *Investment Promotion:*

Key achievements made in this area in 2006 are as follows:

- the third draft of the revised GIPC Act 478 was completed and is further to be benchmarked against models of best practice to ensure that the law provides Ghana with a competitive edge as a preferred investment destination when it is passed;
- a new Tourism Investment Law, Act 1817 was launched by the GIPC and the Ministry of Tourism and Diasporan Relations in March 2006 .The new Law seeks to promote investment in various activities in the tourism value chain through the granting of fiscal incentives and benefits;
- as part of its efforts to increase private investment across the regions of the country, the GIPC collaborated with the respective Regional Coordinating Councils in organizing investment Promotion Seminars/Fora in 8 regions to educate local and prospective investors on the investment climate in Ghana including the opportunities, incentives and guarantees available;
- the GIPC registered a total of 114 investment projects with an estimated investment outlay of US\$2.22 billion. The significant increase in the value of registered projects during the first half of the year was as a result of the projected value of investments by the ALCOA group in the aluminium and bauxite sectors;

- the GIPC also supported investors to secure the relevant permits and approvals for the operation of their businesses and continued to provide advisory, hand-holding and liaison services to investors;
- the Centre hosted 21 Trade and Investment missions during the period from USA, India, Nigeria, Thailand, UK, Cote d'Ivoire, Sweden, The Netherlands, Gabon, Brussels, China, Japan, United Arab Emirates and Canada among others;
- GIPC collaborated with UNCTAD and the Japan Bank for International Cooperation in launching the 'Blue Book' for Investment in Ghana which recommends 12 priority measures, to be implemented over a one-year period, to improve the investment climate in Ghana; and
- four technology transfer agreements were registered in 2006, with the aim of transferring selected categories of technology (including professional, technical and management services, trade marks and technical assistance) to beneficiary local enterprises in Ghana.

*Strategic Export Sectors:*

A draft framework document which was completed in the last quarter of 2005, as a basis for agreeing on operational guidelines and action plans for PSI with key stakeholders, including DPs, was reviewed and implemented in 2006.

*Enhance Efficiency and Accessibility of National Markets*

*Financial Sector Reforms:*

The implementation of the Financial Sector Strategic Plan (FINSSP) under the MOFEP is of critical importance to the national strategy for growth and private sector development in Ghana.

Highlights of the implementation of FINSSP in 2006 included the following:

- two and three year medium term Bonds were listed on the stock exchange, as part of measures to develop the secondary market for Government Debt Securities. Preparatory work on the establishment of an International Financial Services Centre is in advanced stages. The Centre will position Ghana to provide specialised financial services for offshore customers in the areas of banking, insurance, securities, leasing and other non-bank financial services;
- discount Houses were completely phased out and the regulations guiding investment management service providers were harmonised;
- the laws on Collateral Enforcement and Truth in Lending was reviewed;
- the BoG commenced the installation of a fully integrated banking and ERP solution.
- the first phase of the automation of the banking and financial systems of 12 rural community banks was completed;
- the Venture Capital Trust Fund was established and made operational. The Fund has signed 2 investment agreements with venture capital finance companies and to encourage more venture capital finance companies to participate in the scheme the government announced an enhancement of the tax incentives including;

- the extension of the 5year full exemption from corporate income tax, dividend tax and capital gains tax for eligible venture capital finance companies to 10 years;
- the expansion of the 100% chargeable income deduction granted to financial institutions which invest in venture capital finance companies to include all corporate and individual investors who invest in venture capital financing companies;
- tax exemptions on distributions of interest, dividends and capital gains to investors in venture capital finance companies, in addition to the fact that losses from disposal of the shares of a venture investment may be carried forward for a period of up to 5 years after disposal.
- under the Financial Sector Strategic Plan (FINSSP) the following Bills were submitted to Parliament for consideration and enactment:
  - Credit Reporting Bill (passed in 2006)
  - National Insurance Bill (passed in 2006)
  - Foreign Exchange Bill (passed in 2006)
  - Central Securities Depository Bill (in Parliament)
  - Apex Bank Regulations (in Parliament)
  - Insolvency Bill (passed in 2006)

In addition, the Securities and Exchange Commission (SEC) consolidated its existing Memorandum of Understanding (MOU) with the capital market regulator in Nigeria in 2006. The Securities and Exchange Commission also approved the listing of Ecobank Transnational Incorporated (ETI) on the Ghana Stock Exchange. ETI was simultaneously listed on all stock exchanges in the sub-region including Ghana, Nigeria and Cote d'Ivoire, bringing to 3, the number of cross-listed stocks on the Ghana Stock Exchange. Another MOU with the Financial Services Board (FSB) of South Africa is expected to be signed before the end of 2007, with the expectation that it will encourage sharing of information and cross listings between South Africa and Ghana.

*Public Sector Reform:*

The programme of activities outlined to be implemented in 2006 by the Ministry of Public Sector Reform's focused on four main areas, which were considered critical in improving the quality and speed, and reducing the cost of service delivery to the private sector namely:

- the implementation of priority activities arising out of the recommendations of the Institutional Review exercise conducted with PSD-related MDAs to inform the implementation of the PSDS;
- the establishment of Clients Services Units in key PSD-related MDAs;
- the implementation of Customer Charters; and
- the delivery of culture change programmes for public servants interfacing with the private sector.

Under the strategy of establishing Client/Customer Service Units in key PSD-related MDAs, twenty-three MDAs signed MoUs in September 2006 with MPSR, in addition to the three main revenue agencies (CEPS, VAT and IRS), to guide the establishment and operations of their Clients/Customer Service Units.



The twelve (12) selected MDAs that regularly interface with the private sector commenced implementation of their institutional review recommendations in July 2006 and are expected to focus on simplifying administrative procedures and improving transparency in their operations and provide greater access to information by the private sector

The highlights of other activities undertaken to improve the quality of service delivery include:

- the establishment of 3-member Project Implementation Teams (PITs) in the participating MDAs, headed by DMDs, Deputy CEOs, Deputy Directors
- delivery of a training programme on “Total Customer Care” to staff of CSUs in March 2006.
- the launch of a Customer Satisfaction Survey in April 2006
- support to the development of new customer-friendly facilities at DVLA in July 2006.
- training programme on Leadership of the Civil Service in collaboration with GIMPA.

*Internal Revenue Service (IRS) - Implementation of FIAS Recommendations:*

In line with the recommendations of the Foreign Investment Advisory Service (FIAS) in relation to the IRS, four areas of activity were outlined for implementation in 2006. The highlights of achievements are as follows:

- a significant reduction of tax registration in IRS to 3 days, though the process of company registration and taxation registration are yet to be fully integrated;
- the use of manuals by all the 50 District Offices of IRS as part of the measures to intensify and enforce the use of Tax Collection Manual; and
- the launch of Tax Stamps in 2006.

*Customs Reforms - Customs, Excise and Preventive Service (CEPS):*

The following activities were undertaken in 2006 in this area:

- customs procedures have been simplified and remote entry system for customs declarations is fully operational. The implementation of the GCNet programme has eliminated the reliance on discretion in determining valuations, with an Appeals Committee established at MOTIPSD/PSI to handle petitions;
- GCNet was connected to more MDAs, border points and other users;
- about 75% of port operations are managed by private sector companies with GPHA maintaining only 25% of stevedoring operations;
- a study of Ghana’s compliance with WTO valuation procedures has been undertaken, based on which a capacity building programme will be organised for CEPS officials;
- CEPS conducted workshops to train its officials in trade facilitation; and
- the Government engaged the services of consultants to carry out a comprehensive review of the excise duty. The rationalisation of the excise tax regime has focused on achieving simplicity in administration and enforcement, ensuring a steady stream of revenue, discouraging tax evasion and smuggling, curtailing the consumption of harmful products and removing the distortions.

### *Business Registration Reforms:*

The Registrar-General's Reform Strategy aims to provide a customer friendly business registration services which are close to the client either by location or through on-line services. The highlights of activities implemented in 2006 include the following:

- name searches and retrieval of information on registered companies reduced from 2 days to 5 minutes. This has led to marked improvement in processing registration documents from 7 days to about 3 days;
- training of staff in the use of electronic workflows has been completed with businesses registered with the right classification;
- the installation of the network infrastructure has been completed;
- user training in data conversion software was conducted for staff of RGD;
- the RGD gained access to the Tax Identification Number (TIN) Office network and can call up TIN numbers but still these have to be inserted on RGD forms manually;
- work on establishment of a customer-friendly front office was commenced and tenders for the construction are currently being evaluated; and
- regional offices in Kumasi and Takoradi have been furnished and staffed, as part of the process of RGD's decentralisation programme. The two regional branches serve as collection and distribution points and would become fully operational when fully equipped and connected to the Head office via a wide area network.

It is anticipated that when the RGD starts using the electronic registration workflow fully, the turnaround for registration of companies could be reduced further. RGD's database is to be classified into sectors and sub-sectors, to enable RGD analyze business data on a sector by sector basis and to facilitate information sharing with other MDAs.

### *Judicial Service Reforms:*

The objective of the commercial court reform programme is to ensure speedy dispute resolution of commercial disputes and the enforcement of contracts. The establishment of the commercial court to deal exclusively with business and commercial disputes has recorded significant progress in reducing the number of days it takes to hear and dispose of cases. Alternative Dispute Resolution (ADR) has also been introduced in court procedures as part of the dispute resolution process. The focus of the courts is the restoration of confidence of the business community in the judicial system.

Out of 740 cases filed before the Commercial courts between March 2005 and October 2006, about 42% were related to restructuring of commercial debts, 25% were about banking and financial services; and 14% were about business documents and contracts. The remaining included 5% intellectual property rights cases, 4% other claims of a commercial nature, 3% tax matters and about 10% other cases (including commercial fraud (0-5%), carriage of goods by sea, land or pipeline (3%), applications under the Companies Code (2%)). Activities implemented in 2006 include:

- a review of the rules of the Supreme Court and Court of Appeal;
- training for Commercial Court Judges;
- ICT Training for Commercial Court staff;

- hosting of regional sensitizations workshops for about 220 lawyers and entrepreneurs in the Volta, Greater Accra, Eastern, Central, Western, Ashanti, Brong-Ahafo, Northern, Upper East and Upper West; and
- calling back and clearing the backlog of land cases through “Registrar’s Summons” (advertisements).

### *Business Law Reform:*

Some progress was made in the implementation of the Business Law Reform by the BLD, particularly in the ongoing revision of the Companies Code. The mandate of the Business Law Division (BLD) of the Attorney General’s Office was to research, review and update business laws of Ghana. It is also to disseminate business laws and to liaise with other government agencies in business promotion and development. The institutional review exercise had recommended that the mandate of the Division was too broad and had to be refocused to be able to make an impact given the resources and expertise available in the Division.

Consequently the Business Law Division was scrapped and some of its functions integrated into the Ministry of Justice and Attorney-General during the course of the year. The Business Law programme has been taken up by a programme implementation team in the Ministry. The team is to work with a Committee of Experts to be appointed to draw up a detailed work programme. In addition in 2007 a Senior Programme Manager will be recruited to coordinate and support the implementation of the programme, working in collaboration with relevant MDAs.

### *Strengthen Firms’ Competence and Capacity*

Preparatory activities commenced to conduct a survey on the informal sector and the development of a Business Development Services (BDS) best practice framework, which should provide the basis for productivity related firm-level capacity building interventions in key strategic sectors. This is linked to the areas of intervention already supported under the MSME Project.

Government of Ghana has granted exemptions to 66 active pharmaceutical ingredients to further encourage local pharmaceutical industries to increase the supply of locally produced drugs and support the current National Health Insurance Scheme.

A Micro Credit Fund of US\$50.00 million was launched in September 2006 with the establishment of the head office of MASLOC and 9 decentralized regional offices. About ₵154.00 billion was extended as micro credit in 2006 and this has benefited over 103,000 borrowers in various sectors, especially agriculture, fisheries and micro enterprise

Under the Rural Enterprises Project a total of 13 new Business Advisory Centres were established and 376 graduate apprentices supported to obtain the NVTI certificate. The Business Development Services component of the programme organised a total of 69 training

sessions and reached out to 1,934 entrepreneurs. Seventy master-craft persons were given skills training, and Business Opportunities Identification Surveys (BOIS) were undertaken in 13 new districts.

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

As part of the processes towards strengthening public-private partnership a public-private dialogue unit was created at the MOTIPSD/PSI in 2006. The unit undertook a number of activities particularly in the area of budget preparation, which led to some far-reaching pro-PSD measures by Government in the 2007 Budget Statement and Economic Policy. These activities were in the form of pre-budget consultations which took the form of:

- Bi-monthly breakfast meetings with the private sector and selected MDAs
- Bi-annual Trade and Industry Forums
- Annual PSD Conference
- Ghana Investors' Advisory Council (GIAC) is currently under review.

A Policy Regulatory Impact Assessment (PRIA)/ Programme Intervention Evaluation Template (PIET) tools was approved by government as part of the Central Governance Programme.

### **3.2.2. Modernised Agriculture**

*Status of Selected Indicators:*

Agricultural sector policies under the GPRS II are focused on ensuring: (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 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 (crops);
- farm and non-farm household incomes;
- ratio between subsistence crop/livestock and commercial crop/livestock farming; and
- percentage change in agro-processing and agro-business enterprises and micro-enterprises registered.

Key result from a review of the sector performance is as follows:

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

The overall agriculture sector growth rate in 2006 has been estimated to be about 5.7% and contributed about 35.8% to the GDP. This was more than the GPRS II target of 5.2%, but less than the growth rate of 6.6% anticipated in the 2006 budget statement. This shortfall has been attributed to the inability of the cocoa sub-sector to achieve the target set under the budget statement, even though the 2005/06 production represents the highest in the history of Ghana.

A total quantity of 740,458 metric tonnes of cocoa was declared purchased at the end of the 2005/2006 season. This represents an increase of 23.0% over the 601,922 metric tonnes achieved in the 2004/05 crop season and surpasses the record production of 736,629 metric tonnes in 2003/04. These consistently high production volumes achieved since 2002/03 are the result of continuous support to the cocoa sector.

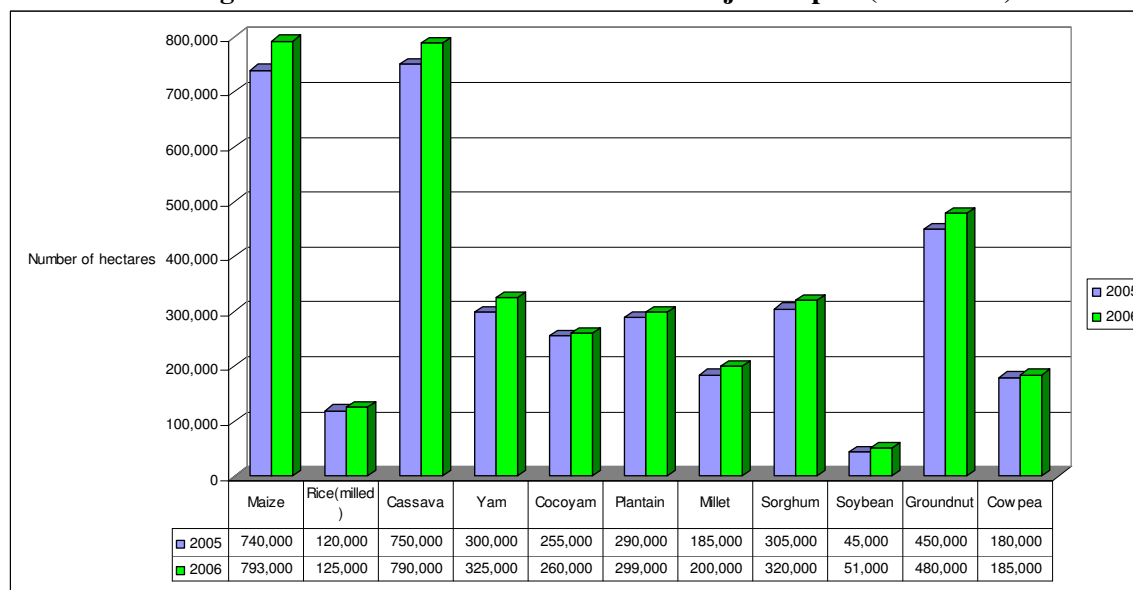
The performance of the sector in terms of the yield of the key staples however recorded a decline in 2006, in addition to the fact that the target set for 2006 could not be attained. This situation has been attributed largely to farmers resort to land expansion instead of investing in yield improvement activities (see Box 3.1). Also the value and volume of selected non-traditional export crops showed the same declining pattern except in the case of banana, where the volume exported exceeded its targets in 2006. The export of pawpaw and mango began to decline in 2005 and has worsened in 2006, while export of pineapple, even though below target, recorded a positive trend since 2005 in both volume and value.

**Box 3.1: Reasons for Low Yield**

The underlying causes of the low investment and poor yields in 2006 is that:

- farmers gave priority to farm expansion instead of farm intensification, because fallow lands are readily available and farm expansion is considered less risky and inexpensive compared to intensification (Figure 3.1);
- decreasing profit margin of some crops due to stable prices of crops and increased input cost, especially for maize and cassava

**Figure 3.1: Area under Cultivation for Major Staples (2005-2006)**



Source: MOFA, 2006

Available estimates on livestock production show that the rate of growth in the production of the various species has increased by an average of 4% over the 2005 figures (cattle -1.1%, sheep- 3.2%, goat -5%, pigs -3% and poultry- 8.8%), though sufficient data are not available to assess the changes in productivity during the year under review. It is estimated that a total of 1,392, 000 cattle, 3,314,000 sheep, 3,997,000 goat, 477,000 pigs and 34,030,000 poultry were raised in 2006, while a total of 183,099 head and 185,277 head of live animals (cattle, sheep and goats) were imported in 2005 and 2006 respectively. This represents increases of 14.1% and 15.4% respectively over the 2004 levels (160,539 heads base year). The bulk of these imports (about 99.8%) originated from the Sahelian countries of Burkina Faso; Mali and Niger.

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

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Change in yield of selected traditional crops and productivity of livestock.					Targets not achieved Yield of all the selected staple crops declined, except rice.
Maize =	0.39	-0.05	0.01	-0.08	
Rice(milled) =	1.17	- 0.03	- 0.02	0.02	
Cassava =	0.57	- 0.48	0.56	- 0.56	
Yam =	0.49	0.64	0.58	0.11	
Plantain =	1.5	0.34	1.61	-0.38	
Cocoa =	0.10	Na	0.46	0.46	
Poultry =	0.11	Na	0.11	Na	
Sheep =	0.05	Na	0.03	Na	
Goat =	0.04	Na	0.04	Na	
Cattle =	0.01	Na	0.01	Na	

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
2. Percentage change in export volume and value of non traditional crops.					
<u>i. Pawpaw</u>					
Volume =( 3,751,947Kgs in 2004)	200	95.77	-14.40	-54.0	
Value =(US\$1,226,695 in 2004)	200	66.49	-11.85	-35.0	
<u>ii. Mango</u>					
Volume = (375,911Kgs in 2004)	400	60.38	8.33	-52.0	
Value =(US\$163,850 in 2004)	400	51.59	-17.88	-34	
<u>iii. Pineapple</u>					
Volume = (71,804,617Kgs in 2004)	400	59.05	-74.41	196	
Value =(US\$13,316,459.48 in 2004)	400	53.49	-42.07	33.0	
<u>iv. Banana</u>					
Volume = (725,365Kgs in 2004)	1500	99.53	53.94	1,830	
Value =(US\$208,938 in 2004)	1500	-7.82	119.65	1,291	

Source: MOFA, 2006

In order to track the progress made in enhancing the environment for agricultural productivity and reducing risk associated with agriculture, three main indicators were identified. These are the share of credit to agriculture, percentage of cultivated lands under irrigation, and percentage change in agro-processing and agro-business enterprises and micro-enterprises registered.

Available data indicates that the target for the share of credit to agriculture, fisheries, and forestry (excluding cocoa) in 2006 could not be attained, in addition to the fact that it fell short of the 2005 level by 1.4%. The decline in this indicator began in 2004 and has continued to date, thereby reducing the opportunities for increased investment by the private sector into agriculture.

Similarly the percentage of cultivated lands under irrigation declined marginally in 2006 by 0.05% from the 2005 level and also fell short of the target set for 2006 by 0.12%. Currently, the total cultivated lands under formal irrigation amounts to 14,928 hectares, out of which 82% are in the Greater Accra, Volta and Upper East Regions. However, it is estimated that most of the irrigated area is held by small-scale operators in the non-formal sector, and concentrated around and in urban areas where water is used either from river, wells, drainage and collecting tanks. Available statistics indicate a total developed area of 45,000 ha under non-formal irrigation.

The assessment of progress made towards modernizing agriculture beyond production within the value chain could not be completed due to inadequate data to calculate the percentage change in agro-processing and agro-business enterprises established.

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

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Percentage of cultivated lands under irrigation (Area developed for irrigation/ha)	0.33% (23,500)	Na	0.26% (19,000)	0.21% (14,928.5)	Target not attained  <u>Regional distribution:</u> Ashanti - 188 Brong Ahafo - 236 Central - 386 Greater Accra - 5,147 Northern - 690 Upper East - 3,690 Upper West - 115.5 Volta - 3,463 Eastern - 603 Western - 60 Total - 14,928.5
2. The Share of Credit to Agriculture, forestry and Fishing by Deposit Money Banks (excluding Cocoa)	≥10%	8.1%	6.2%	4.8%	Target not achieved
3. Percentage changed in agro-processing and agro-business enterprises and micro-enterprises established	Na	Na	Na	Na	Data not available to evaluate the indicator

Source: MOFA, 2006

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

An analysis of available data indicates that farm incomes constitute nearly 61% of all household incomes of most farmers in 2006. Data are not available to determine how much changed has occurred between 2005 and 2006, however significant progress has been made to achieve the target set for 2006. Significantly, efforts made at moving towards commercial farming is yielding limited results as the target set to attain subsistence-commercial farming ratio of 2.5 in 2006 could not be met. Instead the subsistence-commercial farming ratio currently stands at 3.16, which has an important implication for the agriculture modernisation effort.

For agriculture to continue to be able to lead growth and poverty reduction, priority efforts to modernize agriculture are 1) to increase the share of commercial agriculture by both expanding farm size and intensifying farm; 2) add value to production by promoting and consolidating the agricultural non farm value chain, in particular the agro-processing and agro-business sector; 3) facilitate timely access to credit and mechanization to motivate increased production and investment in commercial agriculture.

In terms of the per capita production of key staple foods, which is an important indicator of the level of food security, the data indicate that some significant progress was made in 2006 as at least 50% of the selected products exceeded their target. Out of the thirteen selected staple crops, livestock and fish products monitored seven exceeded their respective targets, while five of all the products fell short of the 2005 levels, though two of these have achieved their targets.



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

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	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)					
Maize =	45.0	55	55	54	At least 50% of target attained (Five out of eight selected staple crops, and two out of five of the selected livestock and fish products exceeded their respective targets)
Rice(milled) =	25.0	7	11	11	
Sorghum =	15.0	14	14	14	
Millet =	8.0	7	9	7	
Cassava =	400.0	464	445	436	
Yam =	180.0	185	182	194	
Plantain =	110	113	130	131	
Cocoa =	21.0	Na	15.3	33.5	
Poultry* =	1.7	Na	1.49	1.52	
Sheep* =	0.17	Na	0.16	0.15	
Goat* =	0.21	Na	0.20	0.18	
Cattle* =	0.07	Na	0.07	0.63	
Fish =	0.022	Na	0.21	0.29	
2. Farm Household incomes	60%	-	-	61%	
Non-farm Household income	40%			39%	
3. Ratio between subsistence crop/livestock and commercial crop/livestock farming	2.5	-	-	3.16	Target not achieved

Source: MOFA, 2006

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

The attainment of the overall objective of the Growth and Poverty Reduction Strategy (GPRS II) is anchored in the agricultural sector showing strong growth. The following policy interventions were prioritised for implementation during the year under review.

#### **Crops Sub-Sector**

The Grains and Legumes Development Board (GLDB) under the National Seed Support Service produced 55 mt of foundation seed maize, processed 500 mt of certified maize seed, 8 mt of sorghum and 25 mt of rice foundation seeds for planting; while another 200 mt of maize grains was processed for storage. In the North, three warehouses were established at Tamale and Yendi for grain storage.

The Inland Valley Rice Development Project extended credit to 905 farmers, in addition to providing technical support to farmers in the areas of land and water management techniques in the 17 project districts. 850 farmers with average holding of 0.4 ha were assisted to plant 340 hectares of rice under the Nerica Rice Dissemination Project.

The Irrigation Company of the Upper Region (ICOUR) facilitated the production of 200 tons of paddy rice seed, 1,800 tons of rice grains and also cropped 220 hectares of millet and 34 hectares of soybeans at its Vea and Tono dam sites. In addition, the Ministry assisted farmers in the North in land preparation and supply of seeds for the establishment of 10,000 hectares of cotton.

## **Legumes**

GLDB produced foundation seeds to enhance farmers' access to viable and high yielding leguminous seeds in the minor rainy season. As a result, 20 mt of foundation seed groundnuts was produced to enable farmers' access rosette resistant groundnut seeds. Also 1,572 hectares of cashew fields was established with the assistance of the Cashew Development Project, while 9,000 unproductive cashew trees (90 hectares) within the 10 Project Districts were stumped and grafted with scion materials taken from trees with desirable characteristics to increase yields.

In collaboration with the Crop Research Institute (CRI), technological packages were developed to enhance cashew production. The packages include vegetative propagation techniques, development of a strategy for canopy substitution and control of cashew diseases.

## **Root and Tubers**

Under the Root and Tubers Improvement and Marketing Programme 40 trained farmers were supplied with 10,000 mother yams for multiplication into minisetts for planting. The GLDB produced 100,000 units of yam setts at the Kintampo and Ejura nurseries.

To reduce the risk associated with over-dependence on rainfall for agriculture purposes, nine irrigation schemes located in various parts of the country are currently being rehabilitated. A total of 1,896 ha of irrigable land will be made available for the cultivation of maize, vegetables and rice upon the completion of the rehabilitation programme.

## **Horticulture**

The rehabilitation of Shed 9 at Tema Port under the Horticultural Export Industry Initiative (HEII) and the implementation of the Export Marketing Quality Awareness Project in four regions namely, Greater Accra, Eastern, Central and Volta Regions has taken off. GLDB also produced about 15,000 citrus seedlings for sale to farmers.

Another initiative is the distribution of about 1.8 million MD2 pineapple plantlets to smallholder farmers through the collaborative rapid sucker multiplication scheme. The scheme aims at enhancing access of smallholders to the MD2 variety that is currently in high demand on the export markets.

## **Livestock Sub-Sector**

To boost livestock production, fodder banks were established under the Livestock Development Project to ensure the availability of fodder for livestock, in addition to carrying out a reconnaissance survey of 44 selected dugout sites and 28 selected boreholes sites.

Three training sessions for 3,500 farmers in 33 Districts were conducted to strengthen farmers capacity to identify, prevent and control such diseases like new castle, rabies, African swine fever and foot and mouth disease.

To effectively control an endemic poultry disease such as new castle in rural poultry about 2.5 million I<sub>2</sub> vaccines were produced by the Veterinary Central Laboratory at Pong Tamale and over 700,000 rural poultry were treated with the product.

A total of 80 Farmer Based Organizations were strengthened to enable them access business development services including credits and grants. Research Extension Liaison Committees (RELCs) involving farmers were strengthened through their participation in planning sessions and on-farm adaptive trials.

### **The Cocoa Industry**

A total of 358 km of feeder roads were rehabilitated at a total contract cost of ₵92.7 billion in the cocoa growing areas of Ashanti, Brong Ahafo, Central and Western regions.

The Cocoa Diseases and Pests Control Programme continued with a total expenditure of ₵564.9 billion during the year. In total, 742,213 cocoa farms and 514,361 cocoa farmers had their farms sprayed with either fungicides or insecticides against the black pod disease and capsid respectively. The programme employed 50,765 youth from local communities within the six cocoa growing regions for the spraying exercise. The total area covered was 1,948,101 hectares made up of 800,000 hectares under the black pod control and 1,148,101 hectares under the capsid control.

To assist cocoa farmers acquire houses, the government through the Ghana Cocoa Board voted an amount of ₵5.0 billion as seed fund for a housing scheme and accordingly released ₵1.0 billion out of the fund for the commencement of the pilot phase in the Western Region. The Department of Rural Housing has started the construction of 10 houses, which are all three bedroom units with the necessary amenities and rain water harvesting system. The 10 houses are being built in three townships in three Districts of the Western Region namely, Enchi in the Aowin-Suaman District, Afranse in the Wassa Akropong District and Yawmatwa in the Bia District.

Government partnered the Agricultural Development Bank (ADB) to successfully launch in September, 2006 a special package for cocoa farmers under the “ADB Farmers Golddrive” aimed at assessing cocoa farmers as well as other farmers acquire means of transport.

### **Dissemination of Technology**

Through support under AgSSIP funding, sixty-four technologies were released by research to the Extension Services Directorate of MOFA for dissemination to farmers during the year 2006. A total of 41 technologies were demonstrated by DADU/RADU throughout the regions, made up of 15 technologies for crops, 13 for livestock, six for fisheries and seven for other technologies.

Also the following technologies were disseminated in all regions, each one benefiting more than 20,000 farmers: i) row planting for optimum production; ii) correct use of agro-

chemical; iii) improved crop varieties; iv) seed planting material production and multiplication technique; v) pest/disease recognition; vi) post harvest of food grain; and vii) soil fertility improvement and management.

### **Mechanisation and Equipment**

Tractors and tillers for land preparation were distributed to farmers during the year. Other agricultural equipment distributed to farmers included 55 units of 20 MT ProCocoon storage facilities. The beneficiaries were trained in the use of and basic maintenance practices on the distributed equipment and machinery. Due to lack of funds, the planned rehabilitation of the five animal traction centres were not be implemented. Out of the new 1,000 boreholes planned for 2006, only 20 boreholes were drilled and eight were equipped.

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

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

To reduce overdependence on marine fisheries which has reached optimum sustainable yield, the focus of policies under this broad area included: (i) the development of aquaculture infrastructure including fish hatcheries; (ii) promote private investment in aquaculture; and (iii) utilize irrigation systems and other impounded reservoirs for aquaculture; and 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

Indicators selected in this policy area were to track; (i) trends in fish production in the country, (ii) level of productivity in aquaculture, and (iii) trends in aquaculture development. Analysis of the data shows that the marine fisheries sub-sector has started showing signs of recovery, recording an estimated 3.6% growth in 2006 following a decline in 2005. Total surface water under fish farming increased from 231.4 ha in 2005 to 508.58 ha in 2006, thereby exceeding its target in 2006. However the quantity of fish produced per hectare of pond per year stagnated at 1.5tons/ha/yr, falling short of its target in 2006. Over the same period the production of fish from ponds accounted for about 19.877 mt in 2006 (with nearly 90% coming from the Ashanti and Eastern regions alone), while culture based fisheries accounted for 18.54 mt.

**Table 3.3: Fisheries and Aquaculture Development**

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
2. Total Fish Production (mt)					
a. Marine	Na	352405.19	322,789.48	334,409.9	No Initial target for assessment
b. Inland Capture fisheries	Na	Na	Na	14,481	<u>Regional distribution (Kg):</u>
c. Harvesting of Ponds	Na	3,500	6,900	19,877	Ashanti - 9,378.1
					Brong Ahafo - 1,167.5
					Central - 376.36
					Greater Accra - Nil
					Northern - Nil
					Upper East - Nil
					Upper West - Nil
					Volta - Nil
					Eastern - 8,411
					Western - 544
					Total - 19,876.96
d. Import	Na	Na	166,003.1	165,559.7	
3. Quantity of fish produced per hectare of pond per year	2 Tons/ha/yr	1.3	1.5	1.5	Target not attained
4. Total surface water Area under fish farming	250ha	200	231.4	508.58	Target exceeded
					<u>Disaggregations:</u>
					Total # of Ponds = 3,472
					Functional ponds = 3,234
					Total # of farmers = 1,597

Source: MOFI, 2006

**Key Policy Measures and Strategies:**

In pursuit of the policy objectives of the fisheries sub-sector the following measures were implemented in 2006:

- draft fisheries regulations intended to give effect to the Fisheries Act, Act 625 of 2002 to streamline activities in the fishing industry were prepared for parliamentary approval. Also a series of training courses in fish farming was organised for 280 people selected from all regions in the country;
- five community dams in the Upper West Region (Zinni, Boti, Kupulma, Kokoli and Nimoro) covering 21hectare were stocked with 824,354 fish species, which are made up of *Oreochromis niloticus*, *Heterotis spp*, *Auchenoglanis occidentalis*, *Sarotherodon galileus*, and *Tilapia zilli*;
- Two public hatcheries in Ashaiman and Cadbury Hall were very active during the year under review, while most of the private hatcheries also produced fry and fingerlings for sale to farmers all over the country. By the end of the year, Ashaiman had produced 220,288 fingerlings of *Oreochromis niloticus* out of which 167,288 had been sold to fish farmers, 327, 000 catfish fry, had been produced by MOFI at Cadbury Hall in Kumasi for farmers. Two main private hatcheries in the Ashanti Region, Kumah Farms and Gyan-Fosu farms produced a total of 84,000 fingerlings/fry of tilapia and clarias for stocking;
- agreement for the training of two small scale fingerling producers in all regions was concluded in Kumasi;
- training of fish farmers which started in 2005 at the Kumah Farms Complex continued with the development of fish farming skills of 300 youth, drawn from the Central,

Eastern, greater Accra, Brong Ahafo, Northern, Upper West, Upper East and Volta regions;

- pond construction gangs were also trained at Assin Kumasi in the Central region, of which 15 of the participants were drawn from the nearby villages, and 13 were prison officers from the various prison camps. The programme was also used to demonstrate and train sixteen prisoners in practical pond construction;
- a needs assessment was conducted for the Wassa West Fish Farmers Association (WWFFA) to provide financial assistance for members to expand operations and complete cold storage facility, undertake study tour for commercial for farmers, training in various aspects of fish farming and the acquisition of earth moving machines for pond construction;
- the process to rehabilitate the hatchery at Ashaiman begun with the signing of contract during the year under review. The Water Research Institute was also awarded a contract for the completion of the Dormaa Ahenkro Fish hatchery, while advertisement for expression of interest by consultants in the development of a reservoir and canals for the Wassa West Fish Farmers Association at Tarkwa was posted in the national dailies.
- sea trials of the trammel net were conducted in the Western and Greater Accra regions from inshore vessels during the year under review of which;
  - mean catch rates off Tema (Eastern part of shelf) was approximately 1.36kg/hour
  - mean catch rates off Sekondi (Western part of shelf) was approximately 2.0kg/hour

A total of 338 outboard motors costing ₵7.842 billion were also distributed to fishermen under a special credit scheme (known as work and pay tools) to enhance fishing in the country. The Ministry of Fisheries through the Rural Banks also advanced a ₵4.0 billion Micro-credit support to 3,000 fish processors, to enhance the processing, distribution and marketing of fish, while a Spanish grant was obtained for the establishment of cold storage and fish processing facilities at James Town, Mumford, New Takoradi, Moree, Shama, Winneba, Senya Bereku, Nyanyano and Teshie, in collaboration with the private sector.

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

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

The focus of the medium term policy under this broad area is to (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 the linkages toward the management of natural resources.

To track progress towards implementation, the following indicators were selected:

- cost of environmental degradation as a ratio to GDP (lands, forests, fisheries);
- rate of deforestation;
- number of Timber Utilisation Contracts (TUCs) awarded;

- number of Social Responsibility Contracts (SRC) signed;
- percentage change in resource spent on Corporate Social Responsibility, including alternative livelihood programmes;
- 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.

A review of the data shows limited progress in most of the indicators. The cost of environmental degradation keeps increasing, accounting for nearly 6% of GDP in 2006 (up from 5.5% in 2005), while hectares of degraded forest, mining, dry and wet lands rehabilitated or restored is not keeping pace with targets. The number of timber utilisation contracts awarded through competitive and transparent process in the area of natural forest and plantation timber also fell short of both the target and the 2005 level, while the number of social responsibility agreements (SRAs) signed followed the same pattern. Out of 103 SRAs (Consist of 67 for natural forest and 36 for plantation), only 18 could be signed (consisting of 4 for natural forest and 14 for plantation).

Significant progress has been made with respect to the proportion of timber royalties going to resource owners in both on-reserve and off-reserve areas in 2006. Also the time taken to register land improved significantly during the year, reducing from 12months in 2005 to about 7months in 2006. This has been attributed largely to the establishment of deed registries in Sekondi, Koforidua, Sunyani and Tamale.

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

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Cost of environmental degradation as a ratio to GDP (lands, forests, fisheries)	5%	Na	5.5%	6% <sup>1</sup>	Target not achieved
2. Rate of deforestation	(-1.3%) <10,00 ha/annum	65,000 ha/annum	Current Forest = 5,517,000ha (-1.7%)	Na	Statistics on current rate of deforestation not available
3. Number of Timber Utilisation Contracts (TUCs) awarded					
a. <u>Natural Forest:</u>	167 Consists of: Conversion to TUC's = 100 Ratified TUC's = 42 Next Comp. Bidding (Nat.Foests) = 25		6 TUCs signed and ratified by parliament	4 TUCs signed and ratified by parliament	Target not achieved
b. <u>Plantation:</u>	36	17 Plantation TUCs signed	Na	16 TUCs signed	Target not achieved Competitive bidding for 27 TUCs of plantation timber to be held by end of

<sup>1</sup> CEA report of the World bank

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
					march, 2007
4. The number of Social Responsibility Contracts (SRC) signed	103 Consist of: <i>SRA (Nat. Forests) = 67</i> <i>SRA (Plantation) = 36</i>	53 Consist of: <i>Nat. Forest replacement = 36</i> <i>SRA (Plantation) = 17</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>	Target not achieved Stakeholder consultation are on-going to facilitate the signing of SRAs
5. Hectares of degraded forest, mining, dry and wet lands rehabilitated/ restored					
a. Forest	20,000 ha	16,000ha	16,800ha	17,500ha	Target not achieved due to limited financial resource
b. Mining	238ha by 2009	168ha	Na	Na	Data not available to assess progress. Technical document developed for labour intensive physical reclamation
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)	60:40	60:40	50:50	Target achieved (The sharing of royalties from timber resources have been reviewed in favour of resource owners both on- and off-reserve. Currently, the Forestry Commission receives 50% of timber royalties from forest reserves while the resource owners also receive 50%)
	40:60 for off-reserve royalties	60:40	40:60	40:60	Target Achieved (Similarly, the sharing of royalties outside forest reserves is now 40% for the Forestry Commission and 60% for the resource owners)
7. Statistical Overview of the Mineral Sector					
a. Mineral Production					
Gold (thousand ounces)	2,500	2,029.97	2,138.94	2,423.27	Significant progress made toward target
Diamonds	1,000.0	905.34	1,065.92	967.86	
Bauxite	760.00	498.06	606.70	753.32	
Manganese	1,800.00	1,597.09	1,719.59	1,607.178	
b. Labour					
Large Scale	22,000	21,505	21,916	21,950	Significant progress made toward target
Small Scale (legal & illegal)*	600,000	500,000	540,000	570,000	
c. Foreign Direct Investments (in million U.S. \$)	1,000	665.86	744.050	900.0	Significant progress made toward target
d. Mineral Rights Granted (Mining Lease, Prospecting, Reconnaissance, Salt, Quarry, Clay, Sand Winning, Small Scale Gold/Diamond, Mica)	200	131	152	189	Significant progress made toward target
7. Time to register land	8mths	36mths	12mths	7mths	Target exceeded (The drastic reduction is due to the establishment of deed registries in four areas Sekondi, Koforidua, Sunyani and Tamale).

Source: MLFM, 2006



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

### **Forestry Sub-Sector**

The National Forest Plantation Development Programme which was launched in 2001, with the aim of restoring the forests cover of the nation and creating employment in the rural and depressed urban communities continued in 2006. The programme is currently being implemented with active involvement of communities, resource owners, private sector and civil society organisations using the taungya system and contract planting.

Under the programme, a total of 476 individuals were given loans for re-forestation under the Micro-Credit Investment Scheme. In addition, 60 communities from the ten regions, comprising 6 persons each were given grants under the Plantation Development Fund. A total of 7,508 individuals comprising 629 groups benefited from the Community Investment Fund for mushroom farming, oil-Palm processing, grass cutter rearing, gardening among others.

The Northern Savanna Biodiversity Conservation Project (NSBCP) also assisted 138 communities under its Alternative Livelihood Programme, of which, 45 benefited from mango plantations, 20 received low tillage equipment, 30 received small ruminants to rear and 43 communities were provided with beehives for the production of honey.

To promote the use of bamboo and rattan as an alternative and supplement to wood, training was organised for 172 persons in 4 communities in the management of bamboo natural stands propagation and harvesting. In addition, 159 persons were trained in bamboo and rattan furniture and craft making as well as construction skills.

### **Mining**

As part of the measures to regulate and manage the development of the mineral resources of Ghana, the following achievements and activities were undertaken in 2006:

- the old mining law, PNDCL 153 of 1986 was repealed and in its place a new minerals and mining Act 2006, Act 703 was passed by Parliament. This was done to reflect international best practices in the industry;
- a draft minerals and mining regulation was prepared for review. This is to complement and give effect to the provisions of the new Minerals and Mining Act 2006, Act 703;
- a workshop was held in September 2006 to discuss the draft minerals and mining policy of Ghana and to solicit inputs from stakeholders in the mining industry. Final document would be submitted to cabinet for approval;
- a total of 189 mineral rights were granted, covering 29 prospecting license, 24 reconnaissance license, 32 quarry license, 97 sand winning license, 4 salt license, 2 mining lease and 1 gravel/sand;
- the digital mapping of 25 towns was also completed and copies are available for property rating, preparation of settlement planning schemes by metropolitan, municipal and district assemblies, road construction and estate development, land management including land titling, and resolution of land disputes, investment planning and tourism promotion; and

- in pursuance of the alternative livelihood programme to extend the frontiers of sustainable development in selected mining communities in the Wassa West District, a project document with budget estimates for the implementation of the Prestea – Huni Valley oil palm project was prepared. A total of 10,000 acres of oil palm plantation would be developed under the project. The target beneficiaries include; poor farm families, illegal miners etc. Among the objectives of the project are; poverty reduction through employment generation, stem the tide of rural-urban migration etc. This is expected to give direct employment to about 5,000 people.

## **Lands**

As part of the Land Administration Project (LAP), 4 additional customary land secretariats have been established at Dormaa Ahenkro, Sandema, Odukpong Kpehe and Kete-Krachi. This is to provide support to the customary land owners to better administer their lands and also serve as local sources of information on such lands. Cabinet approved the legal and institutional reforms for land administration to create an efficient, effective and transparent system with the objective of establishing a unified one-stop-service land administration system. A committee comprising all the key stakeholders was constituted to draft the new laws.

The four Deed Registries registered a total of 4,257 deeds in 2006 and two more registries are expected to be established in Wa and Bolgatanga.

The inventory of State acquired/occupied lands in the Central Region has been completed with the exception of the lands covered by the Hemang acquisition. A total of 1,144 sites were covered out of which 346 were District Assembly properties (i.e. basic schools, lorry parks etc.). Field work on the Hemang lands acquisition restarted in August 2006. The procurement of private sector participants in the inventory of state acquired/occupied lands in the Eastern, Ashanti and the Brong Ahafo Regions is ongoing.

The verification of survey maps and parcel plans for systematic titling in two sections in Accra involving about 2,800 parcels has been completed. Satellite offices are being constructed in the pilot areas for the actual title registration exercise to begin. In addition, the Survey Department continued the aerial colour photographs and orthophoto mapping of the remaining 256 kilometres of coastline. A total of 20 Geodetic Reference Points to improve the quality of land surveying in the country were identified and monumented. Also, airborne geophysics for magnetic and radio metrics were completed for the Keta and the Volta River Basins.

## **Fisheries**

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

- nine observer missions to monitor operations of industrial vessels were conducted. The installation of transponders on Ghanaian registered vessels and their activation continued throughout the year. Seventeen additional vessels had transponders installed on them, bring the total number of vessels installed with transponders to 105. However, only 70 of these have been activated with 44 reporting regularly;

- a committee to was set up to undertake feasibility studies on diminishing fish stocks of the Volta Lake, other reservoirs and water impoundments;
- The introduction of Community Based Fisheries Management Committees (CBFNCs) as co-management concept to help manage fisheries resources at the community level. During the year under review, two additional bye-laws were passed bringing the total to sixteen out of the expected seventeen. Three of these by-laws have so far been gazetted and five others currently lodged with the Attorney-Generals Department for gazetting; and
- About 131 committees and 27 Zonal Lake Management Committees were formed in the fishing communities along the shoreline of the Volta Lake in the Asuogyaman, Jasikan and Kpando Districts, with the committees trained in Alternative Livelihood Strategies in piggery, production of small ruminants, bee-keeping and other vocations.

### **Environmental Management**

In the area of proper environmental management, the following activities took place in 2006:

- the creation and promotion of environmental awareness in collaboration with the media during the celebration of World Environment Day, Africa Environment Day, World Day to Combat Desertification and Drought, International Day for Biological Diversity and the holding of Environmental Journalist Awards Night;
- awareness creation and conservation of biodiversity at Boti area in the Eastern region in collaboration with the Yilo Krobo District Assembly;
- coordinating the evaluation of the first phase performance of the Guinea Current Large Marine Ecosystem (GCLME) project;
- organizational and institutional assessment of the environmental sub-sector as part of the Ghana Environment Sector Study;
- coordinating of the preparation of the draft Plastic Waste Management Fund proposal.

Also the Environmental Protection Agency, executed its core functions of environmental monitoring compliance and enforcement of environmental laws and regulations. Various manufacturing industries, business undertakings and mining companies were licensed to start their operations after submitting environmental assessment reports for evaluation.

To date over 100 Environmental Impact Assessment Reports have been evaluated and permits issued. Natural resources management as well as chemicals control management activities were undertaken. The public was also educated on environmental issues. The agency also assisted 12 Metropolitan and Municipal Assemblies to prepare their Waste Management Plans.

### **3.2.5 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 interventions implemented in the sector are expected to: (i) ensure proper integration of the nation's production sector into the domestic market, (ii) enhance access to export markets, (iii) increase industrial output and improve the competitiveness of domestic industrial products, (iv) strengthen the legal, regulatory and institutional framework to support industrial production and trade, and (v) ensure the health, safety and economic interest of consumers. In this regard, the following key indicators were selected to monitor progress towards implementation of the policies:

- 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

Out of these five indicators, two exceeded their targets in 2006, while the status of the remaining could not be determined due to inadequate data or lack of initial target. The total value of non-traditional export amounted to U.S\$892.88 million in 2006, constituting an increment of about 15% over the previous year's figure of U.S\$777.59, thereby exceeding the 10% target set for 2006. Subsequently the share of manufacturing in total export has also seen a significant improvement over the 2005 figure of 1.3%. However the manufacturing value added share of GDP declined in 2006, constituting only 8.8% compared to the 8.9% observed in 2005.

On the other hand, the average number of days for clearing goods from the nation's ports improved from 4 days in 2005 to 2 days in 2006, thereby exceeding its target for 2006. The status of indicators on the time taken to get duty drawbacks as well as the composite index of competitive industrial performance (CIP) could not be adequately analysed because of lack of data.

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

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Percentage change in non-traditional exports (NTE) = (Value in Million US\$)	10%	16.5% (705.0)	10.3% (777.59)	15% (892.88)	Target exceeded
2. Average number of days for clearing goods from the nations ports	3days	7days	4days	2days 6 hours at the airports	Target exceeded
3. Industrial Sector performance:					
a. Manufacturing value added share in GDP	Na	9.0%	8.9%	8.8%	Baseline target not available, but results are mix compared to previous year.
b. share of manufacturing in total export	Na	1.6%	1.3%	14.2% (Prov.)	
4. Time Taken to get duty drawback	6wks	Na	6mnths	Na	Lack of data to evaluate indicator

Source: MOTIPPSI, 2006

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

The following measures were undertaken in 2006 towards the attainment of the policy objective of the trade and industrial development:

As part of the Districts Industrialization Programme (DIP) a nucleus of 13 projects were established in the following districts; Atiwa, Asante Akyem South, Nkwanta, Sekyere East, Ejura Sekyedumase, Techiman, Birim South, Mfantiman (N&C Foods/Coastal Grooves), Yilo Krobo, Atwima Nwabiagya, Amansie West, Upper Denkyira and Asante Akyem North.

Also the Ministry of Trade and Industry, PSD & PSI has facilitated the acquisition of the estate of Juapong Textiles Ltd and has negotiated with a Chinese textiles manufacturing company to manage the company which will be commissioned by the first quarter of 2007. The factory is expected to offer 250 jobs during the first month of re-opening.

In addition the acquisition of the old Pwalugu Tomato Factory is now complete under a private joint venture arrangement and has now been registered as the Northern Star Tomato Company Limited. The 500 ton per day tomato processing line has been installed and test runs conducted in August 2006 using local fresh tomatoes. The paste is currently being canned by Trusty Foods Limited under a sales agreement between the two companies. The factory will provide direct employment to 50 people, 1200 farmers and about 50 indirect labour.

The feasibility study on the proposed sugar project at Savelugu Nanton District has been commissioned and the government in conjunction with a private company has also identified other areas in the Northern Region with the requisite climatic conditions for establishment of the sugar plantation.

Under the PSI for Textiles and Garments, eight wholly-owned Ghanaian garment factories are being established, with four already in operation and employing 1,200 workers. The GTMC warehouse in Tema has also been acquired and awaiting refurbishment into garment factories. Nearly 1,100 people were provided with skills in clothing technology to support the factories. In the area of Oil Palm, 911,210 seedlings were planted between June 2005 and June 2006 in addition to about 2 million seedlings that was nursed for planting in 2007.

Also a tariff study of 200 companies to provide data to create a template for tariff analysis which will feed into any assessment of industry requests for specific tariff relief is being undertaken.

Three Export Trade Houses (ETH) namely Ghana Export Trade Company Ltd (Gextraco), Ghana Trade Centre (GTC) and Ghanextrade have been established to serve as commercial intermediaries between SME Suppliers and buyers located at different countries by helping to identify and select markets, evaluate client products and related materials, negotiate export contracts as well as providing promotional support to Ghanaian SMEs.

For the period January to October 2006, EDIF has provided to the Non-Traditional export sector financial support to the tune of ₵155.2 billion to help address the credit needs of

exporters, particularly those in the Non-Traditional export sector. Sectors covered by EDIF's credit facility include agro-processing, salt mining and processing, textiles and garments, aluminium and metal fabrication, wood, handicraft and pharmaceuticals while the grant facility covered fairs and exhibitions, research, market research, capacity building and project development.

The Free Zones Board as at the end of September 2006 had registered 21 companies in sectors including metal fabrication, plastics, agro-processing, textiles, jewellery and machines manufacture. The 21 companies are expected to generate about 1400 jobs.

Also, during the year, the National Board for Small Scale Industries (NBSSI) supported 1,000 MSEs with technical training to improve the packaging and quality of their products. Nearly 13 additional Business Advisory Centres (BACs) were established in Obuasi, Enchi, Half Assini, Asamankese, Odumasi, Adidome, Sogakope, Twifo Praso, Asikuma, Damango, Buiepe, Bawku, and Jirapa and this brings the total of BACs established to 102. Nearly 160 tailor-made business improvement programmes have been organised for 4,200 entrepreneurs with 1,425 of them being male and the remaining 2,575 being female. Data on all loan facilities for MSEs in Ghana have also been compiled.

The GRATIS Foundation also trained 268 women in food processing, textile and agro processing, while 260 unemployed youth have undergone a 3-year Technical training in welding and fabrication and metal machining. The design of 2-ton per hour palm oil Production Plant has also been completed and ready for prototyping, in addition to a prototype cashew nut sheller machine fabricated.

The Ghana Export Promotion Council (GEPC) developed a Group Export Marketing scheme for 100 members of chilli and okro growers association at Abutia (Volta Region) and 150 members of chilli growers association at Sefwi Wiawso. Fifty boxes (2,160 kg) of exotic okro and chillies are exported weekly through a lead export firm. About 7 market access facilitation activities including trade exhibition, buyer-seller meetings and contact promotion Programmes were undertaken. This constituted a total confirmed orders of €20.24 billion (US\$2,200,000) for fruits, vegetables, medicinal plants and seeds, garments, fish and wood products.

As part of assistance to the pineapple industry to introduce the new variety, MD2, GEPC facilitated the delivery of 4.8 million planting materials to members of Horticulture Association of Ghana and Sea-freight pineapple exporters group in 2006. In addition, two Ghanaian companies were assisted to secure confirmed orders of about €4.6 billion (US\$500,000) for the export of medicinal plants and seeds.

The Ghana Standard Board (GSB) as part of their mandate has analyzed and standardized 997 products and has provided Health and Export Certificates to 618 export products. In order to facilitate trade and ensure public safety, 13,492 measuring devices were verified and 1,365 were calibrated. Also 3,346 tests were carried out on plastics, rubber, building and construction materials, food, drugs and cosmetics, toxicological and forensic samples/specimen, electrical cables, electrical fittings, electrical appliances, Textiles, garment and paper. The following activities were also undertaken:

- 62,925 imported high risk goods inspected

- 1,198 Health and Export Certification issued
- 26 products had initial certification
- 135 fish factories inspected
- 392 fish exports inspected

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

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

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

To track progress toward implementation, the following indicators have been selected:

- 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;
- road condition mix;

In the area of road transport, review of the data indicates that the total funds disbursed for routine maintenance, periodic maintenance, reconstruction and upgrading works, relative to the maintenance needs exceeded the target in 2006, as well as the level attained in 2005. The total length or proportion of roads maintained or rehabilitated in 2006 accounted for 75.6% in relation, falling below the 2006 target of 89% but exceeded 2005 level of 67%. In all, feeder road accounts for the bulk of all maintenance and rehabilitation works, constituting about 53%, followed by trunk road and urban road in that order.

The total national network size of roads currently stands at 48,381km, an increase of about 546km over the 2005 figure, though it fell short of the target set for 2006 by 33%. The condition report also indicates a road condition mix of 45% in good condition, 28% fair and 27% poor. This compared well with the 2005 condition mix which stood at 42% in good condition, 31% fair and 27% poor.

The increase in total national network size was accounted for by 5% increase in the network size of trunk roads which stood at 11,177km in 2005, but fell short of the target for 2006. The total urban and feeder road size did not change in 2006, constituting 4,064km and 32,594km respectively. The condition report indicates that the condition mix for all the three road types

improved during the year under review, but fell short of all targets. The major improvement was observed in the trunk road network, followed by feeder roads and the urban roads respectively.

On the annual accident rate, available data indicates that road accident increased from 11,305 in 2005 to 11,698 in 2006. This represents about 13% above the target set for 2006. However, fatalities resulting from these accidents declined from 1,778 in 2005 to 1,378 in 2006. This represents one fatality in every six accidents in 2005 to one fatality in every nine accidents.

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

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Total funds disbursed for routine maintenance, periodic maintenance, reconstruction and upgrading works, relative to the maintenance needs of the road network	=53%	Na	(\$130.57mil) =54.9%	(\$168.85mil) = 93.3%	Target exceeded
2. Proportion/length of roads maintained/Rehabilitated	89%	Na	67%	75.6%	Target not met
<u>Trunk Roads (in km):</u>					
a. Routine maintenance	12,168	13,074.50	12,127	12,825.1	Target largely not met (Only one out of four indicators met and exceeded it)
b. Periodic maintenance	293	260.29	281.31	135.33	
c. Minor Rehab & Reconstruction	699	223.67	198.62	166.86	
d. Major Rehab & Reconstruction	200	180	209.75	142.18	
<u>Urban Roads (in km):</u>					
e. Routine maintenance	3,449	2,449.65	3,313.20	3,634.79	Two out of four indicators met target (exceeded), No data on one.
f. Periodic maintenance	531.17	209.21	240.36	360.87	
g. Minor Rehab. & Reconstruction	36	113.73	32.0	56.18	
h. Major Rehab. & Reconstruction	13	Na	9	Na	
<u>Feeder Roads (in km):</u>					
i. Routine maintenance	26,580	18,463	17,119	17,340	Target not met (All six indicators below target)
j. Rehabilitation	800	1,158	1,085	557	
k. Regravelling	100	306	214	50	
l. Spot Improvement	1,649	2,002	160	1,162	
m. Reconstruction	20	Na	Na	Na	
n. Surfacing	227	186	190	176	
3. Annual accident statistics for each transport mode (Road)	10,330	12,164	11,305	11,698	Target not met



INDICATOR		Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
4. Road condition mix						
<u>National:</u>		64,131km	47,600km	47,835km	48,381km	Steady Progress
	Good	=48%	=40%	=42%	=45%	
	Fair	= 30%	= 30%	= 31%	= 28%	
	Poor	= 22%	= 30%	= 27%	= 27%	
<u>Trunk Roads:</u>		13,367km	10,942km	11,177km	11,723km	Steady Progress
	Good	=48%	=40%	=42%	=46%	
	Fair	= 30%	= 30%	= 31%	=29 %	
	Poor	= 22%	= 30%	=26 %	= 25%	
<u>Urban Roads:</u>		9,764Km	4,064Km	4,064Km	4,064Km	Steady Progress
	Good	=56%	=41%	=43%	=46%	
	Fair	= 21.9%	= 31%	=33%	= 30%	
	Poor	= 22.1%	=28%	=24%	=24 %	
<u>Feeder Roads:</u>		41,000km	32,594Km	32,594Km	32,594Km	Steady Progress
	Good	= 46%	= 30%	= 30%	=34 %	
	Fair	= 34%	= 17%	= 17%	=15 %	
	Poor	= 20%	=53 %	=53 %	= 51%	

Source: MRT, 2006

In the area of rail and maritime transport, data is not available to ascertain the level of funds disbursed, relative to its investment needs. However, available data indicates that both maritime traffic and passenger and goods traffic by rail has declined. Passenger traffic by rail which stood at 64, 000 (thousand passenger-km) in 2005 declined by 40% to 38,000 (thousand passenger-km) in 2006, while goods traffic by rail (in thousand tonnes-km) fell by 19% in 2006 from 223,980 (in thousand tonnes-km) in 2005. None of these two indicators attained their respective targets for 2006, the passenger traffic fell short of its targets by nearly 140%, while the good traffic fell short of the target by 27%.

On the other hand, the decline in good loaded in terms of maritime traffic was only marginal representing about 0.1%, while it fell short of its 2006 target by about 3%. In the case of maritime traffic (goods unloaded) the decline represents about 18% from the 2005 figure, while it fell short of its 2006 target by 14%. By far, the Tema port receives the highest number of vessels (constituting about 77%) as well as the highest number of the goods unloaded (constituting about 84%). The Takoradi port on the other hand receives the highest number of the goods loaded, representing about 74% share of 4,359mt in 2006.

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

INDICATOR		Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Total funds disbursed to the rail and maritime sub-sectors, relative to the investment needs						
	d. Rail	=Na	=Na	=Na	=Na	Lack of data to evaluate indicator
	e. Maritime	= Na	= Na	= Na	= Na	
2. Passenger traffic and goods traffic by railways						
	a. Passenger traffic (in 1000 passengers-km)	93,000	80,000	64,000	38,000	Targets not achieved, and indicators showing downward trends
	b. Good traffic (1000 tonnes-km)	231, 000	215,690	223,980	181,250	

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
3. Maritime traffic : Goods loaded and unloaded (in 1000 tonnes)					Targets not achieved, indicators showing downward trends
a. Goods loaded (in 1000 tonnes)	4,500	3,907	4,361	4,359	2006 Traffic by Location (in 0000 tonnes): <b>Goods Loaded</b> Tema - 1,117 Takoradi - 3,241 Total - 4,359  <b>Goods Unloaded</b> Tema - 7,788 Takoradi - 1,477 Total - 9,266  <b>Total vessels</b> Tema - 2,032 Takoradi - 610 Total - 2,642
b. Goods Unloaded (in 1000 tonnes)	9,200	8,720	9,524	8,038	

Source: MPHR, 2006

Review of available data indicates that the total air freight, number of aircraft flying into the airspace, and the number of air traffic passengers have all increased. The number of air traffic passengers exceeded its target by about 1%, while the total air freight and the number of air craft movement fell short of their respective target by 2% and 4% respectively.

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

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Total air freight and number of air traffic passengers:					
a. Total air freight in thousand tonnes	50.5	46.9	47.2	49.5	Fell short by 1%
- Loaded	33.6	31.5	30.5	33.2	
- Unloaded	16.9	15.4	16.7	16.3	
b. Number of air traffic passengers (arrival and departure) in thousand	919.2	705.4	812.2	926.6	Targets exceeded
- Arrival	446.6	338.5	382.2	458.8	
- Departure	462.6	366.9	429.9	467.7	
c. Number of air craft movt (arrival and departure) in thousand	14.4	10.6	12.5	13.8	Fell short of target by 0.6
- Arrival	7.2	5.2	6.2	6.9	
- Departure	7.2	5.4	6.3	6.9	

Source: MOA, 2006

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

As a strategic support sector under the GPRS II, the following key activities were undertaken in 2006 under the key sub-sectors of road, rail, water and air transport.

#### **Road Transport:**

Phase II of the Institutional Reform Study of the transportation sector which includes the development of institutions and organizations needed for the road sub-sector is on-going. Also the final report on the urban transport study has been submitted and expected to be used in the development of a policy framework for the proposed Ghana Urban Transport Project.

The Axle Load Policy was approved by Cabinet and the action plan to implement the policy has been prepared. In addition a draft technical specification for road and bridge works was prepared to improve the construction of roads and bridges. A Committee of Experts has been constituted to study the recommendation for adoption.

A new Road Traffic Regulations prepared to operationalise the new Road Traffic Act 683, of 2004 has been submitted to Cabinet for approval.

In the trunk road sub-sector the highlights of progress in 2006 trunk include:

- routine maintenance on a total road length of 4,049.60 km as at the end of August 2006, representing 51.5% of physical achievement of the annual programme;
- periodic and minor rehabilitation of about 21% and 12%, respectively as at end of August, 2006;
- completion of the following trunk road projects which started between 2002 and 2003:
  - Abuakwa – Bibiani Road (80km)
  - Construction of 6 Bridges (Lot 2) Nayoko & Ngane
  - Kasoa – Winneba – Ankamu Road (41km)
  - Manso Amenfi– Asankragua (34km)
  - Wenchi – Sampa Phase 1 (30km)
  - Kpando – Dambai Phase 2 (38km of 50km)
  - Ofankor-Nsawam (17 km)
- installation of 5 weighbridges at Tema port and 2 weighbridges at Takoradi port are ongoing. When completed, commercial vehicles plying the trunk roads will be weighed to ensure that overloaded vehicles do not leave the ports to damage the roads.

Work commenced in 2006 on the following road projects:

- Tetteh Quarshie - Madina
- Achimota – Ofankor
- Nsawam Bypass (Dualization)
- Anwiankwanta - Assin Praso (full rehabilitation)
- Bamboi – Tinga
- Asankragwa – Enchi
- Pantang – Peduase (dualisation)
- Anyinam - Konongo Ph. II
- Sogakope - Ho
- Ho – Fume
- Wenchi - Sampa
- Kadjebi - Dzindzinso
- Akropong - Adankwame Ph. 1
- Kumasi - Barekese - Offinso
- Ashanti & Brong Ahafo Roads (KfW Projects)
- Mallam - Kasoa & Interchange

In feeder roads the highlights of progress include:

- routine maintenance on a total of 9,750 km (37%) feeder roads out of 26,580 km for the year;
- periodic maintenance activities on a total 1,342 km road network;
- spot improvement and rehabilitation works on total road lengths of 827 km and 350 km respectively; and
- 5 bridges under the AFD bridge programme were awarded on contract.

Currently the Department of Urban Roads (DUR) operates in 15 Metropolitan, Municipal and District Assembly areas. Highlights of progress in this sub-sector during the year include:

- routine maintenance activities on about 2,620 km of Urban Roads from January to September 2006.
- periodic maintenance involving mainly regravelling and drain construction on about 276 km of urban road network representing about 76% of the target.
- Some of the on-going major rehabilitation and reconstruction projects include:
  - Tema & Sekondi-Takoradi roads (completed as at March 2006)
  - Kwame Nkrumah Circle – Achimota road (86% as at September 2006)
  - Asafo Market – UTC Interchange (70% completed as at September 2006)

The Ghana Road Fund was set up by an Act of Parliament to provide adequate and substantial financial resource to ensure regular maintenance of Ghana's road network and road safety activities. The fuel levy is the major contributor to the fund, accounting for about 94% of total funds. The projected revenue for January–June 2006 was €602 billion while actual revenue realized from January-June 2006, is €526 billion, falling short of target by 12.6%. Some of the activities carried out by the Authority during the period under review include:

- integration of Information Technology Systems into the operations of the DVLA;
- completion of the installation of new vehicle testing equipment in Accra, Kumasi and Takoradi, including staff training to ensure efficient handling of these equipment;
- establishment of a branch office at Weija as part of a broader exercise of decongesting the Accra Office. In addition, the new office has been acquired as the national headquarters of DVLA; and
- the working procedures of the Authority has also been revised to make its operations more customer friendly.

In terms of road safety, the following activities were undertaken by the National Road Safety Commission (NRSC) during the year under review:

- publicity in 6 Ghanaian languages on over-speeding, wrongful overtaking, unsafe driving, unsafe vehicles, fatigue, drink driving, non-use of seat belts and crash helmets, on the major radio and TV stations in the country;
- production of a short road safety documentary specifically for public education;
- road safety education for school children to ensure a sustained reduction in child pedestrian accidents and casualties; and
- publication and distribution of over 20,000 copies of Road Safety materials to schools, libraries, institutions and the general public.

As part of Government's programme to improve mass transportation:

- the last batch of 150 of the 400 Yaxing buses from China were delivered during 2006 bringing their total bus fleet to 650; and
- contracts were signed for the importation of the following types of buses to improve service delivery;
  - 63 Jonckeere VDL Buses under Belgium Government concessionary financing
  - 90 Tata buses under India EXIM financing
  - 150 VDL DAF bus chassis under Dutch Government concessionary financing for bus construction at the Neoplan Manufacturing Plant in Kumasi.

The Metro Mass Transit expanded its operational area to include Ho, Wa and Bolgatanga during the year. With the extension of services to these three regional capitals, the Metro Mass Transit now operates in all the 10 regional capitals. The Government's policy on provision of free bus ride to schools for children by MMT is on course with nearly 4,427,055 school children benefiting from the services over the period January – September 2006. Over the same period nearly 39,875,253 passengers had patronized the MMT.

## **Maritime Sector**

In the area of maritime transport the highlights of progress made in 2006 include:

- ceding of nearly 75% of stevedoring operations and 100% of shore handling of conventional cargo to the private sector as part of the wider policy of encouraging private sector participation in port operations as well as transforming the Ghana Ports and Harbours Authority (GPHA) into a Landlord Port Authority;
- the construction and commissioning a modern car terminal at the Port of Tema. GPHA is also developing a modern Container Terminal with the 1<sup>st</sup> Phase of the project at the Tema Port completed with the installation of state of the art equipment for faster and more efficient container handling to reduce ship turn around times. In addition, a modern container devanning terminal is under construction to receive all groupage containers and empty containers passing through the terminal;
- a truck park has been commissioned to handle all loaded transit trucks awaiting documentation before leaving the port. This has reduced the congestion in Tema Port created by these trucks. Closed Circuit Television Systems (CCTV) has also been installed at both Ports to ensure that users of the ports and their cargo are secured;
- the GPHA purchased two modern tug boats, the biggest in the sub-region. The tug

- boats named M/V Sakumo Lagoon and M/V Ankobra River were deployed to the Ports of Tema and Takoradi, respectively, to augment the marine equipment capacity of both Ports;
- weighbridges has been installed at both Tema and Takoradi ports to ensure compliance with axle load limitations, check fraud and support national efforts in improving safety on the road;
  - the Ghana Maritime Authority (GMA) has been established and is operational. The Authority has prepared a draft Legislative Instrument (LI) on the construction, use and operation of commercial and pleasure boats on the inland waterways to regulate and improve safety; and
  - rehabilitation of the Volta Lake Transport Company's (VLTC) "Uniflote" II Pontoon (Ferry A) under a serialized repair works was undertaken to enable VLTC continue the provision of transport services for communities along the Volta Lake.

## **Harbours and Railway**

Highlights of progress made in this sub sector in 2006 include:

- the delisting of the Ghana Railway Company Ltd (GRCL) from divesture to enable it pursue certain interventions to save the Company from total collapse;
- 82% completion of phase I of the Accra-Tema Rail rehabilitation project, and the GRCL is expecting the delivery of Diesel Multiple Unit Systems (DMUS) to operate the commuter services on the rehabilitated Accra - Tema line;
- technical and financial evaluation of tender documents for the commencement of feasibility study on the Tema - Akosombo Rail Line was conducted and the the feasibility studies for the extension of rail network to the north through to Burkina Faso is also in progress;
- Layout and configuration of commercial seaports in Tema is in progress. Dredging works at the port completed and new container terminal constructed.;
- Preparations for dredging other berths underway. Limited dredging completed in Takoradi;
- 563,586 of transit cargo traffic recorded at Tema and Takoradi ports;
- Maximum of 11.5 metres attained at Tema making it possible for larger containers to berth, which is expected to result in improved turn around time for vessels and reduced freight cost. Similar benefits are expected arise out of the dredging exercise at the Takoradi port;
- Landlord concept being implemented to encourage private sector investment in port services. Port services being ceded to private sector operators. GPHA to retain only 25% of stevedoring services;
- Annual traffic growth rate of 6% on the average recorded at Ghanaian ports, as compared to target of 3.2%;
- Measures have been undertaken to decongest the port of Tema and Takoradi; and
- Promotion of plans to establish inland port at Boankra in collaboration with Shippers Council.

## **Air Transport Sector**

In the area of air transport the Kotoka International Airport (KIA) phase II rehabilitation

project continued in 2006 with the completion of the additional works on the terminal building. These included provision of Flight Information Display Systems, Baggage Information Display Units, Closed Circuit Television (CCTV), Public Address System and Common User Terminal Equipment (CUTE), with the view of facilitating passenger handling in the departure and arrival halls. Also a Very Small Aperture Terminals (VSAT) were installed at vantage points to improve navigation, communication and surveillance in the Accra Flight Information Region (FIR).

The GCAA the Civil Aviation Act of 2004 (Act 678) was passed by Parliament, decoupling the airport management from the GCAA. The decoupling is expected to give effect to an Airport Company that will be responsible for the planning, development, operations and maintenance of all airports in the country, while the new GCAA will handle safety regulations and air navigation services.

The policy of introducing competition in the ground handling activities at the KIA was continued in 2006. A second operator Aviation Handling Services was licensed to do both terminal and ramp handling services in 2006.

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

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

The broad policy interventions outlined to achieve this overall goal include: (i) ensuring increased access to modern forms of energy to the poor and vulnerable; (ii) modernising and expanding power infrastructure; (iii) improving the regulatory environment in the power sector, (iv) ensuring full cost recovery for power supply and delivery while protecting the poor; and (v) ensuring productive and efficient use of energy and minimising the environmental impacts of energy supply and consumption through increased energy efficient technologies.

The following indicators were adopted for tracking 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.

The year 2006 was a particularly difficult year for the energy sector as it was characterised by shortage in power supply and high prices of crude oil and petroleum products. The power supply shortage was largely the result of low water inflows into the Akosombo Dam which limited the generation of power from the Akosombo Power Station. The global dynamics of petroleum products consumption as well as instability in key oil producing countries impacted strongly on the prices of crude oil and petroleum products. These developments created severe stress on the national economy.

Review of the indicators show that only one achieved the set targets in 2006. The percentage of households with access to electricity supply increased, from 45% in 2005 to 48% and

exceeded the 2006 target. There was a marginal decrease in the per capita consumption of petroleum products due to a decrease in demand as a result of sharp increases in petroleum prices experienced during the year, while the per capita consumption of LPG increased from 0.0033 in 2005 to 0.0040 in 2006.

Data for the average number of hours of electricity outage per consumer per year is not available for 2006. However, expectations are that the target of 100 hours per consumer per year was not achieved due to a load-shedding programme which started in August 2006. On efficiency of electricity generation, distribution losses reduced from 25.4% in 2005 to 24.3% in 2006. However transmission losses increased from 3.28% to 3.56% over the same period due to over-aged equipment.

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

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Per capita consumption of energy per annum (in Tonnes of Oil Equivalent)(TOE)					
a. Electricity	0.2936	0.0370	0.0414	Na	There was a marginal decrease in indicator level for Petroleum due to a decrease in demand as a result of sharp increases in petroleum prices experienced during the year in review.  However, there was an increase in the use of LPG.
b. Petroleum	Na	0.0802	0.0806	0.0798	
c. LPG	Na	0.0031	0.0033	0.0040	
2. Average number of hours of electricity outage per consumer per year	≤100 hours/Year	143	122	N/a	Data not currently available for 2006
3. Percentage reduction in transmission and distribution losses:					Target were not met due to over aged equipment
a. Transmission	2.8%	2.98%	3.28%	3.56%	
b. Distribution	21%	25.65%	25.44%	24.32%	
4. Percentage of households covered by electricity supply	47%	42%	45%	48%	Target exceeded

Source: MOE, 2006

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

The difficulties experienced in the year resulted in the implementation of an extensive nationwide load management programme at the end of August 2006. The programme led to a reduction of about 300 MW which is about 21% of the current power demand of 1,400 MW. In response to this situation, repair of the generating equipment at the Aboadze Thermal Plant which reduced the capacity of the power plant was “fast tracked”. This has enabled the restoration of the plant to its full generating capacity.

As part of the energy efficiency measures, the Ministry of Energy and the Energy Commission and the utilities have commenced the procurement of the more efficient Compact Fluorescent Lamps (CFLs) to replace high power consuming incandescent lamps in the system.



The Energy Commission and Energy Foundation began a massive public education campaign on energy efficiency and appliance labelling standards to encourage consumers to use only energy efficient appliances.

Significant progress has been made on the West Africa Gas Pipeline Project. These include:

- completion of the laying of the entire length of the high-pressure pipeline;
- pipelines connecting Tema and Takoradi to the main pipeline were laid;
- the pipeline connecting Lome and Cotonou was completed; and
- construction of the Regulatory and Metering stations at Tema and Takoradi was commenced.

The Energy Commission has completed the development of a policy framework for the Natural Gas Secondary Market (SGM). The Master Plan for the Development of the SGM in Ghana was also completed. The technical and operational rules of practice which are required to be enforced uniformly throughout the country for safe, reliable, economic and efficient operations of the natural gas industry have been prepared. These include:

- Natural Gas Distribution and Sale (Standards of Performance) Regulations
- Natural Gas Distribution and Sale (Technical & Operational) Rules.
- Natural Gas Transmission Utility (Standards of Performance) Regulations
- Natural Gas Transmission Utility Operational Regulations
- Occupational Health & safety Regulations

The Environmental Impact Assessment (EIA) of the Bui hydro project which has the potential to expand the existing hydro power capacity by an additional 400 MW was completed. The requisite public consultation process is on-going. The funding modalities are currently being discussed.

In order to make Ghana an attractive destination for investments in hydro carbon exploration, the review of the fiscal and regulatory framework for petroleum exploration and production business in Ghana was initiated in 2006. The pace of petroleum exploration activities in Ghana was intensified in 2006 with Parliament ratifying four Petroleum Agreements, including:

- GASOP Oil for exploration and development of West Cape Three Point.
- Amerada Hess for exploration and development of Deep Water Tano/West Cape Three Point Sites;
- Tullow Oil Ghana Limited and Sabre Oil and Gas Limited for exploration, development and production of Shallow Waters West Tano; and
- Tullow Oil Ghana Limited, Sabre Oil and Gas Limited and Kosmos Energy Ghana Limited for exploration, development and production of Deep Waters West Tano.

Under the Rural Electrification Project, 198 communities were connected to the national grid under various electrification programmes during the year under review.

### 3.2.8. Science and Technology for Increased Productivity and Development

#### Status of Selected Indicators:

The major goal of interventions in this broad policy area is to establish an efficient research system which contributes to national development objectives. It is envisaged that the promotion of a science and technology culture at all levels of the society and the mastery of known and mature technologies and their application in agriculture and industry will accelerate economic growth and social transformation.

To monitor progress towards this objective an indicator on the percentage changed in public expenditure on science and technology research have been selected, but data is currently not available to support any meaningful analysis. Indicative figures suggest however that government spent about US\$3, 258,260.90 (constituting about 0.03% of GDP) in 2006 on the three main public institutions engaged in science and technology research, namely the Ministry of Environment and Science, CSIR and Ghana Atomic Energy Commission (GAEC). This represents only 5.3% of the total investment budget of the Ministry of Education Science and Sport.

**Table 3.8: Science and Technology Development**

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Percentage change in Research and Development expenditure (Public)	Na	Na	Na	Na	Data not available to evaluate the indicator  2006 Public Expenditure (investment and Services): <b>Institution</b> MES - US\$363,695.65 CSIR - US\$510,108.70 GAEC - US\$2,384,456.50 TERTIARY - US\$ Total - US\$3,258,260.90 (0.03% of GDP)

Source: MOESS, 2006

#### Key Policy Measures and Strategies:

The agricultural research-oriented institutes of the CSIR intensified the development of varieties of improved crops and cereals early maturing pest and drought-resistant. The Crops Research Institute (CRI) and Savannah Agricultural Research Institute (SARI) continued to release new varieties of peanuts, cowpea, soya beans, sorghum and millet. The GAEC completed the establishment of a Tissue Culture Laboratory for large scale multiplication of a wide range of planting materials.

The Biotechnology and Agricultural Research Institute (BNARI) of GAEC continued to collaborate with a private company, Bio Plantlets Limited for the multiplication of the MD2 pineapple plants for distribution to farmers.

In collaboration with the Cocoa Research Institute, the GAEC has developed Gamma Mutation Breeding which is resistant to Swollen Shoot Disease, with about 25 farmers utilizing this technology on a pilot basis.

The GAEC established the School of Nuclear and Allied Sciences (SNAS) during the year, to train the required human resources for the Commission and other institutions in the country, and as a regional training centre for other Member States in Africa.

The National Nuclear Research Institute intensified the use of Non-Destructive Testing techniques to detect leakages in storage tanks for mining firms, Bulk Oil Storage and Transport (BOST) and other institutions namely the Tema Oil Refinery (TOR), Aboadze Thermal Plant, the Oil Storage Tanks at Buipe and Bolgatanga and the West Africa Gas Pipe-Line Project.

### **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.

The thrust of policy 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) build the necessary capacity and 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

In 2006 the teledensity was estimated to be about 27.2%, comprising of 25.5% mobile and 1.7% fixed line. This compares favourably with the 2005 level of 16.6%, comprising of 14.9% mobile and 1.7% fixed line. Overall, the teledensity or the penetration rate of telephones has improved over the 2005 level, as well as exceeding the target set for 2006.

Available data on internet access indicate that the proportion of internet subscribers increased marginally by 0.05% instead of the 2% targeted for 2006. The number of schools with internet access increased marginally from 53 (including 46 Senior Secondary Schools, and 7 Teacher Training Institutions) in 2005 to 58 (including 50 Senior Secondary Schools, and 8 Teacher Training Institutions) in 2006.

Data on the size of the ICT industry is currently not available, it is however planned to reach US\$750million by the year 2011.

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

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Size of the ICT industry	US \$750 million by 2011	Na	Na	Na	Data not available to evaluate the indicator
2. Teledensity/Penetration rate:	20%	6.9%	16.6%	27.2%	Target exceeded
a. Fixed Line		1.6%	1.7%	1.7%	
b. Mobile		5.4%	14.9%	25.5%	
3. Internet Access	1.5million in 2005	0.05%	0.05%	0.05%	Targets not achieved (Progress is slow)
a. Subscribers	≥2% per annum				
b. Providers (total number)	Na	23	27	29	
c. Number of school with internet access	Na	Na	46 (SSS)	50 (SSS)	
	Na	Na	7 (Teacher Training)	8 (Teacher Training)	

Source: MOC, 2006

**Key Policy Measures and Strategies:**

A number of important actions were taken towards the implementation of indicative programmes outlined in the Ghana ICT Policy for Accelerated Development (ICT4AD) and the pro-investment National Telecommunications Policy to create the necessary environment for effective deployment of ICT by the private and public sectors.

The following legal and regulatory activities were carried out in 2006 to create an effective ICT enabling environment in Ghana:

- drafting of E-Legislation Bills for consideration by Cabinet;
- hosting of stakeholders workshops for Electronic Transactions Bill, Telecom Bill, NCA & NITA Bills;
- preparing of Government interoperability draft policy framework document and hosting the first stakeholder forum to receive inputs to enrich the document;
- the process of privatizing the Ghana Telecom begun. The privatization process is estimated to be completed by June 2007 to pave way for massive capital injection into GT.
- a new Radiosonde equipment was installed and commissioned at Tamale Airport in March 2006 to facilitate prompt weather forecast to serve the aviation industry. In addition, the Climate Database Management System was upgraded and has enhanced processing and archiving of historical meteorological data and improved service delivery to clients.
- GICTeD facilitated the development of ICT Capacity Building data document through the administration of ICT status questionnaire at 66 MDAs and 30 SOEs. The analysis of the questionnaire will enable GICTeD facilitate capacity development programmes to equip all MDAs with core ICT personnel.
- also various policies, guidelines, rules and regulations for carrying out postal and courier business were drafted and are being reviewed with stakeholder participation. 50 firms operating postal and/or courier services have been identified to be brought under the regulatory framework to ensure high-level performance. Exclusive license for the

- provision of reserved postal services in Ghana was granted to Ghana Post.
- in the course of 2006, about 4,000 persons were trained in various ICT skills at the Advance Information Technology Institute – Kofi Annan Centre of Excellence in ICT (AITI-KACE).
  - a week’s workshop on Interconnection Agreement for Telecommunication Operators and other relevant stakeholders was also held in March 2006 to enhance understanding of emerging interconnection issues.
  - the Ghana Telecommunication University College (GTUC) was formally inaugurated as a tertiary institute for ICT and Telecom focused learning in 2006. GTUC trained 120 technicians in short term courses in Information Technology and Telecommunication engineering by end June 2006.
  - GIFTTEL was established to facilitate the extension of communications services to underserved and unserved areas of the country. GIFTTEL is providing common facilities to be used by all telecom operators under Universal Access to Telecommunications Projects. Ten underserved areas were approved for extension of telecom access, including Tokope (G/Accra), Twifo Mampong (Central), Donkorkrom (Eastern) Dadieso (Western), Odumase (Ashanti), Damanko (Volta), Daboya (Northern), Gwollu (U/West), Fumbisi (U/East) and Kwame Danso (B/A).
  - the programme on the use of ICT to promote an all-inclusive information and knowledge society to benefit the rural areas, the CIC concept was developed and the following accomplished.
    - 72 CIC Infrastructure completed and equipped.
    - 6 people were trained as Trainers of ‘Trainers’
    - 49 CIC coordinators trained in technical and managerial competencies.
    - extension of LAN/WAN Connectivity/equipment to 50 CICs undertaken.
    - a sensitization workshop was held for District Chief Executives to enable them pursue the objective of ICT knowledge development through the CIC concept.
    - a co-ordination arrangement was set up between the MoC, the Ministry of Information and National Orientation, the Ministry of Local Government, Rural Development and Environment to facilitate the harmonisation of technical and operational programmes of the CICs.
  - a concessionary loan facility of \$30 million was secured to support the project meant to transform Voltacom’s Fibre Optic assets into a national Communications Backbone Infrastructure network to provide open access Communication Backbone. So far the design stage of the project was completed and a legal instrument is being considered.
  - the Technology Park Project to be located at the Free Zone enclave was commenced with the following activities accomplished:
    - funding for the Technology Park was approved by the World Bank under MSME
    - a project management document for Technology Park was completed
  - also a the construction of centralized data centre and the development of a secondary data centre with disaster management and data recovery facilities to enhance security of information and data was initiated. The study phase for the centralized data backup centre was completed and the design phase of the project is in progress.

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

#### Status of Selected Indicators:

The broad policy thrust for the tourism sector is to realise the potentials of the sector by making Ghana a competitive and quality tourism destination whilst preserving the country's cultural, historical and environmental heritage. Some of the key policy interventions expected to be implemented include: (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 to preserve historical, cultural and natural heritage; and (iv) enhancing the capacity and strengthen the legal and institutional framework to support tourism industry.

Among the key indicators selected to track progress towards implementation are:

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

Available data indicates that Ghana ranks 10th in terms of tourist arrivals in Africa and considered a serious emerging market with high potentials on the continent. The percentage change in tourist arrival declined marginally in 2006 and fell short of its target, total receipt accounted for about 18% over its level in 2005, generating nearly 183, 192 jobs in the process, which is nearly 6% more than the jobs generated in 2005.

An assessment of the percentage change in stock of investment indicates that with the exception of car rental companies, all the remaining indicators fell short of the 2006 targets, showing a declining trend in some cases. In all 1,736 formal establishments were licensed in 2006 including 1,406 for accommodation and 330 for catering. Nearly 370 accommodation and catering units in the formal sector were re-inspected and subsequently licensed. While about 949 informal establishments were licensed, comprising of 24 accommodation and 925 catering units. The number of formal travel /trade operators licensed also amounted to 410 (including 350 travel and tours and 60 car rental companies).

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

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Percentage increase in tourist arrivals	16%	Total arrivals =372,823	13%	11.8%	Target is not achieved  RECEIPTS (US \$ Million ): 2005 =836.1 2006 =984.8 EMPLOYMENT: 2005 =172,823 2006 =183,192
2. Percentage change of investment (stock of tourism facilities) in the tourism sector					Target not achieved (With the exception of car rental companies, all the remaining indicators fell short of targets, showing a declining trend in some cases)
a. Accommodation Establishments (Hotels, Guest houses, lodges etc)	15.26%	2.0%	2.3%	4.5%	
b. Catering Establishment	10.09%	-18.5%	24.5%	-32.8%	Inspections were conducted for 2,225 accommodations and catering units in the formal

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
(Restaurants, fast food joints etc)					sector.
c. Travel Agents and Tour Operations Establishment	9.17%	-4.1%	31.0%	-5.9%	The following is the breakdown of accommodation and catering units in the formal sector that were licenses:
d. Car Rental companies	12.94%	-7.7%	10.4%	13.2%	<p>a) <b>Formal Establishments (A&amp;C)Licensed</b></p> <p>i) Accommodation – 1406 (Rooms –19967, Beds – 28006)</p> <p>ii) Catering – 330</p> <p>370 accommodation and catering units in the formal sector were re-inspected and subsequently licensed.</p> <p>b) <b>Formal Travel I Trade Operators Licensed – 410</b></p> <p><b>inspected Travel &amp; Tour</b></p> <p>i) Travel &amp; Tours – 350</p> <p>ii) Car Rental – 60</p> <p><b>2 Charter Flights were licensed in 2006 i.e.</b></p> <p>i. ANTRAK Airlines Limited - Route (Accra – Duss – Accra)</p> <p>. MICON Travels &amp; Tours - Route ( Port of Spain/George Town – Accra – George Town/ Post of Spain)</p> <p>c) <b>Informal Establishments Licensed</b></p> <p>i) <b>Accommodation 24 viz:</b></p> <ul style="list-style-type: none"> <li>• Hostels - 12</li> <li>• Homestays - 10</li> <li>• Tourist homes - 2</li> </ul> <p>ii) <b>Catering 925 viz:</b></p> <ul style="list-style-type: none"> <li>• Drinking Bars - 574</li> <li>• Traditional Catering - 344</li> <li>• Snack bars - 6</li> </ul>

Source: MOTDR, 2006

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

The following activities were carried out in line with the objective of the tourism sector in 2006:

- Four major international promotional activities were undertaken to market Ghana as a tourism destination;
- the 31st Africa Travel Association (ATA) congress was hosted in Accra;
- the International Exhibitions and Fairs abroad were embarked on to market Ghana's tourism potential;
- the Second hang and paragliding festival to boost domestic and international tourism was organised;
- about 1,042 personnel from the private sector were trained in Front Office and Food and Beverage Service management, in addition to 8 regional sensitization workshops held for 400 traditional caterers (Chop Bar) and drinking bar operators. This is expected to improve service delivery in hotels, restaurants and encourage tourists to enjoy our dishes;
- work on almost all the remaining 21 receptive facilities is near completion, with about 90% of the facilities commissioned and out sourced to the private sector to manage professionally;
- new tourist attractions in the country including the Presbyterian Cemetery at Osofoman, Mayera, the Samsam Cave & Sacred Grove at Achioto, Samsam and the Guoko Sacred Groove at Pokuase were also identified during the year;

- in collaboration with other MDAs, land banks and land use plans for tourist sites are being identified and documented. Workshops were held with District Assemblies for briefing on the acquisition of receptive facility lands and the proper development of these sites. Land owners are being sensitized to release lands for tourist operations; and
- a mechanism to accurately capture data of tourist arrivals has now been established.

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

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

Employment generation and social protection of the vulnerable and the excluded is central to the GPRS II. It is pursued as a cross-sectoral development strategy. This is to ensure that employment expands along with production and that the benefits of growth are widely shared. The broad employment sector strategies include to: (i) develop the institutional capacity of the MMYE for Employment Policy Management; (ii) develop and implement a national employment policy; (iii) develop and implementing policy and strategies to strengthen tripartism and social protection; (iv) develop and implement a fully functioning system that provides labour market information and statistics to support relevant decision making; (v) the adoption of a national policy for enhancing productivity and income in both formal and informal sectors; and (vi) the integration of employment strategies in sectoral policies.

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

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

A significant finding from the review indicates that 200,000 jobs were created in 2006 (including 78,195 placed in the youth employment programme). This is about 60% higher than the total number of jobs created in 2006. The sectoral breakdown indicates that about 85% of the jobs came from the services sector. Within the services sector, education accounted for 28.4% of the total vacancies, wholesale and retail trade 11.03% and Transport, Storage, and Communication 9.2%. The industrial sector, led by manufacturing accounted for 14.2% with agriculture accounting for less than 1%.

Within industry, the total number of labour disputes recorded in 2006 amounted to 663<sup>2</sup> (about 20% higher than the number recorded in 2005). Lack of baseline data makes it difficult to fully assess performance for the period. Similarly no meaningful analysis could be made on the social protection expenditures due to inadequate data.

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<sup>2</sup> See Box 4.2 for the detail institutions involved in the disputes



**Box 5.2: Industrial disputes in 2006 and institutions involved**

Some of the institutions involved in industrial disputes were

- Meteorological Services Department
- Customs, Excise and Preventive Service
- The thirty-two (32) Unions under the Public Services Workers' Union
- Barclays Bank of Ghana Limited
- Environmental Protection Agency
- National Association of Graduate Teachers (NAGRAT)

The Labour Commission also successfully resolved industrial disputes comprising both individual and collective disputes. About 80% of the cases were fully settled, the remaining 20% cases are in the process of settlement.

**Table 3.11: Employment Generation and Expansion of Social Safety Net**

INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
1. Number of Labour Disputes	Na	Na	548	663	Lack of baseline data to evaluate indicator, but indicator showed a worsening trend.
2. The number of new jobs created by sector	200,000	Na	125,000	200,000	<p>Target was achieved</p> <p>78,195 jobs created under the youth employment programme alone, in all 10 regions as at 31 December, 2006</p> <p>Employment figures as at December are as follows:</p> <p><b>REGIONS:</b></p> <p>Ashanti - 6,437            Brong Ahafo - 6,432            Central - 6,391            Greater Accra - 5,056            Northern - 1,5614            Upper East - 8,530            Upper West - 8,488            Volta - 7,574            Eastern - 7,000  <b>78,195</b></p> <p>Employment figures by <b>SECTORS:</b></p> <p>Agric Biz - 13,069            Comm. Edu Tech - 20,021            Comm. Protect - 300            Aux. Nursing - 10,500            Waste &amp; s'tion - 4,550            Internship - 2,800            Trades &amp; vocations - Na            ICT - Na            Other modules - 26,760            (Forestry, Rev. Mobi, Volu. Teachers, etc)            Programme Staff - 195</p>
3. Social Protection Exp as percentage of GDP	24.42%	Na	Na	Na	Lack of data to evaluate indicator. Department of Social Welfare Budget for 2006 =19.28 billion Cedis

Source: MMYE, 2006

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

The following activities were carried out in line with the objective of the sector under the GPRS II:

- the National Youth Employment Programme which has the objective of economic empowerment of the youth was officially launched on October 3, 2006.
- work started on developing a draft National Employment Policy and Labour Market Information System. Priority areas addressed in the policy document include:
  - defining constraints to employment generation
  - promoting employment generation potential of economic sectors such as agriculture, manufacturing, construction
  - development of Action Plans for implementation
  - Human Resource Development and employment linkages
- the Ministry of Manpower, Youth and Employment in collaboration with the Ghana Statistical Service, trained field personnel to collect reliable and accurate data on employment. This data is being processed and actual figures on employment are expected to be ready soon.
- welfare programmes in the areas of child welfare, the disadvantaged and excluded and HIV/AIDS were implemented in 2006. The achievements include: 134 cases of adoption handled, 739 child welfare services provided, 44,044 Persons with Disability trained in various vocations nationwide, and 85 juvenile and related child cases handled.
- the National Social Protection Strategy (NSPS) is undergoing a final review to enable programme implementation in 2007.
- the Tripartite Committee was re-constituted to strengthen its capacity to deal with labour-related matters. It concluded work on the determination of a minimum wage for 2007 and the Central Management Board and the Appellate Body also handled issues related to wages and salaries.
- the Ministry of Manpower, Youth and Employment (MMYE), through the Management Development and Productivity Institute (MDPI) conducted productivity measurement indices for 10 manufacturing companies and 5 financial institutions using the Value Added Concept.
- the MMYE collaborated with other MDAs in a number of programmes and activities including the:
  - implementation of the Labour Act, in collaboration with other stakeholders and finalisation of a legislative Instrument for gazetting and subsequent publication.
  - training 828 co-operative groups with a total membership of 13,200 in basic co-operative management techniques
  - inspection 1,922 factories and offices and 30 Industrial Hygiene Surveys conducted to determine Safety Standards
  - passage of Persons with Disability Act, 2006 which provides for the integration of Persons with Disability (PWD's) into the mainstream society in the areas of education, employment, and health care was passed.
  - passing of Technical Vocational and Education Training (TVET) Act by parliament
  - commencement of the implementation of the on-the-job training programme which is to ensure that the youth are employed and trained to improve their

access to acquiring appropriate experience in administration, finance and economy, job and technical skills, marketing and ICT and tourism. So far a management board and implementation teams has been established.

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

The environment for doing business and the competitiveness of the private sector improved during the year, in spite of challenges posed by the energy crisis. The rising global market prices of fuel and the electricity crisis appear to have had limited negative impact on the competitiveness and overall output of the economy. The Bank of Ghana Composite Index of Economic Activities (CIEA), the World Bank CPIA scores for competitiveness, and the AGI Business Climate Survey all point to a competitive business environment and increasing business confidence among actors. The sector, which continues to pose a challenge to the emerging business environment, is however the infrastructure sector including electricity, ICT and transport which still constitute the bulk of cost of production. Continuous effort in addressing the constraints in this area will further enhance the environment for doing business and reduce constraints to productivity.

The other constraints which require attention is lack of adequate and accurate data to comprehensively track the level of activity in the economy, especially in the informal sector which employs nearly 90% of the populace. No meaningful assessment could be made on some of the indicators selected to track progress towards implementation because of inadequate and timely data. It is recommended that the M&E systems of the various MDAs be strengthened to make it more responsive to the current data needs for effective policy formulation, monitoring and evaluation. Also interventions in the agriculture and the environment and natural resources sectors need to be intensified to ensure that set targets on selected indicators are achieved. 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 most of the indicators pointing at the right direction. 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.

#### **3.3.2 Modernised Agriculture**

Progress in this policy area was limited to the broad outcomes, with the indicators on underlying fundamentals pointing at the wrong direction. Productivity in the crops sub sector did not register significant improvement during the year. This does not however appear to pose major threat to food security since the per capita production of most of staples registered an improvement. Effort should be made to enhance productivity through increased extension and technology dissemination coverage, mechanisation services for land preparation, credit facilities for agricultural inputs, and the institutionalisation of effective

environmental assessment in agricultural development, with particular focus on appropriate land management practices, soil fertility, and water quality in peri-urban irrigation.

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 under for the sector in the GPRS II. This notwithstanding, agriculture sector grew at 6.2% compared to the 5.24% envisaged under the GPRS II, and created employment for about 92% of households in the rural areas.

### **3.3.3 Modernised Fishing and Aquaculture Development**

The prospect for the sector is bright as most of the interventions prescribed under the GPRS II received attention during the year under review. However, the pace of implementation of interventions under aquaculture development needs to be accelerated in order to make it possible to achieve the 700,000mt of fish requirement for the country in the long-run.

### **3.3.4 Restoration of degraded environment and Natural Resource Management**

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. 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.

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

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. 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.

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

Though most of the targets in the road sector were not met, they registered a positive and significant improvement over the 2005 levels. Efforts should be made to address these resource constraints and capacity related issues in order to accelerate the pace of road infrastructural development which is central to the growth agenda. 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.

Under the rail and maritime transport sectors, all the indicators are experiencing a downward trend, in addition to the fact that their respective targets were not met. 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.

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

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.

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

The critical challenge to assessing this policy area is the lack of adequate data to track progress towards implementation. Science and Technology development is central to attainment of the overall goal of accelerated growth and becoming a middle income country by 2015. It is therefore recommended that the relevant MDAs make an effort to develop instrument to track the key indicators including the percentage change in R&D expenditures (disaggregated into public and private) on systematic basis.

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

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.

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

Most of the indicators in this policy area are on-track towards achieving set targets. A major concern is how the activities of the music and film industries have been integrated into the plan of work of the responsible MDAs. 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.

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

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.

## STATUS OF INDICATORS – 2006

**Table 3.12: Summary of Status of Private Sector Competitiveness Indicators, 2004 – 2006**

AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
<b>PRIVATE SECTOR DEVELOPMENT</b>	4. Ease of Doing Business rank	Within the first 55 countries in the world by 2009	Na	102	94	Slow Progress toward target, with high prospect for improved business environment. The Bank of Ghana Composite Index of Economic Activities (CIEA) indicates that economic activities are on the increase, showing the confidence of economic agents in the economy.
	5. Complementary Indicator: Composite Index of Economic Activities (CIEA)					
	CIEA – Nominal Movement =	Na	188.96%	225.39%	285.69%	
	CIEA – Year-on-Year growth (Nominal) =	Na	14.26%	19.28%	26.8%	
	CIEA – Real Movement =	Na	144.91%	160.43%	140.17%	
	CIEA – Year-on-Year growth (Real) =	Na	7.98%	10.71%	-12.6%	
	6. FDI net inflows (in millions of US\$)	Na	139.27	144.97	434.50	
7. Private fixed investment (as % GDP)	17.6%	Na	Na	Na	Lack of data to evaluate indicator	
8. Number of days to register a Limited Liability Company	7		14	5	Target exceeded	
9. The number of days to resolve commercial disputes	175	195	185	90	Target exceeded	
10. Domestic credit to the private sector as ratio of GDP	19.6% by 2009	13.1%	14.9%	18.0%	Substantial progress towards target	
<b>MODERNIZED AGRICULTURE</b>	11. Change in yield of selected traditional crops and productivity of livestock.					Targets not achieved (Only one out of the six crops selected attained target) Yield of all the selected staple crops declined, except rice.  Information on livestock unavailable
	Maize =	0.39	-0.05	0.01	-0.08	
	Rice(milled) =	1.17	- 0.03	- 0.02	0.02	
	Cassava =	0.57	- 0.48	0.56	- 0.56	
	Yam =	0.49	0.64	0.58	0.11	
	Plantain =	1.5	0.34	1.61	-0.38	
	Cocoa =	0.10	Na	0.46	0.46	
	Poultry =	0.11	Na	0.11	Na	
	Sheep =	0.05	Na	0.03	Na	
	Goat =	0.04	Na	0.04	Na	
	Cattle =	0.01	Na	0.01	Na	

AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
	12. percentage of cultivated lands under irrigation (Area developed for irrigation/ha)	0.33 (23,500)	Na	0.26% (19,000)	0.21% (14,928.5)	Target not attained  <u>Regional distribution:</u> Ashanti - 188 Brong Ahafo - 236 Central - 386 Greater Accra - 5,147 Northern - 690 Upper East - 3,690 Upper West - 115.5 Volta - 3,463 Eastern - 603 Western - 60 Total - 14,928.5
	13. The Share of Credit to Agriculture, forestry and Fishing by Deposit Money Banks (excluding Cocoa)	≥10%	8.1%	6.2%	4.8%	Target not achieved
	4. Per capita production of key staple foods (crops), livestock and fish; (in kg/Annum, except * which is in live animal/annum) Maize = Rice(milled) = Sorghum = Millet = Cassava = Yam = Plantain = Cocoa = Poultry* = Sheep* = Goat* = Cattle* = Fish =	45.0 25.0 15.0 8.0 400.0 180.0 110 21.0 1.7 0.17 0.21 0.07 0.022	55 7 14 7 464 185 113 Na Na Na Na Na Na	55 11 14 9 445 182 130 15.3 1.49 0.16 0.20 0.07 0.21	54 11 14 7 436 194 131 33.5 1.52 0.15 0.18 0.63 0.29	At least 50% of target attained (Five out of eight selected staple crops, as well as two out of five of the selected livestock and fish products exceeded their respective targets)
	14. Percentage change in export volume and value of non traditional crops. Pawpaw Volume =( 3,751,947Kgs in 2004) Value =(US\$1,226,695 in 2004)	200 200	95.77 66.49	-14.40 -11.85	-54.0 -35.0	Target was substantially not achieved (With the exception of volume of Banana exported, all the targets set for the selected



AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
	Mango Volume = (375,911Kgs in 2004) Value =(US\$163,850 in 2004)	400 400	60.38 51.59	8.33 -17.88	-52.0 -34	non-traditional crops were not attained)
	Pineapple Volume = (71,804,617Kgs in 2004) Value =(US\$13,316,459.48 in 2004)	400 400	59.05 53.49	-74.41 -42.07	196 33.0	
	Banana Volume = (725,365Kgs in 2004) Value =(US\$208,938 in 2004)	1500 1500	99.53 -7.82	53.94 119.65	1,830 1,291	
	15. Farm Household incomes Non-farm Household income	60% 40%	-	-	61% 39%	
	16. Ratio between subsistence crop/livestock and commercial crop/livestock farming	2.5	-	-	3.16	Target not achieved
	17. Percentage increase in agro-processing and agro-business enterprises and micro-enterprises registration	Na	Na	Na	Na	Data not available to evaluate the indicator
<b>FISHERIES DEVELOPED</b>	5. Total Fish Production (mt) a. Marine b. Inland Capture fisheries c. Harvesting of Ponds	Na Na Na	352405.19 Na 3,500	322,789.48 Na 6,900	334,409.9 14,481 19,877	No Initial target for assessment <u>Regional distribution (Kg):</u> Ashanti - 9,378.1 Brong Ahafo - 1,167.5 Central - 376.36 Greater Accra - Nil Northern - Nil Upper East - Nil Upper West - Nil Volta - Nil Eastern - 8,411 Western - 544 Total - 19,876.96
	d. Import	Na	Na	166,003.1	165,559.7	
	6. Quantity of fish produced per hectare of pond per year	2 Tons/ ha/yr	1.3	1.5	1.5	Target not attained
	7. Total surface water Area under fish farming	250ha	200	231.4	508.58	Target exceeded

AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
						<u>Disaggregations:</u> Total # of Ponds = 3,472 Functional ponds = 3,234 Total # of farmers = 1,597
<b>RESTORATION OF DEGRADED ENVIRONMENT AND NATURAL RESOURCE MANAGEMENT</b>	8. Cost of environmental degradation as a ratio to GDP (lands, forests, fisheries)	5%	Na	5.5%	6% <sup>3</sup>	Target not achieved
	9. Rate of deforestation	(-1.3%) <10,00 ha/annum	65,000 ha/annum	Current Forest = 5,517,000ha (-1.7%)	Na	Statistics on current rate of deforestation not available
	10. Number of Timber Utilisation Contracts (TUCs) awarded					
	a. <u>Natural Forest:</u>	167 Consists of: Conversion to TUC's = 100 Ratified TUC's = 42 Next Comp. Bidding (Nat.Foests) = 25		6 TUCs signed and ratified by parliament	4 TUCs signed and ratified by parliament	Target not achieved
b. <u>Plantation:</u>	36	17 plantation TUCs signed	Na	16 TUCs signed	Target not achieved Competitive bidding for 27 TUCs of plantation timber to be held by end of march, 2007	
11. The number of Social Responsibility Contracts (SRC) signed	103 Consist of: SRA (Nat. Forests) = 67 SRA (Plantation) = 36	53 Consist of: Nat. Forest replaceme nt = 36 SRA (Plantatio	8 Consist of: SRA (Nat. Forests) = 6 SRA (Plantation) = 2	18 Consist of: SRA (Nat. Forests) = 4 SRA (Plantation) = 14	Target not achieved Stakeholder consultation are on-going to facilitate the signing of SRAs	

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

AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
			<i>n) = 17</i>			
	12. Percentage change in resource spent for Corporate Social Responsibility, including alternative livelihood programmes	Na	Na	Na	Na	Data not available to evaluate the indicator
	13. Hectares of degraded forest, mining, dry and wet lands rehabilitated/ restored					
	a. Forest	20,000 ha	16,000ha	16,800ha	17,500ha	Target not achieved due to limited financial resource
	b. Mining	238ha by 2009	168ha	Na	Na	Data not available to assess progress. Technical document developed for labour intensive physical reclamation
	c. Dry and wetland	Na	Na	Na	Na	Lack of data to evaluate indicator
	14. 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)	60:40	60:40	50:50	Target achieved (The sharing of royalties from timber resources have been reviewed in favour of resource owners both on- and off-reserve. Currently, the Forestry Commission receives 50% of timber royalties from forest reserves while the resource owners also receive 50%)
		40:60 for off-reserve royalties	60:40	40:60	40:60	Target Achieved (Similarly, the sharing of royalties outside forest reserves is now 40% for the Forestry Commission and 60% for the resource owners)
	7. Statistical Overview of the Mineral Sector					
	a. Mineral Production					
	Gold (thousand ounces)	2,500	2,029.97	2,138.94	2,423.27	Significant progress made toward target
	Diamonds	1,000.0	905.34	1,065.92	967.86	
	Bauxite	760.00	498.06	606.70	753.32	
	Manganese	1,800.00	1,597.09	1,719.59	1,607.178	
	b. Labour					
	Large Scale	22,000	21,505	21,916	21,950	Significant progress made toward target
	Small Scale (legal & illegal)*	600,000	500,000	540,000	570,000	

AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
	c. Foreign Direct Investments (in million U.S. \$)	1,000	665.86	744.050	900.0	Significant progress made toward target
	d. Mineral Rights Granted (Mining Lease, Prospecting, Reconnaissance, Salt, Quarry, Clay, Sand Winning, Small Scale Gold/Diamond, Mica)	200	131	152	189	Significant progress made toward target
	18. Time to register land	8mths	36mths	12mths	7mths	Target exceeded (The drastic reduction is due to the establishment of deed registries in four areas Sekondi, Koforidua, Sunyani and Tamale).
<b>PROMOTING TRADE AND INDUSTRIAL DEVELOPMENT</b>	19. Percentage change in non-traditional exports (NTE) = (Value in Million US\$)	10%	16.5% (705.0)	10.3% (777.59)	15% (892.88)	Target exceeded
	20. Average number of days for clearing goods from the nations ports	3days	7days	4days	2days 6 hours at the airports	Target exceeded
	21. 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)	Na Na Na	9.0% 1.6% Na	8.9% 1.3% Na	8.8% 14.2%(Prov .) Na	Baseline target not available, but results are mix compared to previous year.
	22. Time Taken to get duty drawback	6wks	Na	6mths	Na	Lack of data to evaluate indicator
<b>TRANSPORT INFRASTRUCTURE: ROAD, RAIL, WATER AND AIR TRANSPORT</b>	23. Total funds disbursed for routine maintenance, periodic maintenance, reconstruction and upgrading works, relative to the maintenance needs of each modal network a. Road Transport b. Rail & Water c. Air	=53% = 4 % = Na	=Na = Na = Na	=38% = Na = Na	=% = Na = Na	Lack of data to evaluate indicator
	24. Proportion/length of roads maintained/Rehabilitated  <u>Trunk Roads (in km):</u> a. Routine maintenance	89%  12,168 293	Na  13,074.50 260.29	67%  12,127 281.31	75.6%  12,825.1 135.33	Target not met  Target largely not met (Only one out of four

AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
	b. Periodic maintenance	699	223.67	198.62	166.86	indicators met and exceeded it)
	c. Minor Rehab & Reconstruction	200	180	209.75	142.18	
	d. Major Rehab & Reconstruction					
	<u>Urban Roads (in km):</u>	3,449	2,449.65	3,313.20	3,634.79	
	e. Routine maintenance	531.17	209.21	240.36	360.87	Two out of four indicators met target (exceeded), No data on one.
	f. Periodic maintenance	36	113.73	32.0	56.18	
	g. Minor Rehab. & Reconstruction	13	Na	9	Na	
	h. Major Rehab. & Reconstruction					
	<u>Feeder Roads (in km):</u>	26,580	18,463	17,119	17,340	Target not met (All six indicators below target)
	i. Routine maintenance	800	1,158	1,085	557	
	j. Rehabilitation	100	306	214	50	
	k. Regravelling	1,649	2,002	160	1,162	
	l. Spot Improvement	20	Na	Na	Na	
	m. Reconstruction	227	186	190	176	
	n. Surfacing					
	25. Annual accident statistics for each transport mode (Road)	10,330	12,164	11,305	11,698	
	26. Passenger traffic and goods traffic by railways	93,000	80,000	64,000	38,000	Targets not achieved, and indicators showing downward trends
	a. Passenger traffic (in 1000 passengers-km)	231,000	215,690	223,980	181,250	
	b. Good traffic (1000 tonnes-km)					
	27. Maritime traffic : Goods loaded and unloaded (in 1000 tonnes)					Targets not achieved, indicators showing downward trends
	a. Goods loaded (in 1000 tonnes)	4,500	3,907	4,361	4,359	
	b. Goods Unloaded (in 1000 tonnes)	9,200	8,720	9,524	8,038	

2006 Traffic by Location (in 0000 tonnes):

**Goods Loaded**  
Tema - 1,117  
Takoradi - 3,241  
Total - 4,359

**Goods Unloaded**  
Tema - 7,788  
Takoradi - 1,477  
Total - 9,266

AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
						<u>Total vessels</u> Tema - 2,032 Takoradi - 610 Total - 2,642
	28. Total air freight and number of air traffic passengers:					
	a. Total air freight in thousand tonnes					
	- Loaded	50.5	46.9	47.2	49.5	Targets not achieved
	- Unloaded	33.6	31.5	30.5	33.2	
		16.9	15.4	16.7	16.3	
	b. Number of air traffic passengers (arrival and departure) in thousand	919.2	705.4	812.2	926.6	Targets exceeded
	- Arrival	446.6	338.5	382.2	458.8	
	- Departure	462.6	366.9	429.9	467.7	
	c. Number of air craft movt (arrival and departure) in thousand	14.4	10.6	12.5	13.8	Fell short of target by 0.6
	- Arrival	7.2	5.2	6.2	6.9	
	- Departure	7.2	5.4	6.3	6.9	
	29. Road condition mix					
	<u>National:</u>	64,131km	47,600km	47,835km	48,381km	Target not met
	Good	=48%	=40%	=42%	=45%	
	Fair	= 30%	= 30%	= 31%	= 28%	
	Poor	= 22%	= 30%	= 27%	= 27%	
	<u>Trunk Roads:</u>	13,367km	10,942km	11,177km	11,723km	Target not met
	Good	=48%	=40%	=42%	=46%	
	Fair	= 30%	= 30%	= 31%	=29 %	
	Poor	= 22%	= 30%	=26 %	= 25%	
	<u>Urban Roads:</u>	9,764Km	4,064Km	4,064Km	4,064Km	Target not met
	Good	=56%	=41%	=43%	=46%	
	Fair	= 21.9%	= 31%	=33%	= 30%	
	Poor	= 22.1%	=28%	=24%	=24 %	

AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
	<u>Feeder Roads:</u> Good Fair Poor	41,000km = 46% = 34% = 20%	32,594Km = 30% = 17% =53 %	32,594Km = 30% = 17% =53 %	32,594Km =34 % =15 % = 51%	Target not met
<b>ENERGY SUPPLY TO SUPPORT INDUSTRY AND HOUSEHOLDS</b>	30. Per capita consumption of energy per annum (in Tonnes of Oil Equivalent(TOE))  a. Electricity b. Petroleum c. LPG	0.2936 Na Na	0.0370 0.0802 0.0031	0.0414 0.0806 0.0033	Na 0.0798 0.0040	There was a marginal decrease in indicator level for Petroleum due to a decrease in demand as a result of sharp increases in petroleum prices experienced during the year in review.  However, there was an increase in the use of LPG.
	31. Average number of hours of electricity outage per consumer per year	≤100 hours/year	143	122	N/a	Data not currently available for 2006
	32. Percentage reduction in transmission and distribution losses: a. Transmission b. Distribution	2.8% 21%	2.98 25.65%	3.28% 25.44%	3.56% 24.32%	Target were not met due to over aged equipment
	33. Percentage of households covered by electricity supply	47%	42%	45%	48%	Target exceeded
<b>SCIENCE AND TECHNOLOGY TO SUPPORT PRODUCTIVITY AND DEVELOPMENT</b>	34. Percentage change in Research and Development expenditure (Public)	Na	Na	Na	Na	Data not available to evaluate the indicator  2006 Public Expenditure (investment and Services): <b>Institution</b> MES - US\$363,695.65 CSIR - US\$510,108.70 GAEC - US\$2,384,456.50 TERTIARY - US\$ Total - US\$3,258,260.90 (0.03% of GDP)
<b>DEVELOPING INFORMATION AND</b>	35. Size of the ICT industry	US \$750 million by 2011	Na	Na	Na	Data not available to evaluate the indicator

AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
COMMUNICATION TECHNOLOGY (ICT)	36. Teledensity/Penetration rate:	20%	6.9%	16.6%	27.2%	Target exceeded
	a. Fixed Line		1.6%	1.7%	1.7%	
	b. Mobile		5.4%	14.9%	25.5%	
DEVELOPING THE TOURISM SECTOR FOR REVENUE AND EMPLOYMENT GENERATION	37. Internet Access	1.5million in 2005	0.05%	0.05%	0.05%	Targets not achieved (Progress is slow)
	a. Subscribers	≥2% per annum	23	27	29	
	b. Providers (total number)	Na	Na	46 (SSS)	50 (SSS)	
	c. Number of school with internet access	Na	Na	7 (Teacher Training)	8 (Teacher Training)	
DEVELOPING THE TOURISM SECTOR FOR REVENUE AND EMPLOYMENT GENERATION	38. Percentage increase in tourist arrivals	16%	Total arrivals =372,823	13%	11.8%	Target is not achieved  RECEIPTS (US \$ Million): 2005 =836.1 2006 =984.8 EMPLOYMENT: 2005 =172,823 2006 =183,192
	39. Percentage change of investment (stock of tourism facilities) in the tourism sector					Target not achieved (With the exception of car rental companies, all the remaining indicators fell short of targets, showing a declining trend in some cases)  Inspections were conducted for 2,225 accommodations and catering units in the formal sector.  The following is the breakdown of accommodation and catering units in the formal sector that were licenses:  a) <b>Formal Establishments (A&amp;C)Licensed</b> i) Accommodation – 1406 (Rooms – 19967, Beds – 28006)
	a. Accommodation Establishments (Hotels, Guest houses, lodges etc)	15.26%	2.0%	2.3%	4.5%	
	b. Catering Establishment (Restaurants, fast food joints etc)	10.09%	-18.5%	24.5%	-32.8%	
	c. Travel Agents and Tour Operations Establishment	9.17%	-4.1%	31.0%	-5.9%	
d. Car Rental companies	12.94%	-7.7%	10.4%	13.2%		



AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
						ii) Catering – 330 370 accommodation and catering units in the formal sector were re-inspected and subsequently licensed.  <b>b) <u>Formal Travel &amp; Trade Operators Licensed – 410</u></b> <u>inspected Travel &amp; Tour</u> i) Travel & Tours – 350 ii) Car Rental – 60 <b><u>2 Charter Flights were licensed in 2006</u></b> <b><u>i.e.</u></b> i. ANTRAK Airlines Limited - Route (Accra – Duss – Accra) . MICON Travels & Tours - Route ( Port of Spain/George Town – Accra – George Town/ Post of Spain)  <b>c) <u>Informal Establishments Licensed</u></b> <b>i) <u>Accommodation 24 viz:</u></b> <ul style="list-style-type: none"> <li>• Hostels - 12</li> <li>• Homestays - 10</li> <li>• Tourist homes - 2</li> </ul> <b>ii) <u>Catering 925 viz:</u></b> <ul style="list-style-type: none"> <li>• Drinking Bars – 574</li> <li>• Traditional Catering - 344</li> <li>• Snack bars - 6</li> </ul>
<b>EMPLOYMENT GENERATION AND IMPROVEMENT AND EXPANSION OF SAFETY NETS</b>	40. Number of Labour Disputes	Na	Na	548	663	Lack of baseline data to evaluate indicator, but indicator showed a worsening trend.
	41. The number of new jobs created by sector	200,000	Na	125,000	200,000	Target was achieved  78,195 jobs created under the youth employment programme alone, in all 10 regions as at 31 December, 2006  Employment figures as at December are as follows: <b>REGIONS</b>

AREA OF FOCUS	INDICATOR	Target in 2006	Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
						Ashanti - 6,437 Brong Ahafo - 6432 Central - 6,391 Greater Accra - 5056 Northern - 1,5614 Upper East - 8,530 Upper West - 8,488 Volta - 7,574 Eastern - 7,000 <b>78,195</b>  Employment figures by <b>SECTORS:</b> Agric Biz - 13,069 Comm. Edu Tech - 20,021 Comm. Protect - 300 Aux. Nursing - 10,500 Waste & s'tion - 4,550 Internship - 2,800 Trades & vocations ICT - Na Other modules - 26,760 (Forestry, Rev. Mobi, Volu. Teachers, etc) Programme Staff - 195
	42. Social Protection Exp as percentage of GDP	24.42%	Na	Na	Na	Lack of data to evaluate indicator.  Department of Social Welfare Budget for 2006 =19.28 billion Cedis



## **CHAPTER FOUR**

### **HUMAN RESOURCE DEVELOPMENT**

#### **4.1 INTRODUCTION**

The main goal of Human Resource Development in the GPRS II is to ensure that Ghana produces a knowledgeable, well-trained and healthy population with adequate capacity to support the accelerated economic growth and poverty reduction. The following broad policy areas have been identified as the key pillars of the country's comprehensive human resource development programme.

- Education;
- Training and skills development;
- Access to health care;
- Malaria control;
- HIV/AIDS prevention and treatment;
- Safe water and Sanitation;
- Population management; and
- Housing and slum upgrading.

This section of the report is an assessment of progress made towards attaining the targets set out in this thematic area, using selected key indicators on human resource development relevant to the broad policy areas identified above.

#### **4.2 STATUS OF SELECTED INDICATORS, AND KEY POLICY MEASURES AND STRATEGY IN 2006**

##### **4.2.1 Education**

The following policy objectives were identified under the strategy to improve educational outcomes necessary for ensuring quality human resource for accelerated economic growth and poverty reduction:

- 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 educational services.

***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; and survival rates were used to assess progress on this policy objective.

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

The GER is an indicator of participation in the educational system and 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 enrolment growth and survival rates for the period 2003 to 2006.

Overall, data indicates that school enrolment growth in GER has continued to be positive across all levels of basic education. In addition, the 2006 national GER targets for the sub-sector were also achieved.

**Kindergarten:**

There was a significant growth in enrolment at this level of education. The GER for pre-schools increased from 60.14% in 2005 to 85.30% in 2006. This represents an increase of 41.8% in gross enrolment. However, there remains significant geographical disparity in access to pre-school education. The three northern regions and the deprived districts have significantly lower enrolment ratios at this level of education than the national average. The number of public kindergarten schools increased from 5,205 in 2004/05 to 7,818 in 2005/06. Efforts to accelerate the mainstreaming of pre-schools into the basic education system in these areas may need to be intensified.

**Primary:**

Significant progress was recorded in enrolment at the primary level of education. Enrolment increased from 87.3% in 2005 to 92.10% in 2006. There was an increase of 4.8% in Gross Enrolment at this level of education during the year. However, this analysis indicates that about 9 % of the eligible school going population is still not accessing formal education at the primary level.

The increase in enrolment is due largely to the impact of the capitation grant policy introduced in 2005 and the expansion in the coverage of the school feeding programme initiative (see the section on policy measures below).

**Junior Secondary School (JSS):**

There has been steady increase in GER at the JSS level. The GER increased from 70.2% in 2003/04 to 74.7% in 2005/06. This represents an increase of 4.5%. Compared with 2004/05 figure, there was an increase of 2.6% in JSS Gross Enrolment in 2005/06.

**Table 4.1: Trends in Gross Enrolment Ratios in Basic Schools, 2003/04 to 2005/06**

<b>Gross Enrolment Ratio</b>	<b>Target 2006</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>2005/2006</b>	<b>Progress towards target</b>
<b>Kindergarten:</b>					
<b>National</b>	<b>64.5%</b>	<b>54.58%</b>	<b>60.14%</b>	<b>85.30%</b>	<b>Exceeded</b>
Northern		26.20%	29.28%	30.80%	
Upper East		25.60%	28.56%	30.90%	
Upper West		19.30%	21.94%	30.90%	
Deprived districts		42.10%	47.95%	50.40%	
<b>Primary:</b>					
<b>National</b>	<b>90.90%</b>	<b>86.3%</b>	<b>87.50%</b>	<b>92.10%</b>	<b>Exceeded</b>
Northern	77.60%	70.50%	72.70%	76.20%	Significant progress
Upper East	84.29%	77.10%	80.40%	84.40%	Target achieved
Upper West	81.54%	74.10%	77.30%	81.05%	Target achieved
Deprived districts		70.06%	80.12%	84.30%	
<b>Junior Secondary School:</b>					
<b>National</b>	<b>75.63%</b>	<b>70.20%</b>	<b>72.80%</b>	<b>74.70%</b>	Significant progress
Deprived Districts					

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

*Note: Data in table are adjusted EMIS figures*

*(b) Net Enrolment Rate (NER)*

Information in Table 4.2 below suggests significant improvements in net enrolment ratios at both the primary and JSS levels of education over the years.

The NER at the primary level increased from 59.1% in 2004/05 to 69.2% in 2005/06, indicating a percentage increase of 17.1%. This means that there were more appropriately aged children enrolled in primary school in 2006 than the previous years. Except for the northern region, the NER for the other two deprived regions (Upper East and Upper West) do not deviate much from the national average of 69.2%. The NER for JSS also increased by 5.97% from 70.3% in 2004/05 to 74.5% in 2005/06.

By gender disaggregation, the data indicates slightly higher primary level NER for males (69.8%) than females (68.1%).

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

Net Enrolment Rate	Target 2006	2003/2004	2004/2005	2005/2006	Progress towards target
<b>Primary:</b>					
<b>National</b>	<b>61.70%</b>	<b>55.60%</b>	<b>59.10%</b>	<b>69.20%</b>	Target exceeded
Northern		49.00%	52.40%	65.40%	
Upper East		53.20%	55.50%	69.00%	
Upper West		49.70%	54.50%	70.00%	
Deprived Districts					
<b>Sex</b>					
Male		56.50%	60.00%	69.80%	
Female		54.70%	59.30%	68.10%	
<b>Junior Secondary School:</b>					
<b>National</b>		-----	<b>70.30%</b>	<b>74.50%</b>	
Deprived districts					

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

*Note: Data in table are adjusted EMIS figures*

*(c) Survival Rates:*

This indicator measures the proportion of pupils/students which remains and completes school after enrolment. Table 6.3 presents the proportion of pupils who complete school after enrolment.

Table 4.3 indicates that a significant proportion of pupils at the primary level of education do complete school once enrolled. However, there was marginal decrease in survival rate of 7.6% between 2005 and 2006. Analysis of non-completion rate by grade indicates that non-completion occurs mostly at Grades 1 to 4. This issue needs to be investigated to identify reasons behind some children not completing school after enrolment.

The survival rate at the JSS level appears to be stabilized around 86% between 2004 and 2006. Here again the factors behind the 14% of students who fail to complete JSS has to be investigated- whether it is school based, financial or driven by socio-cultural factors.

**Table 4.3: Trends in Survival Rates in Basic Schools by Gender, 2003/04 to 2005/06**

Survival Rates	Target 2006	2003/2004	2004/2005	2005/2006	Progress towards target
<b>Primary</b>					
<b>National</b>	<b>84.43%</b>	<b>83.20%</b>	<b>82.60%</b>	<b>75.60%</b>	Slow progress
Males	85.50%	85.10%	84.70%	78.40%	Slow progress
Females	83.26%	81.10%	80.30%	72.40%	Slow progress
<b>Junior Secondary School</b>					
<b>National</b>	<b>87.90%</b>	<b>86.00%</b>	<b>85.50%</b>	<b>86.60%</b>	Significant progress
Males	88.70%	88.00%	88.50%	87.40%	Significant progress
Females	87.00%	83.70%	82.90%	85.60%	Significant progress

*Source: Ministry of Education, Science and Sports, 2006 Preliminary Education Sector Performance Report.*

*Note: Data in table are adjusted EMIS figures*

#### **(d) Gender Parity:**

The goal of ensuring parity in basic education has a targeted Gender Parity Index of 1 for all levels of basic education by year 2009. The Gender Parity Index measures the ratio of between boys and girls' enrolment rates, the balance of parity being 1.

Table 4.4 indicates that gender parity grew at all levels of basic education between 2005 and 2006. This was the result of various enrolment drives implemented, including the introduction of the Capitation Grant Scheme and School Feeding Programme (see policy measures below).

**Table 4.4: Trends in National Gender Parity Index (GPI) in Basic Education Sector, 2003/2004-2005/2006**

<b>Gender Parity Index</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>2005/2006</b>	<b>Target 2006</b>	<b>Progress toward target</b>
KG	0.98	0.98	1.03	1.00	Steady progress
Primary	0.93	0.93	0.95	1.00	Steady progress
JSS	0.88	0.88	0.93	0.94	Steady progress

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

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

Key policy measures implemented in 2006 to improve enrolment growth in the basic schools sub-sector included the construction/rehabilitation of classrooms: strengthening the capitation grant initiative: and expanding the coverage of the school and feeding programme.

##### *Construction/Rehabilitation of Classrooms:*

According to the 2005 Educational Sector Performance Report, many classrooms in the country are overcrowded and a number of them are in unsatisfactory physical conditions. To meet the targets of universal primary education by 2015, the implementation of programmes for expanding the physical facilities in basic schools continued in 2006. During the year, construction works on 65 (6-unit) classroom blocks commenced, while work on another 85 classroom blocks were at various stages of completion.

##### *The Capitation Grant:*

The Capitation Grant Scheme, which was piloted in 40 most deprived regions in 2004 became fully operational in 2005. The scheme continued to be implemented in 2006 to encourage participation and increase the school attendance rate. An amount of €129.5 billion was disbursed as Capitation Grant for pupils in public basic schools during the year.

##### *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 2006. In addition, 42,232 girls were assisted through the Take Home Ration for Girls (P4-JSS3) programme.

**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 enhance the delivery of educational services are measured by the following indicators:

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

The status of these indicators is as follows:

**(a) BECE Examination 2006:**

The Basic Education Certificate Examination (BECE) is administered at the end of the basic education cycle to assess the eligibility of pupils to progress on to second cycle education. An aggregate grade between 6 and 30 is required to enable a pupil to enter second cycle education. Table 4.5 provides information on proportion of pupils gaining the required grades in 2006 by selected deprived areas and by gender.

Table 4.5 indicates that the quality of education received by pupils vary widely in different regions and also by gender. The proportion of pupils obtaining the required BECE aggregate is below the national average in all the three northern regions. In addition, more males obtained the required aggregate than their female counterparts. This suggests the need for strengthening of efforts to ensure equity in the delivery of quality basic education. The analysis also indicates that a significant proportion (37.4%) of JSS graduates do not qualify to enter the next level of education.

**Table 4.5: Examination Entrants Gaining Aggregate Score of 6-30, 2006**

<b>Percent gaining required aggregate</b>	
<b>National</b>	62.6%
<b>Deprived Areas</b>	
Northern	47%
Upper East	55%
Upper West	55%
<b>Gender (National)</b>	
Male	65.3%
Female	59.3%

*Source: The West Africa Examination Council, 2006*

**(b) Percentage of Trained Teachers:**

The quality of teaching and learning depends, largely on the proportion of the trained teachers among the teaching staff. Increases in enrolment as a result of provision of the capitation grant to all basic schools, and the introduction of the school feeding programme in selected schools have undoubtedly intensified the demand for trained teachers.

Table 4.6 indicates that there is inadequate supply of trained teachers in basic schools, with only about 3 in 10 of Kindergarten teachers trained, while the primary school level has been registering consistent decline in the proportion of trained teachers. This is in spite of various initiatives being implemented to increase the number of trained teachers in primary schools (see policy measures below).

The deployment of teachers to deprived regions and districts also continue to pose critical challenges to the education sector. This is demonstrated in the large discrepancy between the percentage of trained teachers at the national level and at the northern region and deprived districts (Table 4.6). The analysis calls for renewed emphasis on teacher recruitment, training and deployment.

**Table 4.6: Trends in Percentage of Trained Teachers in Basic School, 2003 – 2006**

	<b>Target 2006</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>Progress towards target</b>
<b>Kindergarten</b>	<b>37.40%</b>	<b>37.90%</b>	<b>32.70%</b>	<b>33.10%</b>	Slow progress
<b>Primary</b>					
<b>National</b>	<b>81.3%</b>	<b>73.90%</b>	<b>72.40%</b>	<b>70.80%</b>	Slow progress
Northern	81.3%	52.2%	51.6%	54.3%	Slow progress
Upper East	81.3%	74.8%	70.3%	74.0%	Slow progress
Upper West	81.3%	77.1%	78.5%	82.6%	Exceeded
Deprived districts	81.3%	55.3%	53.2%	55.9%	Slow progress
<b>JSS</b>	<b>87.10%</b>	<b>84.20%</b>	<b>83.50%</b>	<b>85.50%</b>	Slow progress

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

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

The PTR is a key input indicator used as proxy for assessing the quality of education. The associated policy objective is to achieve a national PTR of 35:1 at the primary level and 25:1 at the JSS level, as these levels are expected to be optimal for ensuring quality education.

Table 4.7 indicates that PTR at the primary level increased from 34.9 in 2004/05 to 35.7 in 2005/06, indicating an increase in the workload of teachers for the period. However, declines in PTR were recorded in the deprived regions and districts over the period under review. These declines in the deprived areas are due to the attraction of more pupil teachers to the teaching profession as a result of the pupil teacher-upgrading programme implemented during the year (see policy measures below).

**Table 4.7: Trends in PTR- Basic Schools, 2003/04 to 2005/06**

	Target 2006	2003/2004	2004/2005	2005/2006	Progress towards target
<b>Primary</b>					
<b>National</b>	<b>34.1</b>	<b>34</b>	<b>34.9</b>	<b>35.7</b>	Slow progress
Northern region	35.0	38.6	40.2	38.0	Slow progress
Upper East	44.0	58.9	57.4	48.0	Slow progress
Upper West	35.0	46.2	49.0	40.0	Steady progress
Deprived districts	35.0	39.5	41.9		
<b>Junior Secondary School</b>					
<b>National</b>	<b>20.2</b>	<b>18.6</b>	<b>19.0</b>	<b>19.4</b>	Slow progress
Northern region	20.2	24.0	25.4	22.9	Steady progress
Upper East	20.2	25.1	25.1	24.9	Slow progress
Upper West	20.2	20.3	24.1	22.0	Slow progress
Deprived districts	20.2	20.9	22.0	22.5	Steady progress

*Source: Ministry of Education, Science and Sports, 2006 Preliminary Education Sector Performance Report.*

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

Policy measures implemented in 2006 to improve the quality of teaching and enhance delivery of educational services included:

#### *Teacher Deployment:*

- closing the equity gap in the supply of teachers, conscious effort was made to deploy more teachers the three deprived Northern regions;
- provision of incentive packages to attract teachers to more remote areas;
- the posting of a total of 18,900 Service Personnel to teach in basic schools in rural areas; and
- the continuation of the District Sponsorship Scheme for trainee teachers. Ninety-eight percent of the 9,000 trainee teachers enrolled in 2006 were sponsored by District Assemblies.

#### *Teacher Upgrading:*

- In 2006, 5,689 untrained teachers benefited from the Untrained Teacher Training Programme. The programme is aimed at improving the quality of education delivery through the upgrading of untrained teachers.

#### *Distribution of Textbooks:*

- To ensure equity in the distribution of textbooks, the core textbooks policy ratio of 1:1 was fully implemented and monitored during 2006.

## 4.2.2 Training and Skills Development

The need to address 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 was addressed. The strategy is to provide skills training and entrepreneurial know-how to the unemployed youth to enhance their access jobs in the labor market.

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

The indicator used to assess progress on this policy measure is the proportion of youth benefiting from skills/entrepreneurial training. The status of this indicator is presented below:

A National Youth Employment Programme (NYEP) was launched in 2006. The programme aims at generating half a million jobs in 3 years (2006-2009). To achieve this target, the Government made provision from the DACF, GETFund, NHIS, Road Fund, HIPC, and a percentage from 2006 estimates of MDAs to support the implementation of the programme.

The NYEP envisages a youth employment target of 175,000 in 2006. Table 4.8a provides information on the target achievement by region. At the national level, the NYEP recorded modest achievement in creating employment for 45% of the number of youth registered under it in 2006. However, the programme achieved significant results in the deprived northern and western regions (Table 4.8a.). The breakdown of employment by work module is as shown in Table 4.8b.

**Table 4.8a: Regional Youth Employment, 2006**

<b>Region</b>	<b>No. of Youth Registered</b>	<b>Actual Number of Youth Employed</b>	<b>Percent Employed</b>
Ashanti	24,322	6,437	26%
Brong Ahafo	19,868	6,432	32%
Central	13,016	6,397	49%
Eastern	19,100	7,000	37%
Gt. Accra	22,363	5,056	22%
Northern	21,595	15,614	71%
Upper East	13,271	8,530	64%
Upper West	12,590	8,488	67%
Volta	18,094	7,574	41%
Western	10,087	6,667	66%
<b>National</b>	<b>174,670</b>	<b>78,195</b>	<b>45%</b>

*Source: Ministry of Youth and Employment, 2006.*

**Table 4.8b: Employment Classification, 2006**

<b>Employment Modules</b>	<b>No. of Youth Registered</b>	<b>Actual Number of Youth Employed</b>	<b>Percent</b>
Agriculture	74,870	13,069	17%
Commercial/Technical	14,000	20,021	143%
Community project	8,500	300	4%
Auxilliary Nursing	10,850	10,500	97%
Waste and Sanitation	8,500	4,550	64%
Internship	10,200	2,800	27%
Trade and Vocation	8,500	-----	-----
ICT	8,500	-----	-----
Other (Forestry, teaching revenue mobilization etc.)	30,000	26,760	89%
Programme Management Staff	760	195	26%
<b>National</b>	<b>174,670</b>	<b>78,195</b>	<b>45%</b>

*Source: Ministry of Youth and Employment, 2006.*

### 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.

Progress made towards achieving the health sector targets set out in the GPRS II is presented below.

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

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

The 2006 review of the health sector performance indicate that almost all the sector-wide indicators have been slowly improving for the past 5 years. Access to health services is however still limited. This could be attributed to a number of factors including socio-cultural, geographical, financial barriers and service delivery constraints. These barriers have resulted in poor utilisation of health facilities in both urban and rural areas, particularly among the poor and vulnerable groups of the population.

The status of some selected indicators within the sector is as follows:

**Table 4.9a: Basic Health Indicators, 1993-2006**

Indicator	1993 DHS	1998 DHS	2003 DHS	2006 MICS	2006 Target	Progress towards target
Infant mortality rate per 1000 live births	66	57	64	71	50	Slow progress
Under five mortality rate per 1000 live births	119	108	111	111	95	Slow progress
Under five who are malnourished (underweight)	27%	25%	22.0%	18%	20%	Significant progress
Maternal Mortality Ratio	214	214	Na	Na	Na	Current MMR has not been established

Source: GDHS, 1988-2003: Multiple Indicator Cluster Survey (MICS), *Preliminary Report, 2006*

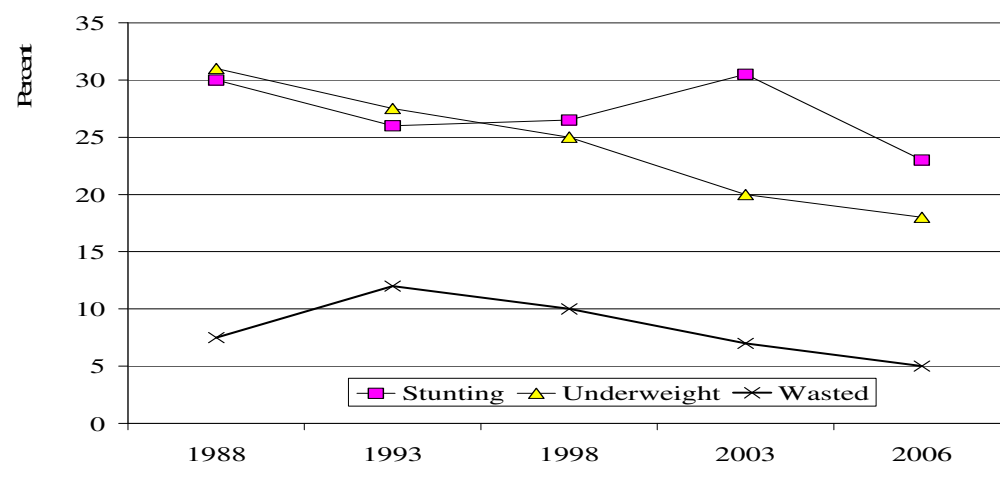
### Reduce Child Mortality:

Progress in the reduction of under-five mortality has been very slow with a reduction rate of 119 per 1000 births in 1993 to 111 per 1000 in 2006. This may reflect time lags between interventions and outcomes and/or improved levels of reporting as a result of increased sensitization of women health issues. Given the current trends it is unlikely that the MDG target of reducing under-five mortality by two-thirds can be met without significant efforts to strengthen the supportive environment.

### Children under five years who are Malnourished (Underweight):

Available data indicate that the proportion of underweight children as well as the incidence of wasting and stunting among children has generally improved, but slow (Figure 4.1). The proportion of malnourished children under five years old reduced from 25% in 1998 to about 18% in 2006 (Table 4.9a). This figure represents about 2% decline over the target of 20% set for the 2006.

**Figure 4.1: Trends in the Nutritional of Children in Ghana, 1998-2006**



### Maternal Mortality Ratio:

Various interventions have been initiated to improve maternal health and reduce the high level of maternal mortality. Though current data is not available, maternal mortality remains high and appears to have declined by only a quarter between 1990 and 2000. With this slow performance it appears that the MDG of improving maternal health by reducing maternal mortality rate by three quarters by 2015 may not be achieved.

The status of other key indicators selected to track progress towards achieving the objective of improved service output and level and distribution of health resources is summarized in Table 4.9b below.

**Table 4.9b: Summary of Achievements of Selected Health Sector Output Indicators, 2004-2006**

<b>Indicator</b>	<b>2006 Target</b>	<b>2004 Level</b>	<b>2005 Level</b>	<b>2006 Level</b>	<b>Progress towards target</b>
Outpatient per capita	0.6	0.52	0.53	0.52	Slow progress
Immunisation Coverage:					
- Penta 3	85%	75.0%	85.0%	84.2%	Slow progress
- Measles	90.0%	78.0%	82.0%	85.1%	Slow progress
- Antenatal Care Coverage	99.0%	89.2%	88.7%	88.4%	Slow progress
Supervised Deliveries	60.0%	37.8%	40.3%	44.5%	Slow progress
Guinea Worm Cases	0	7275	3981	4136	Slow progress

*Source: MOH 2006 Health Sector Programme of Work Reviews*

### Outpatient per Capita:

This indicator is a proxy for measuring physical access to health care and nutritional services. Table 4.9b reveals that utilisation of clinical services is low and decreased from the 2005 level of 0.54 per capita to 0.52 per capita in 2006. Among the number of factors that may account for the low utilisation of health services are population growth and inadequate from the private sector.

### Coverage of Immunisation:

Significant progress was made with regard to the immunisation of children during the year. 85.1% coverage of measles was achieved in 2006. In addition 84.2% of children were immunized with Penta 3 vaccine. The sector is making progress in its effort to eradicate polio. Since September 2003, there has not been any reported case of wild polio virus and this is mainly due to the successful NIDs and improved routine immunisations in the country. Measles elimination is also under way. Since 2003, there has not been any reported case of death from measles.

### Antenatal Care (ANC):

The coverage of antenatal care has remained relatively high. Over 80% of pregnant women have access to antenatal care services. However, we note that the proportion of ANC coverage decreased marginally from 88.7% in 2005 to 88.4% in 2006.

### Supervised Deliveries:

Supervised delivery is the percentage of deliveries attended by skilled health personnel irrespective of the outcome (This excludes deliveries conducted by traditional birth attendants). There was an increase of 4.2% in the overall coverage of supervised delivery nationwide from 40.3% in 2005 to 44.5% in 2006.

### Guinea Worm Cases:

Efforts to eradicate guinea worm infections continued in 2006. A cumulative total of 4136 cases were recorded in 2006. This represents about 6% increase of the 2005 cases of 3,981. Thus guinea worm eradication efforts need to be intensified.

### *ii. Ensure Sustainable Financial Arrangements that Protect the Poor*

Act 650 of 2003 provides for the establishment of a National Health Insurance Scheme with the main objective of removing financial barriers which limits access to health care and nutritional services, particularly by the poor and vulnerable sections of the population.

Available data available indicates that the proportion of the population registered under the scheme increased from 22% in 2005 to 38% in 2006.

Table 4.10a summarizes information on category of registrants of the NHIS. The table indicates that a significant growth in the proportion of registered members exempted from payment under the NHIS scheme (children under 18 years of age; persons over 70 years of age). There was a modest decrease in the percentage of indigents registered (from 2% in 2005 to 1.84% in 2006).

**Table 4.10a: NHIS Registration Coverage by Category of Registrants, 2005 and 2006**

Category	<u>2005 Registrants</u>			<u>2006 Registrants</u>		
	Number	as % of Registered	as % of Population	Number	as % of Registered	as % of Population
<b>Total Registered</b>	4,400,279		22	7,673,998		38
Total membership	3,223,354	73.2	15.8	6,130,063	79.9	30
Informal sector	615,450	14.0	3.01	1,410,582	18.4	6.9
SSNIT contributors	468,092	11.0	2.3	767,093	10.0	3.8
<b>Categories of exempted persons:</b>						
SSNIT pensioners	43,208	1.0	0.21	105,652	1.4	0.52
Children under 18 years	1,751,175	39.8	8.6	3,069,976	40.0	15
Aged: 70 and over	266,421	6.1	1.3	535,625	6.98	2.6
Indigents	79,008	2.0	0.4	140,994	1.84	1.8
Total Exempt	3,223,354	59.3	13	4,619,340	60	23
<b>Total ID Card bearers</b>	1,388,662	43	6.8	3,947,334	51.44	19.3

Source: NHIS Annual Progress Report, 2006



The level of subscriptions to the NHIS reveals that the three northern regions registered the fastest growth in the proportion registered between 2005 and 2006. The Greater Accra region remains the region with the lowest proportion of NHIS registrants (Table 4.10b).

**Table 4.10b: Percent NHIS Registration Coverage by Region, 2005 and 2006**

Region	Estimated Population	% of Population Registered in 2005	% of Population Registered in 2006
Upper West	963,448	7.85	30.00%
Upper East	561,866	10.73	32.00%
Northern	1,790,417	18.73	40.00%
Brong Ahafo	1,968,205	30.14	61.00%
Ashanti	3,924,925	28.43	44.00%
Western	2,042,753	21.34	35.00%
Central	1,687,311	22.42	44.00%
Gt. Accra	3,576,312	17.02	19.00%
Eastern	2,274,453	18.31	37.00%
Volta	1,636,462	28.06	36.00%
<b>TOTAL</b>	<b>20,425,652</b>	<b>22.00</b>	<b>38.00%</b>

Source: NHIS Annual Progress Report, 2006

### *iii. Strengthening Efficiency in Health Service Delivery*

The level and distribution of health care resources is important for ensuring equity in access to quality health services. The health sector continues to be plagued with shortage of key health professionals and inequitable distribution of the available staff. This is largely due to the exodus of health professionals in search of greener pastures in other countries.

Tables 4.11a through 4.11c indicate the level and distribution of selected human resource indicators in the health sector.

**Table 4.11a: Selected level of health resource indicators, 2004-2006**

Indicator	2004 level	2005 level	2006 level	2006 Target	Achievement
Doctor to Population Ratio	1: 17,773	1: 16,000	1: 10,641	1: 10,500	Significant progress
Nurse to Population Ratio	1: 1,513	1: 1,800	1: 1,636	1: 1,500	Steady progress

Source: MOH 2006 Health Sector Programme of Work Reviews

#### Doctor- Population Ratio:

The doctor-population ratio in the country is improving steadily. Currently, there is one doctor to 10,641 of the population. This represents significant improvement over the 2005 performance of 1: 16,000 (Table 4.11a). The improvement could be attributed to the implementation of retention policies including enhancement of salaries for doctors and the establishment of the Ghana College of Physicians and Surgeons, which provides post-graduate training for doctors.

At the regional level, the three most deprived regions-Northern, Upper West, Upper East has the worst doctor: population ratio (Table 4.11b).

**Table 4.11b: Doctor: Population Ratio by Region, 2006**

<b>Region</b>	<b>Estimated Population</b>	<b>Doctor to population ratio</b>
<b>Ashanti</b>	4,165,448	1:7,169
<b>Brong Ahafo</b>	2,093,023	1:24,337
<b>Eastern</b>	2,428,855	1:19,125
<b>Central</b>	1,837,553	1:24,178
<b>Greater Accra</b>	3,350,074	1:3,706
<b>Northern</b>	2,099,246	1:63,614
<b>Upper East</b>	1,060,790	1:28,670
<b>Upper West</b>	664,755	1:44,317
<b>Volta</b>	1,885,512	1:20,720
<b>Western</b>	2,218,886	1:22,413
<b>National</b>	<b>21,804,143</b>	<b>1:10,641</b>

*Source: MOH 2006 Health Sector Programme of Work Reviews*

#### Nurse: Population Ratio:

The nurse-population ratio in 2006 was one nurse per 1,636 populations, which is an improvement on the ratio of one nurse to 1,800 populations in the previous year but still below the 2006 targets.

The regional distribution of nurses (Table 4.11c) indicates marked regional disparity, with the indicator ranging from a low level in the Gt. Accra region to a very high level in the Brong Ahafo region.

**Table 4.11c: Nurse: Population Ratio by Region, 2006**

<b>Region</b>	<b>Estimated Population</b>	<b>Nurse to Population Ratio</b>
<b>Ashanti</b>	4,165,448	1:2579
<b>Brong Ahafo</b>	2,093,023	1:3007
<b>Eastern</b>	2,428,855	1:1707
<b>Central</b>	1,837,553	1:1729
<b>Greater Accra</b>	3,350,074	1:727
<b>Northern</b>	2,099,246	1:2684
<b>Upper East</b>	1,060,790	1:2092
<b>Upper West</b>	664,755	1:1458
<b>Volta</b>	1,885,512	1:1620
<b>Western</b>	2,218,886	1:2199
<b>National</b>	<b>21,804,143</b>	<b>1:1636</b>

*Source: MOH 2006 Health Sector Programme of Work Review*

#### Increase Health Expenditure as Total of Government Expenditure:

The proportion of non-wage recurrent expenditure on health in 2006 slightly declined from the 2005 performance of 14.5% to 14%.

### Key Policy Measures and Strategies

Health sector programmes implemented in 2006 to bridge the equity gaps in access to quality healthcare and nutrition services; ensure sustainable financial arrangements that protect the poor; and strengthen efficiency in health service delivery include:

- abolishing the “Additional Duty Hours Allowances” and replacing it with a more rationalised scheme of remuneration of health workers;
- recruitment of additional health professional trainees;
- increasing the number of district Mutual Health Insurance Schemes (DMHIS) from 123 in 2005 to 142 in 2006. Currently 136 of the schemes are providing benefits for members. An amount of c22.1 billion was disbursed to provide administrative and logistic support to keep the schemes functional;
- the establishment of a data centre to enhance the processing of ID cards for registered members to enable them access health care under the scheme. To manage the increasing demand for registration and ID card issuance, DMHIS engaged 650 National Service Personnel to help register and process ID cards for insured members;
- the disbursement of c255.9 billion in subsidies to cover the payment of claims for health care services provided to indigents and the categories of persons exempted from payment; and
- the intensification of public education on the benefits of health insurance.

#### 4.2.4 HIV/AIDS Prevention

GPRS II recognizes the serious threat posed by HIV/AIDS to the socioeconomic development of the country through its potential impact on human capital development, productivity, and social services delivery. This section reports on progress towards the policy objective of curbing the spread of HIV/AIDS infection and achieving the Millennium development goal of combating HIV/AIDS, malaria and other diseases by 2015.

##### *i. Reduce New HIV Infections*

Prevention is a key strategy for curbing the HIV/AIDS epidemic. Preventing new HIV infection, particularly among the youth (aged 15 to 29) is critical for managing the menace. Table 4.12 shows increase in HIV prevalence for adolescents and the 25-29 year age group. The results suggest renewed emphasis on the HIV/AIDS campaign and devising new and innovative strategies to target the youth.

**Table 4.12: HIV Prevalence by age group, 2005 and 2006**

<b>Age Group</b>	<b>2005</b>	<b>2006</b>	<b>Percentage Increase</b>
<b>National</b>	<b>2.7%</b>	<b>3.2%</b>	<b>0.5%</b>
15-19	0.8%	1.4%	0.6%
20-24	2.4%	2.4%	0.0%
25-29	3.6%	4.2%	0.6%

*Source: Ghana Aids Commission; NAACP, 2006*

## *ii. Reduce the impact of HIV/AIDS related vulnerability, morbidity and mortality*

To reduce HIV/AIDS related vulnerability, mobility and mortality, the following activities were carried out in 2006:

- advocacy sessions held with the regional House of Chiefs concerning the economic, socio-cultural and legal impacts of the epidemic;
- a national Policy Guidelines on Orphans and Vulnerable Children (OVC) was developed and implemented as response to OVC;
- the media was supported to scale up targeted HIV/AIDS messages;
- voluntary counselling and treatment services were made available at 243 public and NGO sites, while 104 sites provided PMTCT services across the country; and
- the administration of the Antiretroviral Therapy (ART) is progressing steadily. There are currently 46 sites which provide ART. The breakdown is as follows:
  - 2 teaching hospitals,
  - 10 regional hospitals,
  - 14 district hospitals,
  - 5 private self-financing,
  - 2 uniformed service facilities

Table 4.13 provides information on clients benefiting from ART as at December 2006. There were 50,942 people who needed ART in 2006. The 7,338 clients on ART in 2006 thus account for approximately 14.4% of people in need of Antiretroviral Combination Treatment who received it in that year.

**Table 4.13: Clients on ART as at December, 2006**

	<b>Male</b>	<b>Female</b>	<b>Total</b>
Adults	2,678	4,392	7,070
Pediatrics	151	117	268
Total	2,829	4,509	7,338

*Source: Ghana Aids Commission, 2006*

### **4.2.5 Malaria Control**

In Ghana, malaria is the single most important cause of mortality and morbidity especially among children under five years and pregnant women. It accounts for about 44.5% of all outpatient illnesses, 36.9% of all admissions and 19% of all deaths in health institutions in Ghana. The disease is responsible for a substantial number of miscarriages and low birth weight babies among pregnant women. Among this group, malaria accounts for 13.8% of Out Patient Department (OPD) attendance, 10.6% of admissions and 9.4% of deaths. About 800,000 children under the age of five die from malaria every year. Progress made towards malaria control in 2006 is summarised as follows:

### ***i. Promote Multiple Malaria Prevention Measures***

Two key multiple malaria prevention interventions were implemented in 2006 under the Malaria Control Programme to reduce the incidence of the disease. These were:

#### ***(a) Scaling up the distribution of Insecticide Treated Nets (ITNs)***

The use of ITNs has been shown to be effective against malaria. There has been an increase in the use of ITNs over the period between 2004 and 2006. Table 4.14 below shows the increase in ITN use from 2004 to 2006 by known high-risk groups for malaria.

**Table 4.14: ITN Use by High Risk Category, 2004-2006**

	<b>2004</b>	<b>2005</b>	<b>2006</b>
Children under 5 years	9.1	26	32.3
Pregnant women	7.8	26.8	46.3

*Source: Malaria Control Programmeme Report, 2006.*

The report notes a decrease in under-five malaria case fatality rate from 2.4% in 2005 to 2.1% in 2006 (against a target of 2% set for the year). The decrease may be partly attributed to the increasing use of ITNs and other effective interventions.

As poor environmental sanitation also contributes to the high incidence of malaria closer collaboration between the MOH and agencies responsible for environmental sanitation in the fight against the disease needs to be strengthened.

#### ***(b) Implementing Intermittent Preventive Treatment (IPT) Policy***

Malaria is accounts for miscarriages and low birth weights among pregnant women. To prevent these poor health outcomes, IPT prescribes chemoprophylaxis for all women during pregnancy. In 2006, all district health facilities implemented the IPT policy. About 230,269 pregnant women received 2 doses or more of the treatment in 2006.

### **4.2.6 Population Management**

Population management has strong linkages with economic growth and sustainable social development. Uncontrolled population growth can contribute to slowing down or even cancel out the gains of economic growth. The following policy objectives were pursued toward improving the management of the country's population growth in 2006:

- promoting access to and utilisation of family planning services; and
- promoting compulsory and universal birth registration.

#### ***i. Promote Access to and Utilisation of Family Planning Services***

Family planning is a key determinant of maternal health and plays an important role in fertility reduction. The level of contraceptive use indicates progress towards the achievement of the family

planning objectives of improving the reproductive health of women and reducing fertility. The various rounds of Ghana Demographic and Health Survey (GDHS) have all revealed high unmet need for family planning services. Current DHS data on contraceptive prevalence is not available for this report, however, estimates based on previous results indicate modest progress in access to and use of family planning services (Table 4.15).

**Table 4.15: Summary of population management indicator achievements**

Indicator	2004 status	2005 status	2006 status
Total fertility rate	4.4	4.2	4.2
Contraceptive prevalence rate	26.0%	28.5%	30.0%

Source: Population Council, 2006.

N.B: Figures for TFR and CPR are estimates based on the GDHS 2003 results.

## ii. Promote Compulsory and Universal Birth Registration

Birth registration is important for ensuring the right of a child to a name and nationality. Data on births, together with those of deaths and migration, are used in the study population change.

Data in Table 4.16 shows that the efforts to register births in Ghana has had mixed results. Although the proportion of births registered increased between 2004 and 2005, a decrease was recorded between 2005 and 2006. What is clear from the table is that a significant proportion of births in Ghana remain unregistered.

**Table 4.16: Coverage of Births and Deaths Registration, 2004-2006**

Indicator	2004 status	2005 status	2006 status
Coverage of birth registration	51%	67%	54%
Coverage of death registration	24%	24%	23%

Source: Births and Deaths Registry, 2006.

## 4.2.7 Safe Water and Sanitation

Inadequate access to safe water and sanitation is a perennial problem in rural and urban areas of the country. Poor access to safe water and lack of adequate environmental sanitation lead to poor health outcomes and low productivity, which in turn deepens poverty. GPRS II has therefore prioritized access to safe water and environmental sanitation as strategic policy areas to be tackled in its efforts to develop the human resources of the country.

The key policy objectives in this sector include:

- accelerating the provision of safe drinking water in rural and urban communities.
- accelerating the provision of adequate sanitation in rural and urban communities.
- improving environmental sanitation.

This section reports on progress towards the achievements of water and environmental sanitation targets in 2006.

*i. Accelerate the Provision of Safe Water in Rural and Urban Communities*

Efforts to improve proportion of the Ghanaian population with access to safe drinking water continue to yield positive results, although at a slow pace (Table 4.17a). Access continued to improve in both rural and urban communities in 2006. The percentage of rural population with access to safe drinking water increased marginally from 52.0% in 2005 to 53.18% in 2006; access was much better for the urban population, which increased from 55% to 56.0% during the same period under review.

**Table 4.17a: Summary of Indicator Achievements in Water Sub-Sector**

Indicator	Target for 2006	Indicator status 2004	Indicator Status 2005	Indicator status 2006	Progress towards target
Percentage of rural population with access to safe water sources	57.7%	51.7%	52.0%	53.18%	Slow progress
Percentage of urban population with access to safe water sources	59.0%	54.5%	55.0%	56.0%	Slow progress

*Source: 2006 CWSA Annual Report: 2006 Ghana Water Company Annual Report.*

Table 4.17b provides a regional breakdown of access to safe drinking water. The regional figures reveal marked differences in access to safe water in both urban and rural areas. In rural areas, access ranges from a low of 36% in the Central and Western regions to a high of 67% in the Upper West region. With regard to the urban areas, access range from a low of 12% in Upper West region to a high of 73% in the Greater Accra region.

**Table 4.17b: Rural-Urban Potable Water Coverage by Region, 2006**

Region	Estimated Rural Population	Percent Covered	Estimated Urban Population	Percent Covered
Ashanti	2,365,244	63.06%	2,034,555	43%
Brong Ahafo	1,739,299	51.69%	602,843	17%
Central	1,498,275	48.55%	1,113,939	44%
Eastern	1,832,652	50.54%	955,042	18%
Greater Accra	583,335	48.86%	3,320,113	73%
Northern	1,851,714	58.13%	559,731	30%
Upper East	1,006,078	51.27%	171,834	36%
Upper West	650,277	67.20%	112,358	12%
Volta	1,430,899	48.58%	574,171	35%
Western	1,440,876	41.85%	730,982	44%
National	14,396,749	53.18%	10,175,569	56%

*Source: 2006 CWSA Annual Report: 2006 Ghana Water Company Annual Report.*

## *ii. Accelerate the Provision of Adequate Sanitation in Rural and Urban Communities*

Measuring progress towards the achievement of sanitation indicator targets continue to be compromised by lack of reliable data (see GPRS I APRs). Currently the most reliable source of data is the 2003 CWIQ, which has already been reported on in the 2004 APR (the 2003 CWIQ indicated that only 55% of the population has access to adequate sanitation with marked regional variations)

There is the need the need for a national study to be conducted to establish baselines for indicators in this sector and establish data management framework to support monitoring and evaluation of this sector.

Table 4.18 presents data on solid waste disposal for four of the five biggest cities in Ghana. The data seem to suggest significant progress in the management of solid waste in the cities. All the cities exceeded their targets concerning the proportions of solid waste generated and properly disposed off.

**Table 4.18: Summary of Indicator Achievements in the Sanitation sub-sector**

<b>Indicator</b>	<b>2006 target</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Progress towards target</b>
Percentage of rural population with access to adequate sanitation.	Na	Na	Na	Na	Lack of reliable data
Percentage of urban population with access to adequate sanitation.	Na	Na	Na	Na	Lack of data
Proportion of solid waste generated and properly disposed of:					
Kumasi	89.0	69.0%	83.0%	85.0%	Steady progress
Accra.	95.0	86.7	83.5	83.3	Slow progress
Takoradi	53.5	59.4%	61.7%	75.9%	Exceeded

*Source: Ministry of Local Government, 2006*

## **4.3 SUMMARY OF POLICY RECOMMENDATIONS**

The following recommendations are made on key issues which need to be addressed so as to improve the efficient delivery of policies and programmes being implemented under this thematic area:

### **4.3.1 Education**

- There is the need to deepen the incentive framework for attracting enrolment in science, technology and mathematics courses on the supply of skills required to accelerate growth.
- The quality of teaching, especially in the North and deprived areas should be enhanced.
- The provision of school infrastructure and other teaching and learning facilities needs to be accelerated to reduce pressure on the existing infrastructure as a result of increasing enrolment arising out of the introduction of the Capitation Grant.
- The School Feeding Programme and the Capitation Grant Scheme should be sustained and consideration given to decentralising its financing and management.



- Formal training is mainly supply-driven, non-competency based and is largely incapable of adjusting quickly to the skill requirements of the labour market. It is therefore important to strengthen the link between education and skills development, and the labour market.
- The level of funding of technical and vocational education still remains low and constitutes only 1.2% of total educational sector funding. This has the potential to undermine the development and quality of manpower required to support private sector's role in leading accelerated growth. Effort should be intensified to seek and allocate additional resources to fund the technical and vocational skills training component of human resource development.

#### **4.3.2 Health**

- Measures to address the high rate of attrition (brain-drain) of qualified health personnel in the sector should be designed and implemented.
- Effort should be made to increase the coverage and efficient management of the NHIS in order to sustain the initiative.
- Health sector wage policy need to be analysed and its effect on the quality of health care delivery evaluated.
- Effort should be intensified in re-focusing policies and resources towards promoting preventive health care instead of curative health care.
- The causes of the apparent surge in the prevalence rate of HIV/AIDS from 2.7% in 2005 to 3.2% in 2006 need to be investigated and measures develop to reverse this trend on a sustainable basis.
- The factors for the apparent increase in under five and maternal mortality rates requires further studies.
- There is the need to conduct a study into the causes of the apparent increase in Guinea worm cases.

#### **4.3.3 Water and Sanitation**

- Service providers should upgrade their systems to ensure regularity and improved quality of water supply especially in urban areas.
- There is the need to evolve measures to deal with the management of plastic waste, particularly in the cities on a more permanent basis.
- A system for adequate data collection on sanitation on a regular basis should be set up. In this direction a national study to establish appropriate baselines to support the assessment of the status of progress towards accelerating the provision of adequate sanitation in rural and urban communities.

#### **4.3.4 Population Management**

- The issue of lack of adequate data on population for planning and policy formulation needs to be addressed jointly by all stakeholders in the generation and use of statistical data for planning, monitoring and evaluation.

## HUMAN RESOURCE DEVELOPMENT

### STATUS OF INDICATORS – 2006

**Table 4.19a: Summary of Status of Indicators in Education, 2004 – 2006**

POLICY OBJECTIVE	INDICATOR	Target 2006	in Indicator Level at 2004	Indicator Level at 2005	Indicator Level at 2006	Progress towards target
<b>Increase access to and participation in education and training.</b>	<b>Gross Enrolment Ratio:</b>					
	- Kindergarten	64.5%	54.58%	60.14%	75.20%	Exceeded
	- Primary	90.90%	86.3%	87.50%	92.10%	Exceeded
	- JSS	75.63%	70.20%	72.80%	74.70%	Steady progress
	<b>Net Enrolment Rate:</b>					
	- Kindergarten					
	- Primary	61.70	55.60%	59.10%	68.80%	Exceeded
	- JSS	Na	29.50%	70.30%	74.50%	Significant progress
<b>Bridge Gender in access to education</b>	<b>Gender Parity Index:</b>					
	- Kindergarten	1.00	0.98	0.98	1.03	Steady progress
	- Primary	1.00	0.93	0.93	0.95	Steady progress
	- JSS	0.94	0.88	0.88	0.93	Steady progress
<b>Improve the quality of education</b>	<b>Proportion of students passing national assessment Examinations (BECE)</b>	60%	61.30%		62%	Target exceeded
	<b>Percentage of trained teachers:</b>					
	- Kindergarten	37.40%	37.90%	32.70%	33.10%	Steady Progress
	- Primary	77.70%	73.90%	72.40%	70.80%	Target not achieved
- JSS	87.10%	84.20%	83.50%	85.50%	Steady progress	
<b>Implement skills and entrepreneurial training for the unemployed youth</b>	Proportion of the youth benefiting from skills/entrepreneurial training.	45%	Na	Na	Na	

**Table 4.19b: Summary of Status of Indicators in Health, 2004 – 2006**

<b>POLICY OBJECTIVE</b>	<b>INDICATOR</b>	<b>Target in 2006</b>	<b>Indicator Level at 2004</b>	<b>Indicator Level at 2005</b>	<b>Indicator Level at 2006</b>	<b>Progress towards target</b>
<b>Increase access to healthcare and nutritional services</b>	Outpatient per capita	0.6	0.52	0.54	0.52	Target not achieved
	<u>Vaccination coverage</u>					
	-Penta	90.0%	72.9%	85%	84%	Target not achieved
	-Measles	90.0%	78%	81%	79%	Target not achieved
	Supervised deliveries	60%	37.8%	40.3%	44.5%	Steady progress
	Incidence of guinea Worm	2000	7275	3981	4136	Target not achieved
<b>Improve quality of health services</b>	Population: doctor ratio	1: 10,500	1: 17,773	1: 16,000	1: 10,380	Significant progress
	Population: nurse ratio	1:1,500	1: 1,513	1: 1,800	1:1,578	Steady progress
	Health expenditure as percentage of GDP	***	12.0%	16.8%	***	
<b>Ensure financial arrangement that protect the poor</b>	NHIS coverage of indigents	Na		79,008 (2.0%)	140,994(1.8%)	
<b>Reduce new HIV infections</b>	HIV prevalence among pregnant women					
	National			2.7%	3.2%	
	15-19			0.8%	1.4%	
	20-24			2.4%	2.4%	
	25-29			3.6%	4.2%	
<b>Prevent and control Malaria</b>	Malaria case fatality in children under five years.	2	2.7	2.4	2.1	Steady Progress
	<u>ITN coverage of at risk groups</u>					
	-Children under five	56	9.1	26	32.3	Target not achieved
	-Pregnant women	56	7.8	26.8	46.3	Significant progress

## **CHAPTER FIVE**

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

#### **5.1 INTRODUCTION**

The emphasis of GPRS II on accelerated economic growth calls for a corresponding realignment of the governance benchmarks. These include the institutionalisation and implementation of policies and legislation that protect property rights, promote savings and fidelity to contractual agreements, and the creation of an overall environment that boost investor confidence. Additionally, the quality of managing fiscal policy, monetary policy and international trade have a strong bearing on efficient use of public resource, restrain inflationary pressures and increase international competitiveness of the economy.

Measures on the following issues which still present challenges to good governance are being implemented under the GPRS II over the period 2006 -2009:

- strengthening the process of democratisation
- improving the existing institutional, legislative and policy environment
- promoting evidence-based decision making
- ensuring gender equity
- fostering greater civic responsibility
- integrating traditional authorities into formal institutional structures for governance.

Priority policy initiatives which have been identified in this connection, include the following: strengthening parliament, enhancing decentralisation, protecting rights under rule of law, ensuring public safety and security, managing public policy, empowering women and vulnerable groups, enhancing development communication, ensuring good corporate governance, increasing access to information, and promoting civic responsibility.

This section of the APR is a review of progress made on the thematic area under the broad categories of political, economic, and corporate governance, as well as evidence-based decision making.

## **5.2 STATUS OF SELECTED INDICATORS, AND KEY POLICY MEASURES AND STRATEGIES IN 2006**

### **5.2.1 Strengthening the Practice of Democracy and the Rule of Law**

#### ***i. Strengthen Parliament***

As part of the process of strengthening the institutional capacity of Parliament in the discharge of its oversight responsibilities a number of capacity building workshops were held for parliamentarians in 2006. The Public Accounts and Finance Committees were trained and resourced with the assistance of UNDP. Members of Parliament also underwent education and sensitisation workshops that were designed to a) reduce the tension that exists between DCEs/MCEs and MPs; b) promote good parliamentary practices and c) help the leadership of Parliament discharge its role with regard to the MDGs.

Budgetary allocation to Parliament has increased but the issue of enhancing the capacity of parliament to initiate private members bills is still outstanding.

#### ***ii. Ensure Free and Credible Elections***

The implementation of policy of consolidating democracy through free and credible elections continued in 2006. The Electoral Commission conducted two successful by-elections and district assembly elections in 2006. The Representation of Peoples' Amendment Law was enacted to facilitate the participation of all Ghanaians, irrespective of place of residence, in national elections.

Even though action is yet to be taken on the policy objective of creating an Election Fund which will constitute a resource pool to be equitably accessed by all political parties, government is exploring the possibility of establishing this facility.

#### ***iii. Foster Civic Advocacy to Nurture the Culture of Democracy***

The level of civil society participation in the policy formulation process increased in 2006. A platform was offered to civil society to participate in the Consultative Group meeting on Ghana held in April 2006. The continued maintenance of the enabling environment for the liberalised operations of the media led to the emergence of new newspapers and new radio stations across the country. The active involvement of the media has significantly contributed to the promotion of transparency and accountability in governance.

The tradition of the President presenting himself to an open interactive public assembly in a selected region of the country annually to answer questions and receive comments and suggestions was continued in 2006.

The Ministry of Finance and Economic Planning has now opened up the budget making process to citizens' participation by inviting memoranda and suggestions for consideration in the formulation of the national budget. The objective is to promote civic ownership and participation in the process of economic governance.

## **5.2.2 Enhancing Decentralisation**

### *i. Redefine type of decentralisation*

The implementation of the decentralisation programme remains a challenge as the policy framework is still weak. However a National Decentralisation Action Plan (NDAP) been developed to guide the implementation and monitoring of the programme. The implementation of the programme is yielding some significant result in the area of political decentralisation from the district level to the sub-district or unit committee level. Progress in the areas of administrative and fiscal decentralisation has however not been encouraging. The focus of policy is to accelerate the pace of implementing reform agenda agreed on decentralisation and to deepen civic ownership and commitment through consultative fora and dialogue.

### *ii. Expand decision-making capacity of MMDAs*

A three day workshop was organised by the Local Government Service in collaboration with the Ministry of Public Sector Reform, Office of Head of Civil Service, the Ministry of Local Government Rural Development and Environment.

The main objective was to accelerate the decentralisation implementation programme. The following issues were discussed at the workshop:

- organisation structures;
- management and legal issue;
- reporting relationships; and
- the timing of the implementation programmes.

A Regional level training of trainers workshop on the Local Government Service was held to:

- (i) build the capacity of 4 key officials of all the Regional Co-ordinating Council as trainers (on the structural changes envisaged);
- (ii) elicit feedback and support on the Local Government Service from the Regional participants;
- (iii) initiate a general process of information sharing, communication etc. of all stakeholders on the decentralisation policy framework; and
- (iv) building bridges to stakeholders, facilitation and co-ordination to enhance effective and efficient change management.

The focus of discussions was on issues relating to the establishment of the Departments of the Assemblies, the integration of line departments, the transfer of functions and staff to the MMDAs, and financing of the districts.

The integration of the four decentralized departments of the Ministry of Local Government, Rural Development and Environment (Community Development, Births and Deaths, Parks and Gardens and Town and Country Planning) was initiated in the year.

### ***iii. Ensure Proper Functioning of Sub-District Administration Structures***

Recommendations on reforming the sub-district structures have been made and are under review. It is recommended that the number of Unit Committees be reduced from 16,000 to 5,000 while the membership of each committee is to be reduced from 15 to 7.

### ***iv. Re-examine Constitutional Provision of Appointing District Chief Executives***

A constitutional amendment is required for the implementation of this policy measure. Government considers the propose amendment as premature and proposes to subject the issue of electing District Chief Executives to further discussions.

### ***v. Strengthen MMDA Revenue Generating Capabilities***

The MLGRDE introduced specific strategies to increase internally generated revenue as a proportion of total revenue from the current maximum of 14% to 65%. The strategies include:

- fixing and gazetting of rates generally;
- setting performance targets for the leadership of MMDAs and involving them in the monitoring of the system;
- rotate revenue collectors every six months;
- ensure security of value books; and
- strengthening partnership of Metropolitan and Municipal Assemblies, commercial banks and the private sector in the collection of local government revenues.

As part of the preparations towards scaling up the implementation of the composite budgeting process, the core staff of all Metropolitan, Municipal and District Assembly participated in a series of training sessions on district composite budgeting. The Ministry of Finance and Economic Planning and MLGRDE are in the process of validating the Composite Budget Guidelines.

Cabinet endorsed concept of a District Development Fund (DDF) and the proposal for its operationalisation in the 2008 fiscal year. The MLGRDE completed the final draft of the design report and the implementation manual on the Functional Organisational Assessment Tool (FOAT) to guide the effective management of the fund.

### **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***

About 70 Attorneys participated in various conferences, workshops and seminars. An Information and Communication Technology Training was also conducted for Attorneys at the Kofi Annan International Peacekeeping and Training Centre (KAIPTC) as part of the programme of the court computerisation programme.

The programme of improving the logistic and facility situation of the legal sector was continued. Twenty five saloon cars and four cross-country vehicles were procured for the sector as part measures towards improving conditions of service and reversing the high turnover of state Attorneys. Frequent staff turnovers have accounted for the slow pace of the dispensation of justice.

Additionally sixty seven computers (60 desktops and 7 laptops), six photocopiers, and one overhead projector were also procured for the sector in 2006.

In the area of physical infrastructure, government released ₵15.6 billion (out of the budgeted ₵30.0billion) for the Law House Construction Project. The amount has aided the completion of the basement car park.

In pursuit of the programme to make justice available to citizens in the regions, the Ministry of Justice is constructing and in some cases, rehabilitating residential and office buildings in the regions. Additionally, work started for the construction and rehabilitation of residential and office buildings

#### ***ii. Promote the provision of legal aid to the poor***

The Legal Aid Scheme in collaboration with FIDA undertook sensitization clinics in 5 selected regions to promote awareness on the availability of legal aid services. The perennial problems of inadequate allowances for lawyers and low coverage still remain. Less than 25% of cases assigned to lawyers are successfully completed every year. It is estimated that the percentage for 2006 of legal aid cases completed in 2006 is about 18%.

### **5.2.4 Public Safety and Security**

#### ***i. Improve internal security***

The security situation in the country improved in 2006 following the establishment of joint police-military patrols. A batch of 10 police officers attended a joint police-military training course on internal security package at the Army Junior Staff College. The Ghana Armed Forces and the Ghana Police conducted joint anti-armed robbery patrols on a daily basis.



*ii. Increase national capacity to ensure safety of life and property*

Recruitment and Training:

The Ghana Police Service continued to implement the policy of recruiting 2,000 new entrants annually to augment the strength of the establishment. In 2006, a total of 1,711 persons (30% of who were women) were recruited and trained by the Police Administration to acquire the basic officer skills in policing required to perform professionally and efficiently.

In absolute terms, the manpower level of the Ghana police Service continues to increase annually. The total strength of the Ghana Police Service as at December, 2006 increased to 17,826. The police citizen ratio as at December 2006 stood at 1:1121 (compared to 1:1021 in 2005). The slight decline in the ratio is a result of the marginal growth in Ghana's population.

The distribution of new recruits trained at national and regional centres is presented in Table 5.1.

**Table 5.1: Number of Police Recruits Trained at National and Regional Training Centres in 2006**

REGION	SCHOOL	NO. OF RECRUITS	MALE	FEMALE
Accra	NPTS	403	217	186
Koforidua	PTS	330	214	116
Winneba	PTS	195	195	-
Bolgatanga	PTS	209	139	70
Ho	PTS	150	150	-
Kumasi	PTS	424	276	148
<b>TOTAL</b>		<b>1711</b>	<b>1191</b>	<b>520</b>

It is worth noting that as part of its training plan, a total of 133 Cadet Officers (out of which 40 were females) graduated from the police College, Accra and were commissioned into the senior officers' Corps as Assistant Superintendents of Police.

As part of its human resource capacity building programme, a number of police personnel were exposed to a series of refresher courses within and outside the country. About 50 senior police officers were trained in the conduct of police enquiry and 8 senior officers attended a course in improving public safety. The distribution of personnel by rank is presented in Table 5.2

**Table 5.2: Ghana Police Service Personnel Structure**

<b>S/N</b>	<b>RANK</b>	<b>NUMBER</b>
1.	Inspector General of Police	1
2.	Deputy Inspector – General	2
3.	Commissioner	3
4.	Deputy Commissioner	24
5.	Assistant Commissioner	58
6.	Chief Superintendent	116
7.	Superintendent	129
8.	Deputy Superintendent	217
9.	Assistant Superintendent	402
10.	Chief Inspector / RSM	1,496
11.	Inspector / DSM	2,040
12.	Sergeant	3, 682
13.	Corporal	1, 576
14.	L/Corporal	2, 575
15.	Constable	5, 565
<b>Total</b>		<b>17,826</b>

**Improving Gender Equity:**

An important issue which is being pursued by the police administration is promoting gender balance in the service which currently is skewed in favour of males by adopting gender sensitive pragmatic policies. Currently there are a total of 3,130 police women as against 14,696 policemen, with a female-male ratio of 1:5.

The best represented female rank is the Deputy Inspector–General of police (DIGP). The most skewed rank is the deputy superintendent of police (DSP) which has a ratio of 1:13 in favour of men. A total of 130 female and 822 male constituted the officer corps with a ratio of 1:7. The ratio of female-male in the other ranks is 1:5.

**Table 5.3: Gender Ratio of the Ghana Police Service**

<b>RANK</b>	<b>FEMALE</b>	<b>MALE</b>	<b>RATIO</b>	<b>TOTAL</b>
Inspector-General of Police		1		1
Deputy Inspector-General of Police	1	1	1:1	2
Commissioner of Police	1	2	1:2	3
Deputy Commissioner of Police	2	22	1:11	24
Assistance Commissioner of Police	9	49	1:5	58
Chief Superintendent of Police	15	101	1:7	156
Superintendent of Police	10	119	1:12	129
Deputy of Superintendent of Police	15	202	1:13	217
Assistance Superintendent of Police	77	325	1:4	402

<b>RANK</b>	<b>FEMALE</b>	<b>MALE</b>	<b>RATIO</b>	<b>TOTAL</b>
Chief Inspector of Police	153	1,343	1:9	1,496
Inspector of Police	244	1,796	1:7	2,040
Sergeant	533	3,149	1:6	3,682
Corporal	353	1,223	1:3	1,576
Lance Corporal	312	2,203	1:7	2,515
Constable	1,405	4,160	1:3	5,565
<b>TOTAL</b>	<b>3,130</b>	<b>14,696</b>		<b>17,826</b>

Budgetary resources were provided for the accommodation, maintenance of service vehicles, ration and uniforms and for the purchase of communication equipment, new vehicles and other logistics for the service. The following construction projects were undertaken:

- construction of drains at Police Headquarters building;
- renovation of Koforidua training school Block 6;
- construction of 32 unit hostel block at the police headquarters, Accra; and
- completion of a UN Documentation Centre at the Police Headquarters.

#### Support for Victims of Domestic Violence:

The Domestic Violence Victims Support Unit (DOVVISU) continues to open more offices in all police districts with the establishment 23 new offices and desks. The Unit now has 63 offices and desks across the country.

**Table 5.4: Offices and Personnel of DOVVISU**

<b>Police Regions</b>	<b>Number of Personnel</b>
Accra Region	69
Tema Region	18
Ashanti Region	41
Brong Ahafo Region	24
Western Region	31
Central Region	15
Volta Region	29
Eastern	38
Northern	17
Upper East	11
Upper West	15
<b>Total</b>	<b>308</b>

Other activities were undertaken by the Unit to enhance service delivery. Four workshops were organised for 160 personnel of the Unit on the management of victims of abuse with sponsorship by the UNICEF/UNDP. Advocacy fora were organised in 8 districts of the Volta region for opinion leaders, stakeholders, assembly members, the media, traders,

farmers, among others on gender based violence during the opening of the new offices in the region. A two-day Partners' Review programme was organised to finalise a Strategic Plan for the Unit. A series of preventive outreach programmes was also held in schools and communities to sensitize school children and community members on child abuse and other related offences in the Upper East, Upper West and Northern Regions.

Neighbourhood Watch Committees:

In 2006, the police services strengthened its relationship with the communities through the establishment of Neighbourhood Watch Communities across the country to complement the efforts of the police in combating crime. As a result of this initiative, citizens volunteered information which greatly facilitated the combating of crimes. Police patrols were increased in communities, crime-prone areas and highways.

The Crime Situation in the Country:

The general crime situation in the country during the fourth quarter of the year 2006 showed an increase of 28.3% of the total cases reported as compared to that of the same period in the previous year.

**Table 5.5: Status of General Crime Management by Cases (2005 and 2006)**

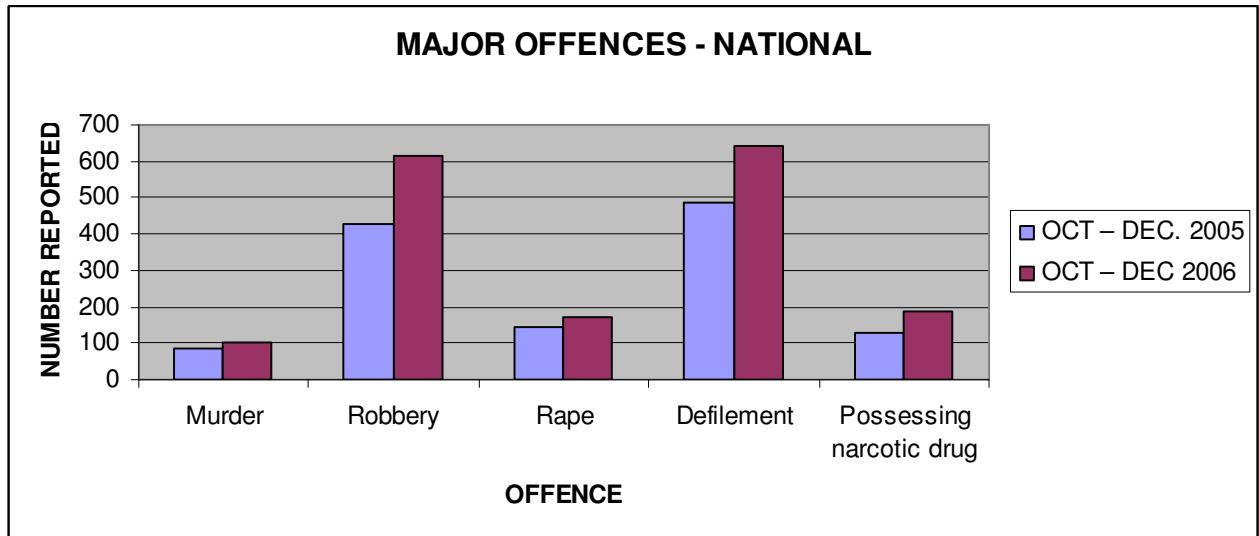
Crime	OCT – DEC. 2005	OCT – DEC. 2006	% CHANGE
Cases reported	44,994	57,741	28.3
Cases rejected	1,372	1,431	4.3
Valid cases	43,622	56,310	29.1
Cases sent to court	5,749	7,122	23.9
Cases of conviction	1,660	2,730	64.5
Cases acquittal	216	209	-3.2
Cases pending trial	3,873	4,183	8.0
Cases completed	4,524	3,484	-23.0
Cases under investigation	33,349	45,704	37.0

The major crime indicators of the fourth quarter of the year 2006 as compared to that of the previous year showed a significant increase especially in narcotic drug offences, robbery and cases of defilement. Trends in the incidence of major offences reported to the police during the fourth quarter of the years 2005 & 2006 are depicted in table 5.6 and figure 5.1 below.

**Table 5.6: Incidence of Major Crimes (2005 and 2006)**

Crimes	OCT – DEC. 2005	OCT – DEC 2006	% CHANGE
Murder	88	103	17.4
Robbery	426	612	43.7
Rape	143	173	21.0
Defilement	487	643	32.0
Possessing narcotic drug	126	186	47.6

**Figure 5.1: Major Crimes Recorded (2005 and 2006)**



**iii. Forestall External Aggression**

Border Patrol Units have been established to assist in reducing the incidence of cross-border crimes, especially smuggling goods, and trafficking in arms and human beings. Joint border patrols mounted by the Immigration Services and Customs, Excise and Preventive Service (CEPS) have also been introduced. The number of metal detectors and scanners at the border has also been increased. The ceding of the Preventive Service domain of CEPS to the Immigration Service is being discussed by government.

Common check-points have been instituted at the international borders with Burkina Faso, Togo and La Cote d’Ivoire. There has been increased sharing of intelligence and vital information on cross-border crimes and criminals in the West Africa zone.

**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 outstanding issue of consolidating staff positions in the MDAs was resolved with the appointment and/or confirmation of 35 Chief Directors 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 have been completed and implemented; performance monitoring system has been developed; and a new staffing and internal training plan have been developed and is being implemented.

The Ministry of Public Sector Reform (MPSR) initiated action on the following three components of its Service Delivery Improvement Programme (SDIP):

- the creation of Client Service Units (CSUs);
- the institution of Business Process Reviews (BPRs); and
- the President’s Excellence Awards Programme (PEAP).

Specific activities undertaken on each of these components are discussed below.

**Client Service Units:**

Client Service Units or Customer Care Centres have been established in the 23 Ministries, Departments and Agencies (MDAs) listed in Table 8

**Table 5.7: MDAs with Client Service Units**

<ul style="list-style-type: none"> <li>• Land Title Registry;</li> <li>• Survey Department;</li> <li>• Lands Commission;</li> <li>• Town and Country Planning;</li> <li>• Driver and Vehicle Licensing Authority (DVLA);</li> <li>• Registrar General’s Development;</li> <li>• Passport Office;</li> <li>• Births and Deaths Registry;</li> <li>• Public Workers Department;</li> <li>• Accra Metropolitan Assembly (AMA);</li> <li>• Bureau of Ghanaian Languages,</li> <li>• Non Formal Education Division</li> </ul>	<ul style="list-style-type: none"> <li>• Department of Social Welfare and Community Development;</li> <li>• Department of Cooperatives;</li> <li>• Rent Control Office;</li> <li>• Minerals Inspectorate Division;</li> <li>• Ghana Maritime Authority;</li> <li>• Office of the Head of Civil Service;</li> <li>• Ministry of Public Sector Reform;</li> <li>• Controller and Accountant General’s Department;</li> <li>• Public Records and Archives Administration Department;</li> <li>• State Protocol Department; and</li> </ul>
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These Units are equipped with the appropriate software and hardware for information management by MDAs on their respective corporate mandates and addressing client service delivery concerns. The Client Service Units at the various MDAs have also been provided with upgraded office facilities.

Six (6) Training sessions in effective Customer Care Management and Complaints handling software as well as refresher courses were organised for Client Service Units (CSU) officers. Bi-monthly meetings for the Desk Officers gave them the opportunity to share experience as well as one on one discussion during the quarterly Monitoring and Evaluation exercise.

The Desk Officers were also taken through a Monitoring and Evaluation Framework to enable them gain the requisite skills in providing the Ministry with relevant tracking reports.

As part of the reform programme, CSU activities have started in 10 Districts namely Ewutu-Efutu Senya, Gomoa, Akwapim South, Komenda Edina Eguafo Abirim, Dangme West, Ga West, Ga East, Yilo Krobo, Mfantiman and Manya Krobo.

The CSU concept was also extended to the Head Offices of the Value Added Tax Service, Customs, Excise and Preventive Service, Internal Revenue Service and the Ministry of Finance and Economic Planning. Charters have been printed and distributed to the Customs, Excise and Preventive Service and Internal Revenue Service.

A Memorandum of Understanding which spells out the relationship between the implementing agencies and the coordinating Ministry was signed with the 25 MDAs to facilitate the processes of mainstreaming the CSU activities so as to ensure the sustenance of the initiative.

#### Business Process Review:

##### *Activities and Outcomes:*

- Project Implementation Teams (PITs) were established in 12 MDAs to serve as change agents for continuous business review and process renewal. The PITs were equipped with change management training and terms of reference developed to guide their effort;
- The implementation of the strategy which was developed for both institution-specific and system-wide recommendations commenced in 2006. A summary of key initiatives which were undertaken is as follows:
  - facilitating the adoption of new Visions, Missions and Organizational Structures for Public Utilities and Regulatory Commission, Forestry Commission, Ghana Atomic Energy Commission and National Communications Authority;
  - the commencement of the development of websites for Internal Revenue Service, National Communications Authority, Public Utilities and Regulatory Commission, Driver & Vehicle licensing Authority, Birth and Death Registry and Ghana Standards Boards.

##### *Review of Business Processes of Twelve (12) MDAs:*

The purpose for conducting the reviews is to reduce costs and risks, induce efficiency and strengthen competitiveness for improved public sector service delivery. Twelve (12) MDAs were selected by the Oversight Committee for the pilot implementation. The institutions are listed in Table 5.8.

**Table 5.8: MDAs Participating in Pilot Business Process Review**

<ul style="list-style-type: none"> <li>● Internal Revenue Service</li> <li>● Value Added Tax Service</li> <li>● Driver and Vehicle Licensing Authority</li> <li>● Birth and Death Registry</li> <li>● Forestry Commission</li> <li>● Ghana Shippers Council</li> </ul>	<ul style="list-style-type: none"> <li>● Ghana Atomic Energy Commission</li> <li>● Public Utilities and Regulatory Commission</li> <li>● Environmental Protection Agency</li> <li>● National communications Authority</li> <li>● Food &amp; Drugs Board</li> <li>● Ghana Standard Board</li> </ul>
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- Current business processes of the twelve (12) MDAs were reviewed in line with global best practices in service delivery;
- Future processes were mapped out in line with national vision and development goals;
- Supporting requirements were determined for each streamlined process. These included:
  - service delivery targets to be met each year for the next five years on the implementation of the recommendations;
  - technology solutions to meet service delivery targets;
  - HR practices to support new processes;
  - physical improvement;

President’s Excellence Awards Programme:

As part of the service delivery improvement initiative, the Ministry instituted the President’s Excellence Awards Programme. The purpose of the Awards is to promote standards of excellence and reward innovation in the Ghana public services. The Award Winners were selected through a transparent national application / nomination process.

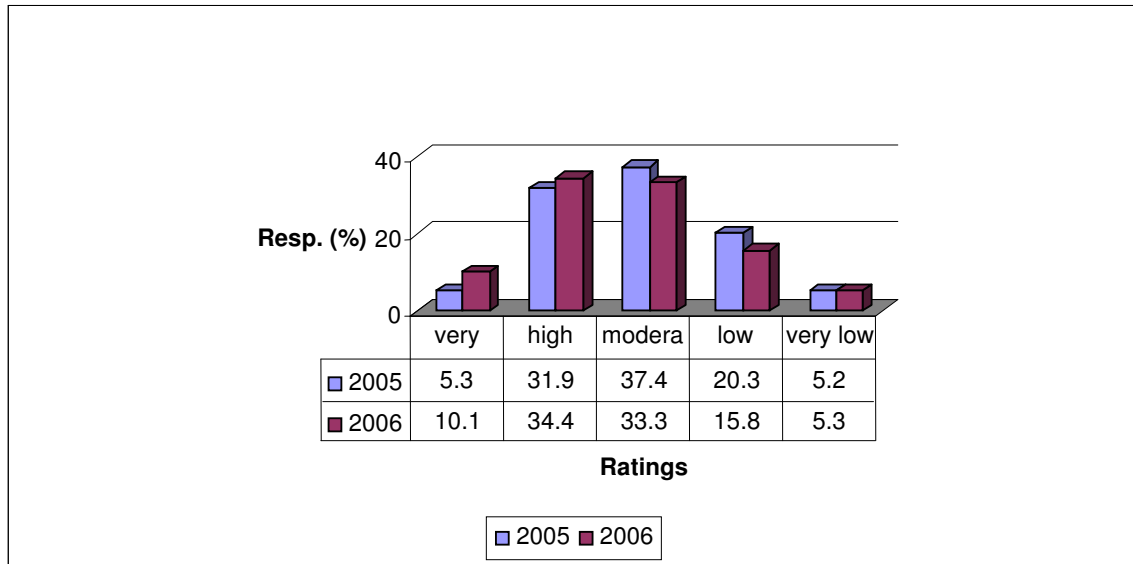
The 2006 Award winners – Ministry of Health (Public Health Unit) and the Community Water and Sanitation of the Ministry of Water Resources Works and Housing) - in two categories were selected and announced at a ceremony in Accra in December 2006.

***ii. Deepen pluralistic involvement in support of poverty reduction and growth***

The holding of the National Economic Dialogue (NED) annually offered citizens and groups of varying political opinions to make an input into national agenda of poverty reduction and growth. A study commissioned by the APRM Governing Council revealed that 43% of Ghanaians were of the view that the extent to which government involved them in public discussions on major policy issues in 2006 was very high/high compared to 34% for year 2005 (Figure 5.2).



**Figure 5.2: Citizen Opinion on the extent to which the government facilitates discussions on major policy shifts**



Respondents, however, lamented the fact that the National Economic Dialogue (NED) was poorly organised in 2005 and not at all in 2006. Government’s attention seems to be focused on the organization of the Ghana Investment Advisory Council (GIAC) meetings to the detriment of the NED.

### 5.2.6 Fighting Corruption and Economic Crimes

Considering the large proportion of public resources which are spent by MDAs on procurement, priority is given to the effective implementation of procurement plans that allows for transparency, efficiency and fairness in the application of public funds. Following the passage of the Public Procurement Act (Act 663) in 2003, there is evidence of increasing openness attested to by the increase in the numbers of tenders published in the newspapers.

The Act provides for the establishment of Entity Tender Committees (ETCs) at national and sub-national levels. As at June 2006, a total of 698 Entity Tender Committees were established in MDAs and MMDAs. In addition, 109 Review Boards were set. It is noteworthy that most public institutions now apply the recommended procedures in their procurement activities. Many MDAs, however, report difficulties in the functioning of the ETCs as the new Law imposes a number of administrative and logistic requirements to support the effective functioning of the procurement process. A major difficulty is also faced by the entities in aligning the new procurement processes those of the Development Partners.

The level of public perception of corruption in the process of public procurement is still high within civil society. Despite governments attempt to strengthen the legal and institutional frameworks for fighting corruption, with the enactment of the Whistleblowers Act, the Public Procurement Act, The Financial Administration Act, the

Internal Audit Agency Act, a study conducted in 2006 under the auspices of the APRM Governing Council revealed that almost 89% of respondents said that corruption was widespread in Ghana. Respondents were of the opinion that corruption was more widespread in the public sector (89%) than in the private sector (56%).

Asked to what extent government was fighting corruption, respondents noted that while the necessary legislation had been put in place, the resources to implement them were lacking. To this extent, 23% replied that government intention to fight corruption was very high, while 46 % said commitment was low.

### **5.2.7 Empowerment of Women**

#### *i. Enforce existing laws protecting women's rights*

The Department of Women at the Ministry of Women and Children Affairs carried out public education and sensitization on the Domestic Violence Bill. This was done nationwide to solicit public opinion and suggestions on the Bill. The Department assisted in educating and lobbying Parliament on the Bill and the effects of violence on family life. This resulted in the Bill has since received going through the second reading stage in Parliament.

#### **Domestic Violence Bill passed**

At the time of preparing this report, Parliament passed the Domestic Violence Bill. It is now the Domestic Violence Act 2007 (Act 732)

#### *ii. Enhance Women's Access to Economic Resources and Promote Women in Public Life*

The Ministry of Women and Children's Affairs launched a "Women in Local Governance Fund" in March 2006, on International Women's Day. An independent board (with members from MDAs, CSOs and NGOs) was set up to manage the fund. The secretariat of the board is in the Department of Women. Out of the funds raised, and in collaboration with partners, the Department carried out capacity building and training for female aspirants to local assemblies. After training, 1,783 women aspirants were given a minimum amount to help them contest in the District Assembly elections held in September 2006. Radio programmes were also run to create awareness for voters to vote for women. The effect was a marginal increase (2.3% from year 2002) in the number of women in the newly inaugurated Assemblies.

The Department has started preparing a directory on eminent women in Ghana. This is to produce a well documented information base on women in leadership positions, and to identify capable women and lobby for appointments to leadership positions. There are plans to publish a book on eminent women and subsequently showcase them through the institutionalization of awards ceremonies, etc. This will be a tool to encourage women to strive to achieve positions of eminence.

Government is earnestly pursuing an Affirmative Action Policy which is aimed at increasing the proportion of women in administrative and political leadership. The details in Table 5.9 indicate a gradual increase in the number of women appointed to leadership positions.

**Table 5.9: Women in Administrative and Political Leadership as at April 2007**

<b>POSITION</b>	<b>TOTAL</b>	<b>MALE</b>	<b>% OF TOTAL</b>	<b>FEMALE</b>	<b>% OF TOTAL</b>
Chief Director	35	29	83	6	17
Supreme Court Judges	13	10	77	3	23
High Court Judges	27	23	85	4	25
Members of Parliament	230	205	89	25	11
District Assembly Appointee	1,956	1,401	72	555	28
District Assembly Elected	4,830	4,254	88	576	11

*Source: Department of Women, MOWAC, 2006*

***iii. Analyse budgets and national development policies from a gender perspective***

The Ministry of Women and Children’s Affairs commissioned a scoping study on the practice of gender budgeting in Ghana. It analysed the extent of gender sensitivity of Government’s annual budgets since 2001. The recommendations from that study will assist in further promoting gender budgeting in the country

Gender Analysis of all development programmes is being implemented on programme by programme basis. The Gender Desks created at the MDAs have not been able to effectively influence public policy. Where gender concerns have been taken on board, it has been at the instance of civil society advocacy. However, the GPRS II and the ICT for Accelerated Development have been engendered.

**5.2.8 Enhance Development Information Management**

***i. Promote the development of modern Management Information System including E-governance***

The objective here is to improve the efficiency and effectiveness of information dissemination by adopting one messaging and workflow system throughout MDAs whilst adopting a single standard for ICT within government under the auspices of the Ministry of Communications (MoC).

**5.2.9 Promoting Evidence Based Decision-Making**

***i. Strengthen the data base for policy formulation and decision-making***

The Ghana Statistical Service completed the conduct of the Ghana Living Standards Survey 5. The NDPC in collaboration with the GSS also undertook training and awareness creation on the use of the statistical package, Ghana Info Data Base. The

ground has thus been prepared to support improved future evidence-based policy making, planning, and monitoring and evaluation.

## **5.3 SUMMARY OF POLICY RECOMMENDATIONS**

### **5.3.1 Improving public Safety and Security**

The international standard of one policeman to five hundred citizens will not be achieved at the current recruitment rate. Indeed the ratio is worsening because of a faster growth rate of the population. The number of recruits into the police service will therefore have to be increased by about 15% to cater for the increasing population size.

The policy of increasing the presence of women in the Police Service needs to be done within a well defined Gender Policy. At present, it is done largely at the discretion of officers.

### **5.3.2 Promoting Rights under the Rule of Law**

A more aggressive and encompassing policy on Affirmative Action needs to be introduced to cover the many spheres of governance life in which women are under-represented.

Improving resource allocation on the basis of gender considerations is critical for the achievement of gender equity. A policy of gender budgeting is becoming more critical in resource allocation because of the growing feminisation of poverty in Ghana.

A fund (similar to the one established by civil society to support women aspirants for district assembly membership) to increase women's representation in public life should be established. Policies to protect children from the worst forms of child labour should be formulated and implemented.

### **5.3.3 Decentralisation**

There is the need to define the type and nature of decentralisation that the country is pursuing. The policy of universal adoption of composite budgeting needs immediate implementation. It makes for a more efficient use of financial resources available to districts. Government stands to benefit immensely if this policy is adopted.

### **5.3.4 Studies**

It is recommended that studies be conducted to determine:

- a) the rate of reduction in the acquisition of small arms;
- b) corruption perception among the public; and
- c) citizen compliance with rules and regulation.

## GOOD GOVERNANCE AND CIVIC RESPONSIBILITY

### STATUS OF INDICATORS – 2006

**Table 5.10: Summary of Status of Indicators on Good Governance and Civic Responsibility, 2005 – 2006**

AREA OF FOCUS	INDICATOR	Rationale for Indicator	Indicator Level at 2005	Indicator Level at 2006	Progress Towards Target
<b>OVERARCHING INDICATORS</b>	▪ Percentage increase in budgetary allocation to parliament	Increased expenditures on providing offices, logistics and research capabilities for MP,	C5.8 billion (80% of Approved Budget)-for Ministry of Parliamentary Affairs	C 6.03 billion (100 % of approved budget)	
	▪ 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	
	▪ Reduction in rate of infraction of rules and regulation	Measure of decline in cases of breach of public rules and regulations	Around 12,000 offenders are put in police custody every day	The daily offender put away rate has dropped below the previous figure 12,000	
<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	
	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. It is considered the optimum number required for the discharge of state responsibilities	
	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 has not been established.	
	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	
	5. National Identification Card	Number of citizens with NI card	Passage of NI Bill	The NI Authority mounted a broad based education campaign to raise public awareness on the relevance of NIS	

AREA OF FOCUS	INDICATOR	Rationale for Indicator	Indicator Level at 2005	Indicator Level at 2006	Progress Towards Target
<b>DECENTRALISATION</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 used by MMDAs to produced Medium Term Development Plans (MTDPs)	All Districts have submitted Medium Term Development plans (MTDPs) to NDPC. Most Districts are implementing their MTDPs	
	7. %age 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 Organisational 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.	
	8. Rate of increase in the number of districts employing Composite budgeting approach	Number of District practicing Composite Budgeting	25 Districts are currently practising Composite Budgeting	MLGRDE in collaboration with MFEP has issued a guideline to all MMDAs for the preparation and implementation of district composite budget as part of the fiscal decentralisation programme.	
	9. Operationalise Local Government Service Act	Determines the creation and functioning of all institutions and policies contained in the Act	the Local Government Council and its Secretariat were established	LG Service Council is working on a) the establishment of the Department of District Assemblies, 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.	
<b>MANAGING PUBLIC POLICY</b>	10. Change in public sector wage in real terms	Public sector salary increase	Minimum Daily wage of \$1.50	Minimum wage is holding at \$1.50	
	11. Percentage of MDAs and SAs on Integrated Payroll and Personnel Database	Determine completion of IPPD Database for all MDAs and SAs	30% of MDAs and SAs are on IPPD	Refer to MPSR report	
	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	

AREA OF FOCUS	INDICATOR	Rationale for Indicator	Indicator Level at 2005	Indicator Level at 2006	Progress Towards Target
				procurement	
	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	
	14. Number of Performance Contracts completed by MDAs	Determines progress made in Public Sector Reforms	Number of MDAs and SAs have signed performance contracts	(Check with MPSR)	
<b>PUBLIC SAFETY AND SECURITY</b>	15. 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	
	16. Reduction in rate of small arms acquisition	Measures rate of decline of small arms acquisition	Unavailable		
	17. 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 UST with funding from ILO-IPEC. GSS has also developed an instrument for collecting data on Child Labour. ILO has also supported NCCE to undertake a National Opinion and Attitudes Survey on Child Labour.	
	18. Rate of decline in armed robberies, rape and murder	Measures improvements in public safety with relation to major crimes	Data show relative increases in these major crimes	Statistics from the Police is unavailable	
	19. Social Protection Policy formulated	An approved national policy document on Social Protection	Not available	Policy formulated by MMYE.	
<b>WOMEN EMPOWERMENT</b>	20. 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% .	
	21. Proportional increase of women Chief Directors, Judges and	Percentage increase of women in administrative and political leadership	Women Chief Directors less than 2%, Women Judges less than 5% and Women in	Proportions have registered only marginal changes at the level of the chief directors. The number of	

AREA OF FOCUS	INDICATOR	Rationale for Indicator	Indicator Level at 2005	Indicator Level at 2006	Progress Towards Target
	women in Parliament and District Assemblies,		Parliament less than 15%	women judges and MPs have remained the same and those at the assemblies have increased marginally	
	22. Additional institutional and legal aid support given to victims of domestic violence	Examines Rate of expansion of DOVVSU s in all districts and increases in number of victims receiving legal aid	DOVVSUs present in all ten regions and only 10 police districts	DOVVSU offices in all regions	
<b>ENHANCING DEVELOPMENT COMMUNICATION</b>	23. Freedom of Information Bill	Passage of Freedom of Information Bill into law	Bill in Parliament	Before Cabinet and Parliament for further study.	
	24. 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.	
<b>ECONOMIC GOVERNANCE</b>	25. 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%	Data not available	
	26. BPEMS generated and reconciled fiscal reports issued monthly within 4 weeks	Reports on BPEMS implementation	Currently reports are late for more than 8 weeks		
<b>CORPORATE GOVERNANCE</b>	27. Number of capacity building programmes on business ethics	Reports on number type and content of campaign		Requires a full survey	
	28. Corporate Governance Score Cards	Reports issued by citizen groups on quality of service and on corporate social responsibility		No civil society report on corporate governance are available	
<b>PROMOTING EVIDENCE BASED DECISION-MAKING</b>	29. Statistical Master plan	Production of a Statistical Master plan		GSS is in the process of completing the Master plan	
	30. Publication of Annual Progress Report	Annual Progress Report on GPRSII		Completed	





## CHAPTER SIX

### LINKING THE 2006 BUDGET TO GPRS II

#### 6.1 INTRODUCTION

This chapter analyses the extent to which the 2006 budget is linked to the priority policies and strategies in the three thematic areas of the GPRS II. The actual discretionary allocations are compared with targets set out in the strategy.

The total estimated funding requirements for the implementation of programmes drawn from the GPRS II is €73.374 trillion (US\$8.063 billion) over the period 2006 - 2009. The breakdown by thematic areas is as follows:

- Private Sector Competitiveness: €25.981 trillion (US\$2.859 billion),
- Human Resource Development: €40.298 trillion (US\$4.475 billion), and
- Good Governance and Civic responsibility: €7.096 trillion (US\$0.780 billion).

Funding was expected to be generated from both domestic and external sources. Budgetary resources constitute an average of 35% of GDP for financing 78% of the US\$8.063 billion required to implement the GPRS II. This is made up of domestic revenue (23% of GDP), grants from bilateral and multilateral sources (5.5% of GDP) and divestiture receipts, programme loans and exceptional financing arrangements (6.5% of GDP).

Other sources include savings from HIPC, Multilateral Debt Relief Initiative (MDRI) and the receipt for the implementation of the Millennium Challenge Account (MCA). The issuing of sovereign bonds, and the mobilization of domestic savings through the long term savings scheme and the Venture Capital Funds was targeted to provide additional resources for the implementation of GPRS.

The total funding requirement for the first year is estimated at US\$2,066.42 million, with 36.4%, 53.7% and 9.9% going to Private Sector Competitiveness, Human Resource Development and Good Governance respectively.

Financing the GPRSII from the budgetary resources required a close linking and alignment of the Budget with the thematic areas of GPRS II as was started under the GPRS I, namely Private Sector Competitiveness, Human Resource Development and Good Governance and Civic Responsibility so as to be able to finance the activities and programmes envisaged under the GPRS.

Financing the GPRS II from budgetary resources requires a close alignment of allocation of resources with the thematic areas of the GPRS II so as to ensure adequate funding of priority targeted in the strategy. The objective for aligning the budget to the GPRS II was to ensure consistencies in:

- the assumptions and projections made in the macroeconomic framework of the budget and that of the GPRS II;

- the distribution of total budgetary allocations and actual spending by thematic areas of the GPRS II;
- sectoral distribution of Government of Ghana's (GoG) resources;
- sectoral distribution of development partner resources;
- the distribution of resources by functionally classified items of expenditure (i.e., personnel emoluments, administration, service, and investment); and the level of government expenditures allocated to poverty reduction programmes and projects.

## **6.2 THE BUDGET PREPARATION PROCESSES AND THE GPRS II**

Consistent with the policy of enhancing the functional alignment of the national budget to the goals, policies and objectives prioritized in the GPRS II, a number of activities were undertaken in 2006:

- workshops were organised to improve MDAs understanding of the MTEF process as well as linking the GPRS II to the Budget;
- within each priority area, MDAs were required to show the progress made in achieving targets set in the GPRS and the remaining gaps up to 2006;
- MDAs were required to incorporate poverty reduction policies of the GPRS II into their Strategic Plans;
- after the annual budget is approved by Parliament through the Appropriations Act the CAGD issues a general warrant to each Ministry indicating the maximum amount of money that can be spent during the year for each item;
- the CAGD executes payments but its reporting format is not aligned with the GPRSII thematic areas;
- a software for budget preparation based on the thematic areas of the GPRSII has been installed at the MoFEP. This facilitates the comparison of budgetary ceilings with actual releases.

## **6.3 THE MACROECONOMIC FRAMEWORK OF THE 2006 BUDGET AND THE GPRS II**

The macroeconomic framework of the GPRS II closely guided those assumed in the 2006 Budget. The overall objective of the GPRS II is the doubling the size of the economy within the next decade and bringing the per capita income of the average Ghanaian to middle income level.

The accelerated growth of the economy will be attained through the sustenance of policies of good fiscal and monetary management, continued macroeconomic stability, support to promoting a vibrant private sector, vigorous human resource development and the deepening good governance and civic responsibility.

Macroeconomic policies outlined for implementation under GPRS II are consequently designed to sustain and enhance the gains in macroeconomic stability attained under GPRS I. These include:

- prudent fiscal policy management;
- the maintenance of a monetary policy that is flexible enough to respond to external shocks, promote growth and ensure price stability;

- the management of real interest rates that enhance effective mobilization of savings and make credits affordable to the private sector; and
- maintaining relatively stable real exchange rates that effectively supports Ghana's performance in international trade.

The macroeconomic targets set in the 2006 budget were:

- real GDP growth of at least 6% per annum;
- reduction of end of period inflation rate to single digit of between 7-9% by end of year;
- average inflation rate of 8.8%;
- international reserves of 4 months import cover;
- domestic primary surplus of 1.4% of GDP; and
- overall budget deficit of 4.5 % of GDP

**Table 6.1: The GPRS and Budget Macroeconomic Framework**

Macroeconomic indicators	GPRS 2004 targets	Budget 2004	Status 2004	GPRS 2005 targets	Budget 2005	Status Actual 2005	GPRS II 2006	Budget 2006	Actual 2006
Real GDP growth (%)	5.0	5.2	5.8	5.0	5.8	5.9	6.11	6.0	6.2
Inflation:									
Annual (%)	8.0	>10%	12.6	6.0	Na	Na	Na	8.8	Na
End of period (%)	7.0	>10%	11.8	5.0	13.5	14.8	Na	7-9	10.5
Stock reserves (months imports cover)	2.8	3 months	3.8	3.1	4.0	3.6	Na	4.0	3.0
Domestic primary surplus as % of GDP	2.6	1.7	0.7	2.5	2.4	3.4	Na	(1.4)	(1.9)
Budget deficit as % of GDP	1.6	1.7	3.2	0.6	2.2	1.96	Na	4.5	7.9
Sectoral growth (%):									
Agriculture	4.8	6.0	7.5	4.8	6.5	6.5	5.24	6.6	5.7
Industry	5.2	5.2	5.1	5.2	5.8	5.6	6.11	6.2	7.3
Services	5.1	4.7	4.7	5.1	5.4	5.4	5.75		6.5
Ratio of revenues (excluding grants) to GDP (%)	22.5	22.5	23.8	22.3	24.6	24.9	Na		

Sources: MOFEP, Budget Statements, GPRS I Document, Bank of Ghana  
NA not available

Table 6.1 compares the macroeconomic targets set out in the GPRS II to those projected in the 2006 Budget, as well as the actual outcome. The macroeconomic objectives set out in the GPRS II include:

- GDP growth of 6.11%; and
- reduction of inflation to single digit

In terms of actual performance in 2006:

- The GPRS target of 6.11% GDP growth was exceeded in 2006 with a growth rate of 6.2%;
- Although inflation rates fell significantly in 2006, the single digit target was not realized. Inflation as at the end of 2006 stood at 10.5%. The single digit rate targeted was difficult to attain in view of the high and increasing world oil prices in the world's crude oil market; and

- Sectoral growth rates of output targeted by the GPRS II in 2006 were all exceeded in the 2006 fiscal year.

#### **6.4 ALIGNMENT OF 2006 SPENDING PRIORITIES WITH GPRS II COSTING FRAMEWORK**

The Ministry of Finance and Economic Planning (MoFEP) now allocates and releases resources on the basis of the GPRS thematic areas. This is a departure from the previous practice where expenditure releases were reported by cost centre only. The ensuing analysis is based on the 2006 approved budget allocations and fund releases, as well as an overview of the Development Partners resource envelope in 2006.

Within the framework of the revised investment plan<sup>5</sup> put forward by government during the 2006 Consultative Group (CG) for Ghana Annual Partnership Meeting, the approved budget to implement GPRS II in the first year (2006) was US\$2,194.4 million, with 40.5%, 35.8% and 21.4% budgeted for Private Sector Competitiveness, Human Resource Development thematic and Good Governance and Civic Responsibility pillars respectively. The amount was a little higher than the initial cost anticipated in the GPRS II costing framework for the year, which was estimated at US\$2,066.42 million (see table 6.2). The anticipated sources of funding included US\$1,460.9 million from GOG (including the statutory funds) and US\$733.5 million from DPs (excluding BOP support to BOG and Budget Support, which together amounted to US\$441.18 million). However the analysis of the actual releases shows that only US\$815.4 million of projected GOG resource was realized, while DPs Sector and Investment Support amounted to US\$743.2 million.

Overall, nearly US\$1,558.67 million (excluding DPs BOP support to BOG and Budget Support) was made available for the implementation of GPRS II in 2006 out of which about 37% went to the implementation of policies, programmes and projects under the Private Sector Competitiveness thematic area, 43% to the Human Resource Development and 20% to the Good Governance and Civic Responsibility thematic area. This reveals some level of misalignment of resource allocation which could be traced to both GOG and the DPs.

Of the total GOG resources, only 26.8% went into the Private Sector Competitiveness thematic area instead of the 36.4% anticipated under the GPRS II costing framework, while about 31.5% went to the Good Governance and Civic Responsibility area instead of the 9.9% anticipated. The shortfall in planned resource allocation to Private Sector Competitiveness thematic area and the Human Resource Development, reflected in the increases in resources to the Good Governance and Civic Responsibility area.

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<sup>5</sup> As part of the processes leading up to the 2006 Consultative Group (CG) meeting, a series of growth workshops were organized, out of which it emerged that some scaling-up of investment has to take place in some key infrastructural areas, as means of accelerating the minimum growth rate of 6% anticipated in the GPRS II, to a minimum of 8%. Subsequently additional priority investments were identified with their associated cost. This was added on to the previous cost anticipated in the GPRS, and it became the new investment plan for the 2006 CG.

**Table 6.2: Alignment of 2006 Spending Priorities with GPRS II Costing Framework, Categorized into GoG and DPs (in millions of \$)**

GPRS II Thematic Areas	GPRS II Resource Allocation for 2006		GoG Actual Releases		DPs Actual Releases		Total Resources (GoG + DP)	
	Value	%	Value	%	Value	%	Value	%
Private Sector Competitiveness	751.88	36.4%	218.33	26.8%	357.0	48.0%	575.31	36.9%
Human Resource Development	1,110.69	53.7%	340.30	41.7%	329.3	44.3%	669.58	43.0%
Good Governance and Civic Responsibility	203.84	9.9%	256.61	31.5%	56.9	7.7%	313.56	20.1%
MDRI			0.23				0.23	
HIPC Contingency			0.00				0.00	
<b>GRAND TOTAL</b>	<b>2,066.41</b>	<b>100%</b>	<b>815.5</b>	<b>100.0%</b>	<b>743.2</b>	<b>100.0%</b>	<b>1,558.67</b>	<b>100.0%</b>

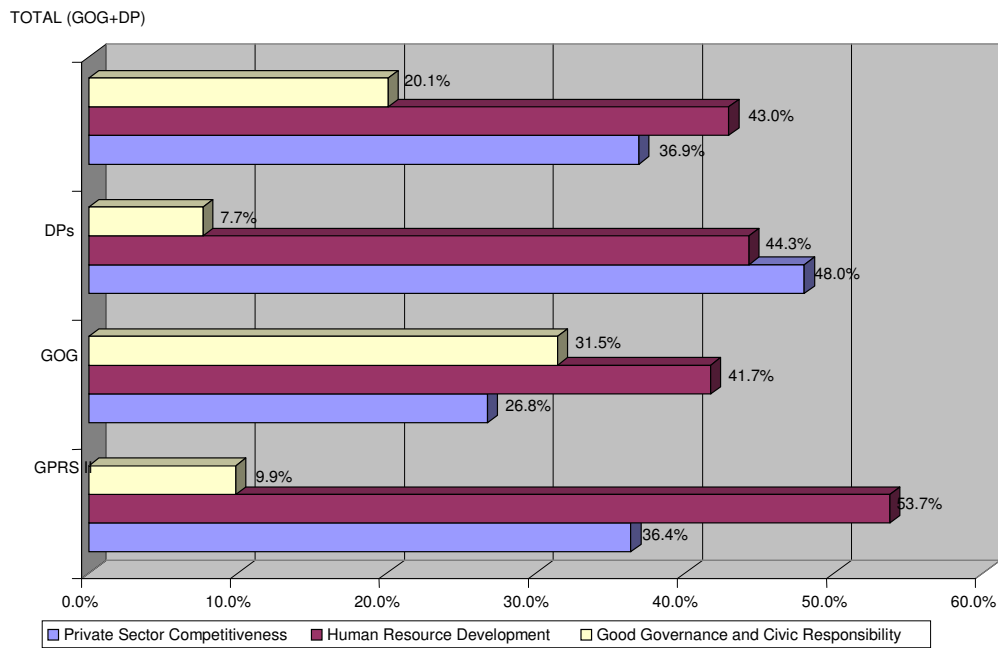
**Table 6.3: Alignment of 2006 spending priorities with Approved Budget – DPs Inclusive (Million \$)\***

GPRS II Thematic Areas	GoG			DPs**			Statutory Funds			Total		
	Budget Approved	Releases	%	Projected Inflows	Releases	%	Budget Approved	Releases	%	Budget Approved	Releases	%
Private Sector Competitiveness	300.3	56.9	18.9	442.8	357.0	80.6	145.8	161.5	110.7	888.9	575.3	64.7
Human Resource Development	126.4	84.9	67.1	258.3	329.3	127.5	401.1	255.4	63.7	785.8	669.6	85.2
Good Governance and Civic Responsibility	215.3	110.1	51.1	32.5	56.9	175.4	222.2	146.5	65.9	470.0	313.6	66.7
MDRI							0.2	0.2	0.0	0.2	0.2	100.7
HIPC Contingency							49.5	0.0	0.0	49.5	0.0	0.0
<b>GRAND TOTAL</b>	<b>642.0</b>	<b>251.8</b>	<b>39.2</b>	<b>733.5</b>	<b>743.2</b>	<b>101.3</b>	<b>818.9</b>	<b>563.6</b>	<b>68.8</b>	<b>2,194.4</b>	<b>1,558.7</b>	<b>71.0</b>

**Note:** \* Figures includes item 3&4 only

\*\* DPs' figures excludes BoP and budget support amounting to US\$117.04 million and US\$324.14 million respectively. If added together, the total DP support becomes US\$1,176.37 million for the year 2006

**Figure 6.1: Alignment of Resources to GPRS II Thematic Areas, 2006**



In the case of the DPs Sector and Investment Support, nearly 48% went to Private Sector Competitiveness only to the disadvantage of the Human Resource Development thematic area. However resource allocation to the Good Governance and Civic Responsibility area fell short of the 9.9% anticipated (see Table 6.2 & Figure 6.1).

Overall DPs' total resource envelope (including budget support and BOP support) amounted to US\$1,176.47 million in 2006 (representing about 90.1% of the US\$1,306.25 million projected inflows in 2006), out of which, about US\$743.19 million was Sector and Investment Support. The actual release indicates a shortfall of US\$129.78, which is equivalent to 9.9% (see Figure 6.2).

**Figure 6.2: DPs' Projections against actual releases 2003 – 2006**

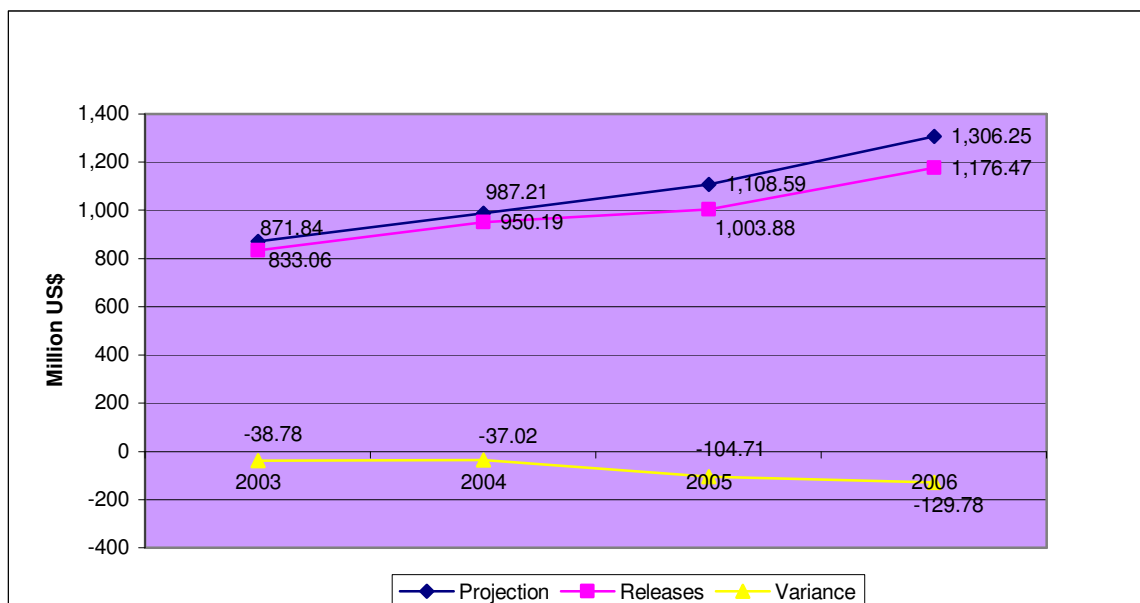


Table 6.4 gives more detailed information on the GPRS II approved budget and releases to the key areas of focus in the three thematic areas. If the CAGD reporting formats were aligned to the GPRS, it would have been more interesting to compare the budgeted, the releases and the actual expenditures. Table 6.4 is thus limited to the approved budget and releases from the MoFEP for the financial year 2006.

Under the private sector competitiveness thematic area, much of the resources were released to finance transport infrastructure, modernizing agriculture, promoting trade and industrial development, energy supply to support industries and households and development of ICT. Resources released from the approved budget for human resource development were channelled into education, skills and manpower development, health and urban development, housing and slum upgrading. Much of the releases from the approved budget for good governance and civic responsibility was also directed at enhancing decentralisation, public policy management and public sector reforms, management and strengthening democracy (Table 6.5).

## 6.5 SECTORAL DISTRIBUTION OF DISCRETIONARY BUDGET EXPENDITURE

Table 6.4 shows the Functional Distribution of Total (GoG and Donor) Expenditure. The broad sector targets in the budget for 2006 show a close link with the actual expenditure for the year.

Expenditures on the administration sector have consistently declined over the period from 34% in 2001 to 13.47% in 2005. The actual expenditure for administration in 2006 was 16.2%, which is higher than the budget target of 14.5%

**Table 6.4: Functional Distribution of Total (GoG and Donor) Expenditure: 2001-2006 (%)**

	GPRS 2003 Target	2003 Budget	GPRS 2004 Target	Budget 2004	GPRS 2005 target	Budget 2005	Budget 2006	Actual 2006*
<b>Administration</b>	<b>14.2</b>	<b>14.84</b>	<b>13.3</b>	<b>17.1</b>	<b>13.3</b>	<b>13.4</b>	<b>14.5</b>	<b>16.2</b>
<i>Ministry of Local Government Rural Development</i>		2.75		2.36		2.24	5.7	2.6
<i>Ministry of Finance</i>		2.23		2.15		2.41	2.0	5.2
<i>General Govt. Services</i>						3.53	3.2	3.0
<b>Economic</b>	<b>9.7</b>	<b>9.06</b>	<b>10.3</b>	<b>8.9</b>	<b>10.3</b>	<b>10.33</b>	<b>8.5</b>	<b>9.7</b>
<i>Ministry of Food &amp; Agriculture</i>		3.91		3.03		3.4	2.3	2.1
<b>Infrastructure</b>	<b>17.2</b>	<b>15.53</b>	<b>19.1</b>	<b>10.9</b>	<b>19.1</b>	<b>16.8</b>	<b>17.3</b>	<b>11.6</b>
<b>Social</b>	<b>38.1</b>	<b>38.67</b>	<b>34.3</b>	<b>38.8</b>	<b>34.3</b>	<b>37.4</b>	<b>45.1</b>	<b>48.0</b>
<i>Ministry of Education</i>		26.85		26.65		23.2	28.1	32.2
<i>Ministry of Health</i>		10.89		11.15		13.2	16.2	13.1
<b>Public Safety</b>	<b>11.1</b>	<b>11.52</b>	<b>9.0</b>	<b>11.9</b>	<b>9.0</b>	<b>6.9</b>	<b>6.4</b>	<b>9.7</b>
<b>Utilities</b>	<b>2.7</b>	<b>2.69</b>	<b>3.2</b>	<b>2.5</b>	<b>3.2</b>	<b>1.72</b>	<b>1.0</b>	<b>0</b>
<b>Revenue Agencies</b>		<b>3.08</b>		<b>3.0</b>		<b>2.7</b>	<b>2.0</b>	<b>0</b>
<b>Contingency</b>	<b>6.9</b>	<b>4.62</b>	<b>10.9</b>	<b>8.9</b>	<b>10.9</b>	<b>10.7</b>	<b>4.9</b>	<b>4.8</b>
<b>Grand Totals</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	
<b>Total €billion</b>				<b>13,005.4</b>		<b>18,528.2</b>	<b>29,483.9</b>	<b>22,475.5</b>

Sources: Computed from Appropriation Acts, Budget Statements 2002-2005, Report of Financial Statements on the Consolidated Fund, CAGD

\*Cumulative Actual GOG-31<sup>st</sup> December 2006



**Table 6.5: Summary of GPRS II Approved Budget and Releases for the Financial Year, 2006 (in million US\$)**

	<i>Thematic /Key Focus Area/Policy/MDA</i>	GoG				Statutory Funds				Total				
		<i>Budget Approved</i>	<i>Releases</i>	<i>Variance</i>	<i>% Release</i>	<i>Budget Approved</i>	<i>Releases</i>	<i>Variance</i>	<i>% Release</i>	<i>Budget Approved</i>	<i>Releases</i>	<i>Variance</i>	<i>% Release</i>	<i>% of Total</i>
	<i>1</i>	<i>2</i>	<i>3</i>	<i>5=2-3</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>13</i>	<i>14</i>	<i>15</i>
	<i>HIPC Contingency</i>	0.00	0.00	0.00	0.00	49.50	0.00	49.50	0.00	49.50	0.00	49.50	0.00	0.0
	<i>MDRI</i>	0.00	0.00	0.00	82.79	0.23	0.23	0.00	100.7	0.23	0.23	0.00	100.	0.0
	<b>1 PRIVATE SECTOR COMPETITIVENESS</b>	<b>300.29</b>	<b>56.88</b>	<b>243.41</b>	<b>18.94</b>	<b>145.83</b>	<b>161.45</b>	<b>-15.63</b>	110.7	<b>446.12</b>	<b>218.33</b>	<b>227.79</b>	48.9	26.8
	Private Sector Development	42.40	1.82	40.58	4.29	2.17	7.19	-5.02	330.75	44.5693	9.01	35.56	20.2	1.1
20	Rural development based on modernized agriculture	26.02	23.21	2.80	89.23					26.0159	23.21	2.80	89.2	2.8
21	Modernized Fishing Methods And A Developed Aquaculture	0.10	0.03	0.08	26.28					0.1033	0.03	0.08	26.2	0.0
22	Restoration Of Degraded Environment And Natural Resource Management	2.92	2.05	0.87	70.19	12.57	8.99	3.58	71.51	15.4806	11.03	4.45	71.3	1.4
23	Linking To Other Sectors: Promoting Trade And Industrial Development	4.41	3.74	0.68	84.61	0.00	0.51	-0.51		4.4148	4.24	0.17	96.1	0.5
30	Transport Infrastructure: Road, Rail, Water and Air Transport	170.23	15.75	154.47	9.25	124.34	123.59	0.74	99.4	294.5625	139.35	155.22	47.3	17.1
31	Energy Supply to Support Industry and Households	36.37	2.07	34.30	5.69	3.26	17.48	-14.22	536.13	39.6338	19.55	20.08	49.3	2.4
32	Science And Technology To Support Productivity and Development	1.37	3.82	-2.45	277.95	0.00	1.09	-1.09		1.3748	4.91	-3.53	357.	0.6
40	Developing Information And Communication Technology (ICT)	2.05	0.80	1.26	38.78	1.63	1.63	0.00	100	3.6819	2.43	1.26	65.9	0.3
41	Developing the Tourism Sector for Revenue and Employment Generation	8.98	2.88	6.10	32.09	1.05	0.00	1.05	0	10.0346	2.88	7.15	28.7	0.4
42	The Music Industry For Growth And Job	0.21	0.02	0.18	10.4	0.03	0.00	0.03	0	0.2389	0.02	0.22	9.0	0.0
50	Employment Generation And Improvement And Expansion of Safety Nets	4.97	0.43	4.55	8.57	0.00	0.20	-0.20		4.9712	0.63	4.34	12.7	0.1
70	Life Cycle Related Vulnerability And Exclusion	0.24	0.22	0.01	94.44	0.77	0.77	0.00	100	1.0096	1.00	0.01	98.7	0.1
80	Environment Related Factors in Vulnerability and Exclusion	0.03	0.05	-0.02	167.04					0.0289	0.05	-0.02	166.8	0.0
	<b>2 HUMAN RESOURCE DEVELOPMENT</b>	<b>126.40</b>	<b>84.87</b>	<b>41.53</b>	<b>67.14</b>	<b>401.14</b>	<b>255.43</b>	<b>145.71</b>	<b>63.7</b>	<b>527.55</b>	<b>340.30</b>	<b>187.25</b>	<b>64.5</b>	<b>41.7</b>
90	Education	42.31	27.45	14.86	64.89	191.66	154.01	37.66	80.35	233.97	181.46	52.51	77.6	22.3
100	Skills And Manpower Development	7.29	5.31	1.97	72.94	0.15	0.56	-0.41	383.61	7.43	5.87	1.56	79.0	0.7
110	Sports Development	0.47	1.16	-0.70	249.06	3.83	4.06	-0.23	106.08	4.30	5.23	-0.93	121.6	0.6
120	Health	23.77	38.93	-15.16	163.78	186.27	78.65	107.61	42.20	210.04	117.59	92.45	56.0	14.4
150	Hiv/Aids	0.32	0.16	0.17	48.63					0.32	0.16	0.17	48.6	0.0

160	Population Management	0.56	0.25	0.30	45.43					0.56	0.25	0.30	45.4	0.0
170	Water And Environmental Sanitation	44.21	4.01	40.20	9.07	19.24	17.07	2.17	88.7	63.45	21.07	42.38	33.2	2.6
180	Urban Development, Housing And Slum	7.48	7.59	-0.11	101.46	0.00	1.09	-1.09		7.48	8.67	-1.20	116.	1.1
	<b>3 GOOD GOVERNANCE AND CIVIC RESPONSIBILITY</b>	<b>215.25</b>	<b>110.08</b>	<b>105.17</b>	<b>44.66</b>	<b>222.24</b>	<b>146.53</b>	<b>75.71</b>	65.9	<b>437.50</b>	<b>256.61</b>	<b>180.88</b>	58.7	31.5
191	Institutional Strengthening And Coordination Of Public Institutions and Non-State Actors	0.01	0.07	-0.06	562.36					0.01	0.07	-0.06	560.3	0.0
192	Access To Rights And Entitlements	0.32	0.13	0.18	42	2.72	1.35	1.37	49.68	3.04	1.48	1.55	48.9	0.2
193	Childhood Related Vulnerabilities (Access to Rights and Entitlement)	0.07	0.04	0.02	64.42					0.07	0.04	0.02	64.4	0.0
194	Environment Related Factors In Vulnerability and Exclusion (Conflict Management)	0.02	0.01	0.02	26.82					0.02	0.01	0.02	26.8	0.0
210	Strengthening Practice Of Democracy	18.16	10.54	7.62	58.03					18.16	10.54	7.62	58.0	1.3
211	Enhancing Decentralisation	4.68	3.70	0.98	79.13	138.63	120.17	18.45	86.69	143.30	123.87	19.43	86.4	15.2
220	Protecting Rights Under Rule Of Law	14.97	3.91	11.06	26.13	1.63	0.93	0.70	57.33	16.60	4.85	11.75	29.2	0.6
221	Improved Access To Rights And Entitlements	0.07	0.04	0.03	61.13	0.00	0.00	0.00		0.07	0.04	0.03	61.2	0.0
230	Public Safety And Security	101.81	64.31	37.50	52.16	8.61	6.47	2.13	75.22	110.41	70.78	39.63	64.1	8.7
231	Public Policy Management And Public Sector Reforms	68.98	23.46	45.52	34.01	68.73	6.68	62.04	9.72	137.71	30.14	107.57	21.9	3.7
240	Women Empowerment	0.28	0.23	0.05	83.51	1.09	0.54	0.54	50	1.37	0.78	0.59	56.9	0.1
241	Gender-Related Experiences in Vulnerability and Exclusion (Access to Tights and Entitlements)	0.06	0.02	0.05	26.09	0.00	0.00	0.00		0.06	0.02	0.05	26.1	0.0
260	Development Communication	0.45	0.08	0.37	17.12	0.00	0.00	0.00		0.45	0.08	0.37	17.1	0.0
270	Promoting Civic Responsibility	0.23	0.07	0.16	30.46	0.00	0.00	0.00		0.23	0.07	0.16	30.5	0.0
280	Fiscal Policy Management	4.68	3.30	1.38	70.54	0.85	10.37	-9.53	1,222.24	5.53	13.68	-8.15	247.2	1.7
310	Good Corporate Governance	0.35	0.07	0.28	20.61	0.00	0.00	0.00		0.35	0.07	0.28	20.6	0.0
320	Promoting An Evidence-Based Decision Making	0.12	0.09	0.03	77.61	0.00	0.00	0.00		0.12	0.09	0.03	77.6	0.0
	<b>GRAND TOTAL</b>	<b>641.95</b>	<b>251.83</b>	<b>390.12</b>	<b>39.22</b>	<b>818.94</b>	<b>563.65</b>	<b>255.29</b>	<b>68.82</b>	<b>1460.89</b>	<b>815.48</b>	<b>645.41</b>	<b>55.8</b>	<b>100.</b>

The Social Service sector benefited from increased budget allocations during the period 2003-2005. In 2006, the actual expenditure of 48.0% for the social sector was higher than the budgetary target of 45.1%. This increase all things being equal translated into an increase in the provision of social services to the vulnerable and excluded and increase in spending on education, health and water and sanitation.

In the economic sector, the actual spending of 9.7% was higher than the projected budgetary target of 8.5% for 2006

There has been significant decline in share of the discretionary budgetary provision to infrastructure sector. Actual spending in the sector for 2006 was only 11.6% compared with a budgetary allocation of 17.3% for the year.

Expenditure on Public Safety increased to 9.7% in 2006, exceeding the projected budgetary allocation of 6.4%

**Table 6.6: Functional Distribution of Total GOG Expenditure 2002-2005 (%)**

Classification	2001	2002	2003	2004 Budget	2005 Budget	GPRS II 2006	Budget 2006	Actual 2006*
<b>Administration</b>	41.5	25.8	16.4	18.2	14.6	-	13.9	16.4
<i>Ministry of Local Government Rural Development</i>	2.4	1.7	1.8	1.63	1.4	-	1.4	1.4
<i>Ministry of Finance</i>	2.9	4.0	1.9	1.69	1.8	-	1.6	5.2
<i>General Govt. Services</i>	27.8	8.3	0		4.2	-	4.5	3.7
<b>Economic</b>	5.3	6.8	5.4	5.3	4.4	-	4.7	6.8
<i>Ministry of Food &amp; Agriculture</i>	1.4	2.3	1.7	1.36	1.7	-	1.8	2.0
<b>Infrastructure</b>	4.4	3.7	3.8	4.6	4.5	-	5.3	5.6
<b>Social</b>	37.2	47.4	45.8	42.7	44.4	-	50.8	54.5
<i>Ministry of Education</i>	28.4	35.3	33.4	31.69	30.9	-	36.6	37.5
<i>Ministry of Health</i>	0.0	10.3	11.2	9.77	12.2	-	13.1	13.7
Public Safety	11.0	15.3	14.8	14.3	10.0	-	12.0	11.7
Utilities	-	-	3.6	3.0	2.5	-	2.0	0
Revenue Agencies	-	-	4.1	3.7	3.9	-	4.1	0
Contingency	0.5	1.0	6.1	8.3	15.7	-	6.7	5.0
<b>Grand Total</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	-	<b>100</b>	
<b>Total billions cedis</b>					<b>12693.8</b>	-	<b>14670.3</b>	<b>18688.2</b>

Source: Computed from Appropriation Acts, Budget Statements 2002-2005, Report of Financial Statements on the Consolidated Fund, CAGD

\*Cumulative Actual GOG-30<sup>th</sup> November 2006

Table 6.6 shows GoG budgetary expenditures for the 2001-2005 periods and the actual spending for 2006. It must be noted that 54.5 % of GoG expenditure is spent on the Social sector, with Education being the largest sub-sector.

## 6.6 DONOR SPENDING AND GPRS PRIORITIES

In 2006, total donor disbursement of ₦3810.465 billion was below the budgeted figure of ₦6251.815 billion. The bulk of disbursements was channeled to the infrastructure sector which in 2003 benefited from more than 50% of total inflows. For the year under review, actual disbursement to the infrastructural sector was 40.83% with the biggest share going to Roads constituting 25.6% of Donor funding. (Table 6.7)

Donor funding of the Administration sector has seen consistent declines over the period from 17.5% in 2001 to 11.84% in 2005 but increased significantly to 14.95% in 2006, which is higher than the budget allocation. Within the Administration sector, Local Government, Office of Government Machinery, Finance, Audit Service, NDPC and the Information Ministry were the beneficiaries.

Within the Economic sector MOFA and Energy were the major recipients of donor funding. Education and Health together took 99.6% of allocations to the social sector, although the bias was towards Education.

**Table 6.7: Functional Distribution of Total Donor Spending: 2001-05**

Classification	2005 Budget Billion cedis	2005 Budget % of Total	2005 Disbursements Billions cedis	2005 Disbursements % of Total	2006 Budget	2006 Disbursements
Administration	648.966	11.1	561.38	11.84	11.9	14.95
<i>Ministry of Local Government Rural Development</i>	233.473	4.0	283.11	5.76	4.26	8.61
<i>Ministry of Finance</i>	214.824	3.7	86.90	1.77	5.36	5.06
<i>General Govt. Services</i>	130.869	2.2	144.44	2.54	1.56	1.12
Economic	1,351.112	23.2	1058.71	21.56	19.44	23.93
<i>Ministry of Food &amp; Agriculture</i>	422.331	7.2	481.71	9.80	6.69	12.68
Infrastructure	2,537.656	43.5	2,013.97	41.0	47.35	40.83
Social Services	1,288.424	22.1	1,254.75	25.54	20.27	15.89
<i>Ministry of Education</i>	375.163	6.4	490.39	9.90	6.54	5.84
<i>Ministry of Health</i>	900.854	15.4	758.89	14.45	13.42	10.02
Public Safety	8.277	0.14	2.62	0.05	1.08	0.08
Utilities	-	-	-	-	-	
Revenue Agencies	-	-	-	-	-	
Contingency	-	-	-	-	-	
Grand Totals (%)		100		100.0	100.0	100.0
₦ Billion	5,834.435		4,911.42		6251.815	3810.465
			Grants- 2445.28			Grants – 1769.330
			Loans- 2466.14			Loans – 2041.134

Source: Computed from MoFEP Budget Statements, 2001-2006 and data from Budget Division.

## 6.7 DISTRIBUTION OF EXPENDITURES BY ITEMS

Table 6.8 shows that although the sectoral allocations may broadly reflect GPRS priorities, personnel emoluments constitute the largest component of discretionary expenditures. These expenditures increased in 2006 both as a percentage of total discretionary expenditures and as a percentage of GDP. Allocation to Administration and Service declined over the period.

In 2006, allocation for Investment increased from 30.8% to 33.3% of discretionary expenditures and from 7.4% to 8.22% of GDP. While domestic investment declined from 12.49% to only 4.88%, donor funding increased to 28.41% from 27.35% of total expenditure.

Donor investment still accounts for a greater part of the nation's investment expenditure thus rendering development efforts extremely susceptible to the vagaries of donor resource flows.

It appears that resources released to finance the GPRS II are inadequate and there is a need to increase investments that will result in growth and employment creation and could contribute to poverty reduction substantially.

**Table 6.8: Utilisation of Discretionary Payments ¢ billion**

ITEM	2004 Planned	2004 Actual	2004 Actual	2005 Planned	2005 Actual	2005 Actual	2006 Planned	2006 Actual	2006 Actual
	% of total exp.	% of total exp.	% of total GDP	% of total exp.	% of total exp.	% of total GDP	% of total exp.	% of total exp	% of total GDP
Personal Emoluments	44.3	35.1	8.7	36.9	37.0	8.9	33.9	38.7	9.5
Administration and Service	18.2	11.9	3.0	11.0	11.0	2.7	7.6	7.7	1.9
Service	7.8	4.7	1.2	4.1	4.1	1.0	3.8	2.85	0.7
Investment	24.9	29.4	7.3	30.9	30.8	7.4	39.84	33.3	8.22
Domestic Financed	8.2	6.1	1.5	6.1	6.1	1.5	12.49	4.88	1.2
Foreign Financed	16.6	23.3	5.8	24.8	24.7	6.0	27.35	28.41	5.9
Utility price subsidies	0.6	11.2	2.8	1.5	1.8	0.4	2.73	4.6	1.1
HIPC financed Expenditure	8.1	9.5	2.3	6.8	6.9	1.7	6.18	6.4	1.6
Others									
<b>Total</b>	<b>100</b>	<b>100</b>		<b>100</b>	<b>100</b>		<b>100</b>	<b>100</b>	
<b>(¢ billion)</b>	<b>14,982.6</b>	<b>19,773.2</b>	<b>79,803.7</b>	<b>23,560.9</b>	<b>23,454.8</b>	<b>97,018.0</b>	<b>29,475</b>	<b>28,350.7</b>	<b>114,903.2</b>

Source: MFEP, Budget Statements 2002-2006

## **6.8 SPENDING ON POVERTY REDUCTION**

Government spending on Poverty Reduction is targeted at the under-privileged. This is reflected in the transfer of resources for the provision of the basic necessities of life. Reduction of poverty requires the infusion of resources not to the broad sectors of the economy but giving priority to specific targeted areas of benefit to the poor. Programmes and projects implemented under this expenditure are mostly in the social and economic sectors.

The spending on poverty has come from three main sources:

- (a) Discretionary Government Spending
- (b) HIPC funds
- (c) Multilateral Debt Relief Initiative Funds

### **6.8.1 Discretionary Spending**

About 57% of total poverty reduction expenditure was from government discretionary budget. There has been a consistent increase in the allocation of resources over the years in relation to these activities. In 2005, the last year of GPRS I the Government increased poverty spending significantly from ₦6,122.61 billion in 2004 to ₦8,256.01 billion that is by about 34.8%. However in 2006, direct spending to poverty reduction related activities increased significantly by 49.9% to ₦12,374 billion. (Table 6.9)

Total poverty spending in 2006 exceeded planned spending in the Budget by 3.24%; it constituted about 34.86% of total government spending in 2006 which exceeded the actual expenditures of 34.47% for 2005. The poverty related expenditures were made in such sectors as Basic Education, Primary Health Care, Agriculture, Rural water, Feeder Roads and Rural Electrification.

Total poverty reduction spending on basic education increased by 12.4% from ₦3,708.82 billion in 2005 to ₦4704.8 in 2006. Poverty spending on education constituted about 38% of total poverty spending, followed by Primary Health care of 16.02%. The quantum of resources to poverty-focused agriculture increased from ₦175.91 billion in 2005 to ₦484.4 billion in 2006, which was about 94% of the spending on agriculture, and constituted 3.91% of poverty spending. There were increases in poverty spending on rural water and feeder roads and rural electrification in 2006 as compared to the spending in 2005

**Table 6.9: Government Spending on Poverty Reduction**

	2003 Budget	2003 Actual	2004 Budget	2004 Actual	2005 Budget	2005 Actual	2006 Budget	2006 Actual
Total poverty reduction exp. ¢ billion	4059.28	4278.74	5456.21	6122.61	8,014.93	8,256.01	11,985.21	12374.03
Total govt. expenditure ¢ billion	15712	15744.10	19507.80	21765.10	25,052.040	23,948.62	34677.1	35493.2
Total poverty red. Exp. as % of total Govt exp.	25.83	27.18	27.97	28.13	31.99	34.47	34.56	34.86
<b>BASIC EDUCATION</b>								
Basic education exp. ¢ billion	1911.28	2356.52	2605.37	2969.76	3,029.77	3,708.82	4187.66	4707.89
Education Expenditure ¢ billion	3300.59	4049.13	4512.65	5289.76	5331.87	6,601.47	7357.84	9074.81
Basic education as % of education Exp.	57.91	58.20	57.73	56.15	56.82	56.18	56.91	51.88
% of Total poverty Spending	47.1	55.07	47.75	48.50	37.80	44.90	34.9	38.05
<b>PRIMARY HEALTH CARE</b>								
Primary Health Care Exp.	826.20	633.54	1205.32	1088.20	1988.80	1,749.95	2664.51	1982.64
Health sector exp. ¢ billion	1124.94	1061.21	1550.92	1622.02	3203.64	2,915.69	4019.78	3482.93
PHC AS % of Health sec exp	73.44	59.70	77.72	67.09	62.08	60.02	66.28	56.92
% of Poverty Spending	20.3	18.81	22.09	17.77	24.80	21.20	22.2	16.02
<b>POVERTY FOCUSED AGRIC</b>								
Poverty Focused Agric Exp. ¢ billion	141.89	109.51	132.68	145.05	205.33	175.91	351.72	484.40
Agric. Sector Exp. ¢ billion	157.40	114.27	146.91	150.34	217.32	205.07	382.5	517.77
Poverty Agric. As % of Sector Exp.	90.15	95.83	90.31	96.48	94.48	85.69	91.95	93.56
% of Poverty Spending	3.5	2.56	2.4	2.4	2.56	2.13	2.93	3.91
<b>RURAL WATER</b>								
Rural Water Exp. ¢ billion	108.86	41.42	140.86	111.99	160.27	117.67	142.67	186.54
Works & Housing exp. ¢ billion	156.98	89.95	225.11	228.64	264.05	238.23	243.93	366.70
Rural Water Exp. As % of Works and Housing Exp.	64.41	46.05	62.57	48.98	60.7	49.39	58.49	50.87
% of Poverty Spending	2.7	1.0	2.6	1.8	2.0	1.43	1.19	1.51
<b>FEEDER ROADS</b>								
Feeder Roads exp. ¢ billion	227.98	306.38	296.552	337.98	395.56	410.24	875.07	766.95
Roads and Transport exp ¢ billion	887.38	809.28	1039.69	1045.32	1424.73	1,505.56	2214.58	2322.35
Feeder Roads Exp as % of Roads and Transport exp.	25.69	37.86	28.52	32.33	27.76	27.25	39.51	33.02
% of Poverty Spending	5.6	7.2	5.4	5.5	4.91	4.97	7.3	6.20
<b>RURAL ELECTRIFICATION</b>								
Rural elect. Exp. ¢ billion	91.93	58.21	156.15	187.81	644.87	381.91	825	1011.78
Energy sector exp. ¢ billion	111.0	69.21	193.8	216.39	655.95	385.94	853.59	1029.23
Rural electrification as % of Energy sector exp.	82.82	83.98	80.57	86.79	98.31	98.96	96.65	98.30
% of Poverty Spending	2.3	1.4	2.9	3.1	8.04	4.63	6.88	8.18
<b>OTHER POVERTY EXPENDITURES*</b>								
Other* Poverty exp. ¢ billion	751.04	773.16	919.31	1281.82	1,590.33	1,711.51	2938.58	3233.84
Other Poverty exp. as % of Total Govt exp.	4.78	4.91	4.71	5.89	5.64	7.15	10.17	9.11
Percent of Poverty Spending	18.6	18.1	16.8	20.9	6.35	20.73	24.5	26.13

Sources: Computed from, Budget Statements 2002-2006, and MoFEP data.

\* Other Poverty expenditures include Social Welfare, Governance, Drainage, Human Rights, Public Safety, HIV/AIDS, Vocational/Employable Skills, Road Safety, Women/Children Affairs, Population Management, Rural Housing, Environmental Protection and Disaster Management.

## 6.8.2 HIPC Funds

Pro-poor discretionary spending in 2006 was supplemented by HIPC funds for all the thematic areas of the GPRS. Actual HIPC releases were only 58% of planned spending.

- With regard to macro stability, a ₦455.5 billion representing 20% of HIPC Funds was planned for domestic debt payment. Domestic debt payment made at the end of 2006 was ₦96.98 billion representing only 7.33% of HIPC funds;
- For human resource development, a total of ₦541.9 billion was spent comprising 40.97 % of total HIPC releases. Education expenditures constituted about 61% of expenditures for this pillar with ₦355.65 billion. These funds were spent on the subsidies for Basic Education Certificate Examination (BECE), upgrading of Senior Secondary Schools and support for the SSS feeding programme. Other spending on education was through the District Assemblies and MPs share of HIPC funds for the provision of basic school infrastructure.
- ₦120.09 billion for the health sector;
- ₦106.84 billion for the provision and improvements in water and sanitation;
- For private sector development about ₦618.32 billion was disbursed for its activities including agriculture and infrastructure; Feeder roads development and rail transportation, representing 46.75% of HIPC funds.
- In the energy sector about ₦193 billion was disbursed
- In the area of Good Governance and Civic Responsibility, support totalling over ₦65.0 billion was provided for both administrative and economic governance programmes.

Both the Human Resource Development and Private Sectors' spending allocation exceeded the planned allocation to the detriment of Good Governance and Domestic Debt payments.

The outcome of expenditures on poverty reduction showed positive results in the areas of education, malaria control, the eradication of measles and polio, HIV/AIDS and coverage for rural water supply

**Table 6.10: Utilisation of HIPC Fund in 2006 – Planned Expenditures and Releases**

Pillar	Planned (₦bn)	Share (%)	Releases* (₦bn)	Share (%)
Human Resource Development	811.83	35.64	541.9	40.97
Private Sector Competitiveness	885.56	38.88	618.32	46.75
Good Governance	124.85	5.48	65.45	4.95
Domestic Debt	455.50	20.00	96.98	7.33
<b>Total</b>	<b>2277.74</b>	<b>100.00</b>	<b>1,322.64</b>	<b>100.00</b>

Source: 2007 Budget Statement p.278.



### 6.8.3 Multilateral Debt Relief Initiative (MDRI)

The 2006 Supplementary Budget indicated that the modalities and disbursements of the MDRI had been approved by the Boards of the IMF, World Bank and the AfDB.

As at the end of September, the special MDRI account amounted to about ¢1.9 trillion (about US\$203 million) from the International Monetary Fund and the World Bank.

In 2006, a total amount of ¢2,103.58 billion was allocated under the MDRI funds to support poverty reducing (47.2%) and growth enhancing measures (52.8%). These funds were allocated for sectoral programmes drawn from the three pillars of GPRS II and the MDGs. A significant portion of the funds was expended on the rehabilitation of basic and critical infrastructure in both urban and rural areas.

**Table 6.11: Revised 2006 MDRI Allocations**

MINISTRY/ INSTITUTION	ITEM	AMOUNT (in million cedis)	CLASSIFICATION	
			POVERTY REDUCTION	GROWTH ENHANCING
<b>PRIVATE SECTOR COMPETITIVENESS</b>				
Food & Agriculture	400 tractors & accessories	109,752.00	109,752.00	
Ministry of Energy	a. VRA Generator Equipment	182,920.00		182,920.00
	b. ECG Prepaid Meters	91,460.00	91,460.00	
	c. SHEP 4	36,584.00	36,584.00	
		<b>310,964.00</b>		
Ministry of Harbours and Railways	Extension of rail line to Tema Port etc	73,168.00		168,000.00
Ministry of Tourism and Diasporean Relations	Joseph Project & Others	54,876.00		54,876.00
Ministry of Water Resources, Works & Housing	c. Kpone, Kumasi, Tamale, K'dua Affordable Housing + Keta Sea Defence Resettlement	60,000.00	60,000.00	
	d. Tamale Storm Drainage	7,680.40	7,680.40	
	e. Guinea worm Eradication	2,743.80	2,743.80	
		<b>70,424.20</b>		
Ministry of Transportation	Trunks Roads – Tetteh Quarshie- Adenta, Achimota Ofankor, Asankragua, Bamboi-Tinga & Feeder Roads	411,570.00		411,570.00
<b>HUMAN RESOURCE DEVELOPMENT</b>				
Education, Science & Sports	Upgrading of SSS	27,438.00	27,438.00	
Health	Exemptions, Bridging for loss of SWAP Fund	91,460.00	91,460.00	

MINISTRY/ INSTITUTION	ITEM	AMOUNT (in million cedis)	CLASSIFICATION	
			POVERTY REDUCTION	GROWTH ENHANCING
<b>GOOD GOVERNANCE</b>				
Office of Government Machinery	50th Independence Anniversary*	182,920.00	45,730.00	137190.00
Finance & Economic Planning	Subsidy to VRA, Revol.Fund, WAGP, NYEP, Contingency	361,267.00	334,785.00	26,482.00
	Equity GLAHCO	22,865.00		22,865.00
		<b>384,132.00</b>		
Information & National Orientation	Communication Strategy	27,438.00	27,438.00	
Justice	Upgrading of training, NRC	27,438.00	27,438.00	
Judicial Service	Construction & Upgrading of commercial courts	36,584.00		36,584.00
Office of Parliament	Legislations (Chamber, Offices)	64,022.00	64,022.00	
Interior	a. Police Service	18,292.00	18,292.00	
	b. Border Patrol	109,752.00		109,752.00
		<b>128,044.00</b>		
<b>Total MDRI</b>		<b>2,000,230.20</b>	<b>944,823.20</b>	<b>1,055,407.00</b>

Source: MoFEP, 2007 Budget Statement

## 6.9 SUMMARY OF POLICY RECOMMENDATIONS

- There is the need to upgrade the software at CAGD so that they can capture the actual expenditures based on the thematic and key focus areas of the GPRS II.
- GOG must deepen the linkage between her spending priorities and the GPRS II Costing framework.
- Development partners must be encouraged to align their spending priorities with the GPRS II Costing framework.
- Measures must be instituted to ensure that GOG is able to accurately predict the direction of flow, the amounts involved and the timeliness of the release of development partner funds.
- To deepen the alignment process, efforts must be made to expand the total coverage of districts using the composite budgeting format.



## CHAPTER SEVEN

### IMPLEMENTING THE GPRS II AT THE DISTRICT LEVEL

#### 7.1 DISTRICT DEVELOPMENT PLANS AND M&E SYSTEMS FOR GPRS II

The National Development Planning Commission (NDPC) collaborated with other stakeholders in developing a set of Planning Guidelines and manuals to facilitate the preparation of District Medium-Term Development Plans (DMTDP), and Annual Action Plans based on the Growth and Poverty Reduction Policy framework, GPRS II (2006-2009).

District Assemblies were assisted to develop and prepare DMTDPs that are consistent with the national goal of GPRS II. At the local level, the district planning systems are being reviewed and refined.

#### 7.2 MONITORING AND EVALUATION OF DMTDPS

Guidelines for District M&E Plans have also been developed and issued by the NDPC to assist the District Assemblies to develop their own district M&E Plans. The aim is to institute an effective and efficient system for tracking the implementation of programmes, projects and activities and also generate timely reports for the NDPC and other stakeholders. The guidelines were piloted at training sessions held in Ashanti Region.

##### 7.2.1 Monitoring Indicators

In collaboration with RPCUs, District Assemblies and other stakeholders, a set of 20 core indicators, with baselines and targets, has been adopted for use by all districts. These indicators are categorised under the thematic areas of the GPRS II. In addition to these indicators, district specific indicators drawn from the DMTDP are to be determined through a participatory and collaborative process.

**Table: 7.1 Core District Monitoring Indicators (Categorised by GPRS II Thematic Area)**

	<b>PRIVATE SECTOR COMPETITIVENESS</b>
1.	Percentage (%) increase in yield of selected crops, livestock and fish
2.	Proportion/length of roads maintained/Rehabilitated - Trunk Roads (in km) - Urban Roads (in km) - Feeder Roads (in km)
3.	Percentage change in number of households with access to electricity
4.	Hectares of degraded forest, mining, dry and wet lands rehabilitated/restored: a. Forest b. Mining c. Dry and wetland

5.	Percentage increase in tourist arrivals
6.	Tele-density/Penetration rate:
	<b>HUMAN RESOURCE DEVELOPMENT</b>
7.	HIV/AIDS prevalence rate (% of adult population, 15-49 yrs. HIV positive)
8.	Maternal mortality ratio (Number of deaths due to pregnancy and childbirth per 100,000 live births)
9.	Under-five mortality rate (Number of deaths occurring between birth and exact age five per 1000 live births)
10.	Malaria fatality cases in children under five years per 10,000 population
11.	Percentage of rural population with sustainable access to safe water sources
12.	Percentage of population with access to improved sanitation (flush toilets, KVIP, household latrine)
13.	<p><b>a.</b> Gross Enrolment Rate (Indicates the number of pupils/students at a given level of schooling-regardless of age- as proportion of the number children in the relevant age group) - Primary; - JSS; - SSS</p> <p><b>b.</b> Net Admission Rate in Primary Schools (Indicates Primary One enrolment of pupils aged 6 years)</p>
14.	Gender Parity Index (Ratio between girls' and boys' enrolment rates, the balance of parity is 1.00)
15.	Proportion of unemployed youth benefiting from skills/apprenticeship and entrepreneurial training
	<b>GOOD GOVERNANCE AND CIVIC RESPONSIBILITY</b>
16.	Total amount of internally generated revenue
17.	Amount of Development Partner and NGO funds contributed to DMTDP implementation
18.	Percentage of DA expenditure within the DMTDP budget (How much of DA's expenditure was not in the annual budget?)
19.	Number of reported cases of abuse (children, women and men)
20.	Police citizen ratio

### 7.2.2 The need to Institutionalise District M&E Systems

An examination of data collection systems from the districts reveals that there is generally uncoordinated format for reporting on the different data requirements of multiple donor-assisted development initiative at that level. This can lead to a situation of excessive data collection with no substantive focus on the core district development indicators of the GPRS and the DMTDPs. The different data collection system should be rationalised and consolidated to assist a comprehensive assessment of the performance of district programmes and projects.

There is apparently a weak demand for M&E at the district level and an urgent need to create awareness on the value an efficient monitoring and evaluation system. The objectives of the new District M&E guidelines are to:

- coordinate with the NDPC M&E system;
- enhance result based Programme management;
- monitor sustainability of produced outputs;

- ensure accountability for use of resources; and
- share lessons learned with other districts.

### 7.3 FINANCING THE IMPLEMENTATION OF DISTRICT DEVELOPMENT PROGRAMMES

#### 7.3.1 Sources of Revenue for Financing Development Programmes at the District Level

The main sources of revenue for financing development programmes at the district level is generated from central government transfers, development partners' grant, and funds internally generated by the district assemblies. Table 7.2 below depicts the pattern of revenue sources and inflows to districts in 2006.

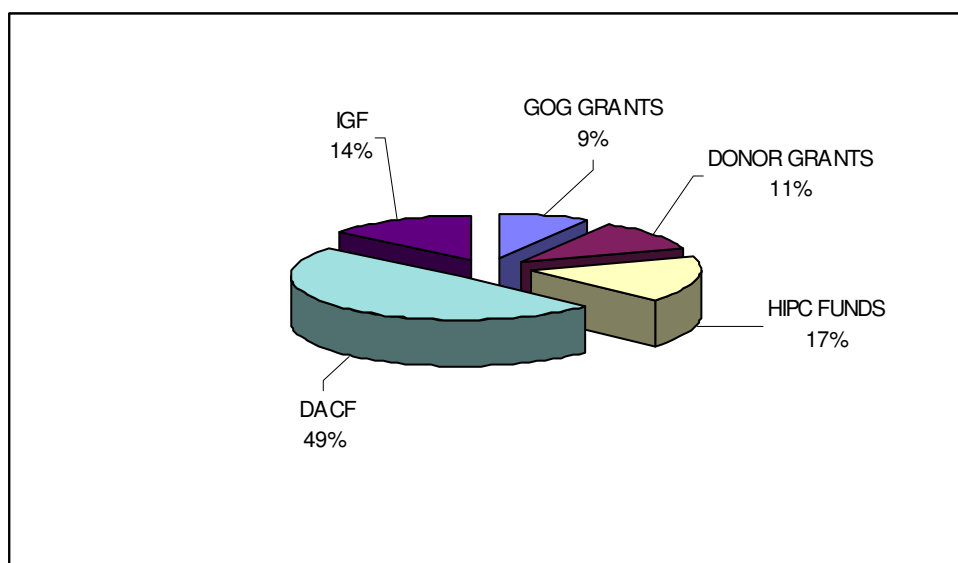
**Table 7.2: Sources and Level of Revenues Inflows to Districts, 2006**

REGION	REVENUE INFLOWS (IN MILLION CEDIS)				
	GOG GRANTS	DONOR GRANTS	RECEIPTS FROM HIPC FUND	DACF	IGF
NORTHERN	12,555	52,872	29,435	123,886	6,874
UPPER EAST	5,766	11,113	22,680	48,664	7,080
GT ACCRA	15,647	17,474	28,878	37,936	53,799
EASTERN	21,956	7,835	32,179	86,907	27,980
VOLTA	12,456	12,594	27,154	62,205	11,872
WESTERN	13,710	4,540	27,250	94,695	37,118
CENTRAL	15,271	10,340	28,184	80,641	13,580
UPPER WEST	3,282	28,054	23,023	49,011	5,042
ASHANTI	29,150	33,902	45,390	156,685	55,628
BRONG AHAFO	19,602	19,540	25,457	106,278	25,750
<b>TOTALS</b>	<b>149,394</b>	<b>198,263</b>	<b>289,631</b>	<b>846,910</b>	<b>244,721</b>

Source: MLGRDE, 2006

The chart below indicates that the DACF is by far the biggest contributor of funds to District Assemblies for development. The contribution of the DACF is nearly half (49%) of all revenue flowing to districts in the year 2006.

**Figure 7.1 – Sources of Revenue of District Assemblies – 2006**



*Sources: District Assemblies -2006*

***i. The District Assemblies' Common Fund (DACF):***

The District Assemblies' Common Fund (DACF) has emerged as the major reliable source of funding for the implementation of district development programmes. Total releases of funds from the facility since its establishment in 1994, amounts to ₡4,363.180 billion. The yearly breakdown of this amount is shown in table 7.3 below.

**Table 7.3: DACF Allocations from Inception in 1994 to 2006**

<b>Year</b>	<b>Amount (Billions)</b>
1994	26.193
1995	54.077
1996	78.036
1997	79.037
1998	155.288
1999	112.421
2000	149.526
2001	188.729
2002	265.350
2003	648.562
2004	857.172
2005	701.917
2006	1,046.872
<b>Total</b>	<b>4,363.180</b>

*Sources: District Assemblies -2006*

Sharing Formula for DACF Allocations to District Assemblies:

Each year a proposal for the disbursement of the DACF is submitted to Parliament. A formula for sharing the DACF, based on a number of factors with a focus on equity and performance. Ten percent is allocated to a Reserve Fund for bulk purchases and other expenses. The major factors that are used in the current disbursement formula are presented below.

**Table 7.4: Factors used in the current DACF disbursement Formula**

<b>Factor</b>	<b>Indicator</b>	<b>WEIGHT</b>
Equality	A percentage of the DACF is shared equally among all districts	50%
Need	No. of Schools, Pupil/teacher ratio, No. of Health facilities, doctor/population ratio, nurse/population ratio	40%
Responsiveness	Improvement in internal revenue collection of the district	5%
Service Pressure	Population density in the district	5%

The DACF is disbursed directly to District Assemblies with the remainder allocated to MPs, to RCCs, the Fund Administrator's Office, and the Reserve Fund. The table below gives the shares of DACF disbursed to regions for the period 2005 and 2006.

**Table 7.5: Disbursement of DACF to Districts 2005 & 2006**

<b>REGIONS</b>	<b>DISBURSEMENT (IN MILLION CEDIS)</b>	
	<b>DACF 2005</b>	<b>DACF 2006</b>
WESTERN	75,201	75,575
CENTRAL	71,839	71,950
GT. ACCRA	40,937	46,816
VOLTA	80,018	71,183
EASTERN	87,177	85,641
ASHANTI	120,240	124,474
BRONG AHAFO	110,409	106,163
NORTHERN	109,178	108,458
UPPER EAST	45,610	46,840
UPPER WEST	53,599	48,053
<b>TOTAL to DISTRICTS</b>	<b>794,208</b>	<b>785,154</b>
MPs Fund	49,638	52,344
RCCs	24,819	26,172
Reserve Fund	19,855	20,937
National Sanitation	99,276	157,031
Administrator's Office	5,064	5,234
<b>Total DACF Release</b>	<b>992,860</b>	<b>1,046,872</b>

*Source: DACF Secretariat, 2006*



### Utilisation of the DACF in 2006:

The DACF is utilized according to guidelines issued by the Administrators office, endorsed by the Minister of Local Government and approved by Parliament annually. The current guidelines are presented in 7.6 below. It allocates 41% of a district's share for various purposes leaving 59% for district allocation.

**Table 7.6: DACF Utilisation Guidelines**

<b>ITEM</b>	<b>Proportion of DACF</b>
Capacity and Human Resource Improvement	2%
Self-Help Projects	10%
District Education Fund	2%
Establishment and Strengthening of sub-District Structures	5%
District Response Initiative on HIV/AIDS	1%
Malaria Control	1%
Physically Challenged	5%
National Youth Employment Programme, Productivity Improvement and Employment Generation (Poverty Reduction)	15%
Other Projects: Economic, social services, Administration, Environment	59%

*Source: DACF Secretariat*

### Expenditure Returns on the DACF for 2006:

The table below shows expenditure returns on the DACF for the year 2006. It can be seen that expenditure of DAFC on Local Governance & Administration is about a third of total expenditure. Projects and programmes emanating which are funded from the DACF are categorised under the following four main areas:

- Economic: Energy, Electricity, markets, Agriculture, ICT, Private sector support;
- Social Services: Basic, Secondary, Tertiary, Sports, culture, water, health infrastructure & programmes, CIP;
- Administration: Disaster mgmt, capacity building, accommodation, logistics support, project management, security, rural housing; and
- Environment: Environment protection, waste management, drains, drainage.

**Table 7.7: Regional Sectoral Expenditure on DACF – 2006**

REGION	EXPENDITURES (IN MILLION CEDIS)						Grand Totals
	Economic	Social Services	Administration	Environment	Constituency Labour Fund	Regional Coordinating Council	
WESTERN	16,554.92	21,849.99	29,604.42	19,428.88	6,165.85	2,034.74	<b>95,638.80</b>
CENTRAL	14,559.08	16,061.41	29,257.19	6,783.26	4,983.09	1,513.75	<b>73,157.78</b>
GT. ACCRA	5,319.13	9,024.18	16,509.05	45,040.54	7,460.35	3,612.62	<b>86,965.87</b>
EASTERN	17,454.86	39,377.42	32,058.76	8,416.48	7,426.70	3,564.60	<b>108,298.81</b>
VOLTA	14,374.18	18,663.70	32,209.99	5,975.04	4,374.38	2,814.84	<b>78,412.13</b>
ASHANTI	45,440.97	39,657.34	55,780.12	22,373.88	8,104.66	0.00	<b>171,356.97</b>
BRONG-AHAFO	12,775.62	28,243.96	51,934.120	9,547.89	5,026.94	2,005.91	<b>109,534.51</b>
NORTHERN	28,404.07	38,466.63	47,271.91	24,288.46	6,068.87	3,282.72	<b>147,782.65</b>
UPPER WEST	7,198.65	11,376.13	26,899.44	5,137.88	2,404.65	0.00	<b>53,016.74</b>
UPPER EAST	11,578.39	15,006.95	25,585.62	3,175.24	3,302.31	491.65	<b>59,140.17</b>
<b>TOTAL</b>	<b>173,659.86</b>	<b>237,727.73</b>	<b>347,110.69</b>	<b>150,167.53</b>	<b>55,317.79</b>	<b>19,320.83</b>	<b>983,304.43</b>

Source: DACF Secretariat, 2006

#### ii. Internal Revenue Generation by District Assemblies:

It is evident from Table 7.8 that the collection of the internally generated revenue remains very low and constitutes only 14% of the total revenue base of district assemblies. Only two regions are able to generate internal revenue equivalent to a fifth of their total revenue accruals. This reflects the weak capacities of district assemblies to generate adequate revenues internally.

**Table 7.8: Summary of Revenue Accruals to District Assemblies**

REGION	Grants	Revenue Accruals (in million cedis)		
		Internal Revenue (IGF)	Total Revenue	% IGF of Total Revenue
NORTHERN	218,748	6,874	225,622	3%
UPPER EAST	88,223	7,080	95,302	7%
GT ACCRA	99,936	53,799	153,735	35%
EASTERN	148,878	27,980	176,858	16%
VOLTA	114,408	11,872	126,280	9%
WESTERN	140,196	37,118	177,314	21%
CENTRAL	134,435	13,580	148,016	9%
UPPER WEST	103,370	5,042	108,412	5%
ASHANTI	265,127	55,628	320,755	17%
BRONG AHAFO	170,876	25,750	196,626	13%
<b>TOTAL</b>	<b>1,484,197</b>	<b>244,721</b>	<b>1,728,919</b>	<b>14%</b>

Sources: MLGRDE, District Assemblies -2006

### Internal Revenue Generation by Districts Compared to Grants:

The levels of internal revenue generation performances of the top 20 districts are shown in the table below. As can be seen from the table, only two out of 138 districts nationwide could generate internal revenue equivalent to half the total revenue they received. Comparisons of internal revenue generation with grants for all 138 districts in 2006 are shown in the Appendix.

**Table 7.9: Internal Revenue Performance versus Grants (Best 20 districts)**

	District	Region	Revenue in million of cedis			
			IGF	Grants	Total Revenue	% IGF of Total Revenue
1	Wassa West	WR	11,213	8,216	19,429	58%
2	Tema	GRA	36,850	36,348	73,198	50%
3	Obuasi Municipal	ASH	9,434	11,236	20,670	46%
4	New Juaben	ER	6,273	11,305	17,577	36%
5	Ga East	GRA	5,189	10,606	15,795	33%
6	Afram Plains	ER	2,697	5,762	8,459	32%
7	Shama Ahanta East	WR	10,843	25,712	36,555	30%
8	Kintampo South	BA	659	1,721	2,380	28%
9	Ga West	GRA	7,070	20,598	27,668	26%
10	Kumasi Metro.	ASH	20,213	59,861	80,073	25%
11	Asunafo	BA	2,586	8,891	11,478	23%
12	Offinso	ASH	2,491	8,261	10,751	23%
13	Bibiani Anhw. Bekwai	WR	1,973	6,751	8,724	23%
14	Techiman	BA	4,202	14,927	19,128	22%
15	Kwabre	ASH	2,463	8,967	11,430	22%
16	Ewutu Effutu Senya	CR	2,267	8,161	10,428	22%
17	Berekum	BA	1,911	7,263	9,173	21%
18	Tano north	BA	1,327	4,877	6,204	21%
19	West Akim	ER	2,183	9,101	11,284	19%
20	Sekyere West	ASH	1,879	7,941	9,819	19%

Sources: MLGRDE, District Assemblies -2006

The 20 Districts which performed worst at generating internal revenue are shown in the table below and compared to total revenue which they received. The analysis shows that all but 2 of the 20 worst performers are from the three northern regions; none of them being able to generate internal revenue equivalent to 5% of total revenue they received.

**Table 7.10: Internal Revenue Generation and Grants (worst 20 districts)**

	District	Region	Revenue in million of cedis			
			IGF	Grants	Total Revenue	% IGF of Total Revenue
1	Sissala West	UWR	516	12,630	13,146	4%
2	Builsa	UER	465	11,693	12,158	4%
3	Ajumako-Enyam-Essiam	CR	322	8,364	8,686	4%
4	Amenfi East	WR	494	14,387	14,881	3%
5	Wa East	UWR	267	9,159	9,426	3%
6	Nadowli	UWR	403	11,754	12,157	3%
7	Zabzugu/Tatale	NR	242	8,923	9,165	3%
8	Tolon / Kumbungu	NR	388	13,422	13,810	3%
9	Savelugu / Nanton	NR	308	10,129	10,437	3%
10	Nanumba	NR	306	8,493	8,799	3%
11	Talensi – Nabdam	UER	155	9,047	9,202	2%
12	Sawla - Tuna – Kalba	NR	147	9,337	9,484	2%
13	East Gonja	NR	183	11,329	11,512	2%
14	Nanumba South	NR	149	8,492	8,641	2%
15	Gushiegu	NR	381	15,589	15,970	2%
16	Lawra	UWR	277	21,500	21,777	1%
17	Karaga	NR	72	11,248	11,320	1%
18	West Gonja	NR	145	18,888	19,033	1%
19	Saboba Chereponi	NR	179	15,364	15,543	1%
20	Bunkpurugu – Yunyoo	NR	139	11,914	12,053	1%

Sources: MLGRDE, District Assemblies -2006

### iii. HIPC Fund Disbursement and Utilisation:

The Ministry of Finance and Economic Planning (MoFEP) is responsible for making allocations based on priority programmes of government under the GPRS. The Ministry projects the level of HIPC Funds accruals on an annual basis. The amount of HIPC relief fund for the year is then transferred into the HIPC Account at the Bank of Ghana.

Table 7.11 shows the allocations of HIPC funds by functional categories of Administration, Economic Services, Infrastructure, and Public Safety. The total amount that have been allocated from the facility from its inception in 2002 is €6.8 trillion. The total allocation in 2006 amounted to about €2 trillion, representing about 600% over the base year level of 2002. This has significantly expanded the fiscal space for addressing poverty reduction at the district level.

**Table 7.11: Allocation of HIPC Fund by Functional Classification, 2002 - 2006**

Category of HIPC Expenditure	HIPC 02	HIPC 03	HIPC 04	HIPC 05	HIPC 06	TOTAL FOR SECTOR	%
Payment of Domestic Debt	81,400,000,000	144,000,000,000	301,400,000,000	398,600,000,000	455,560,000,000	1,380,960,000,000	20%
Administration	147,284,500,000	108,125,420,396	430,878,992,524	302,333,779,916	382,153,799,703	1,370,776,492,540	20%
Economic Services	21,100,163,894	56,965,021,526	290,932,559,468	542,924,887,023	349,296,005,901	1,261,218,637,812	19%
Infrastructure	3,010,128,603	140,131,937,219	269,783,722,018	271,841,995,508	167,459,438,511	852,227,221,858	13%
Social Services	17,717,483,500	259,386,794,575	510,533,441,106	363,744,363,116	604,718,090,813	1,756,100,173,110	26%
Public Safety	2,659,970,834	23,414,337,505	66,872,761,512	39,823,003,123	44,855,000,000	177,625,072,974	3%
<b>GRAND TOTAL</b>	<b>273,172,246,831</b>	<b>732,023,511,221</b>	<b>1,870,401,476,629</b>	<b>1,919,268,028,687</b>	<b>2,004,042,334,927</b>	<b>6,798,907,598,295</b>	<b>100%</b>

**Figure 7.2 – Growth of HIPC Relief Fund Releases 2002-2006**

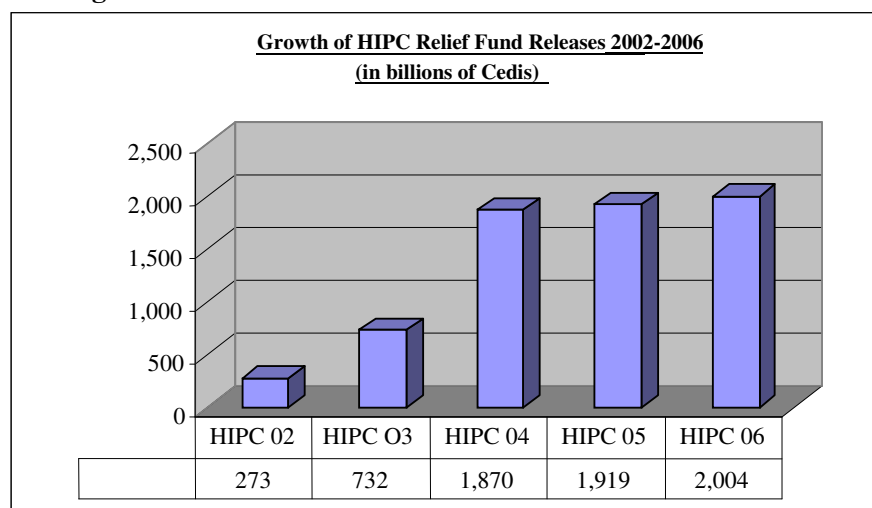
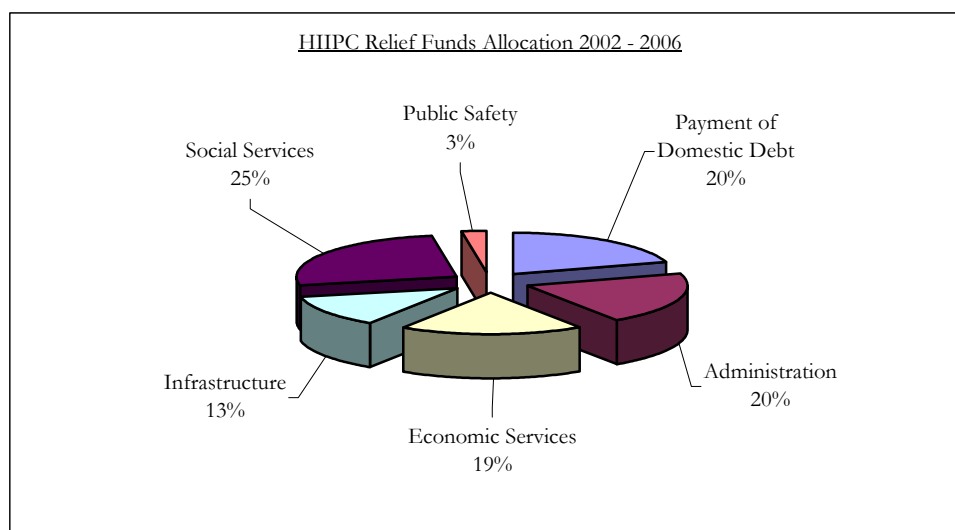


Figure 7.3 below gives proportional view of the allocations of the HIPC Fund to the various categories of Payment of Domestic Debt (20%), Administration (20%), Economic Services (19%), Infrastructure (13%), Social Services (26%), and Public Safety (3%) as shown by figure 7.3.

**Figure 7.3 – HIPC Relief Funds Allocation 2002 – 2006**



HIPC Fund Disbursement and Utilisation to MDAs:

The MDAs that received the highest amount of HIPC Funds are shown in Table 7.12. The Ministry of Education is by far the highest recipient of HIPC funds, followed by the Ministry of Local Government, Rural Development and Environment. Others are the Ministries of Energy; Health; Water Resources, Works & Housing; and Roads and Transport, in that order.

**Table 7.12 Highest Recipients of HIPC Funds 2002 – 2006**

MDAs	Receipts
Ministry of Education, Science & Sports	¢1,179 billion
Ministry of Local Gov't, Rural Development and Environment	¢835 billion
Ministry of Energy	¢661 billion
Ministry of Health	¢475 billion
Ministry of Water Resources Works & Housing	¢445 billion
Ministry of Roads & Transport	¢340 billion
Ministry of Trade & Industry	¢246 billion
OGM	¢226 billion
MOFEP	¢171 billion

Table 7.13 below shows the details of HIPC releases by the Ministry of Finance & Economic Planning to MDAs for 2002 – 2006

**Table 7.13: Summary of HIPC Releases to MDAs (2002 – 2006)**

MDA	HIPC 02	HIPC 03	HIPC 04	HIPC 05	HIPC 06	TOTAL
<b>DOMESTIC DEBT PAYMENT</b>						
<b>Bank of Ghana to various creditors</b>	<b>81,400,000,000</b>	<b>144,000,000,000</b>	<b>301,400,000,000</b>	<b>398,600,000,000</b>	<b>455,560,000,000</b>	<b>1,380,960,000,000</b>
<b>Administration</b>						
Ministry of Local Govt. & Rural Dev.	117,829,000,000	108,125,420,396	283,817,736,691	140,809,698,277	184,163,500,000	834,745,355,364
Office of Government Machinery	14,599,900,000	-	53,179,619,954	12,000,000,000	146,515,000,000	226,294,519,954
Ministry of Finance and Economic Planning	-	-	39,516,113,500	99,876,898,163	31,615,156,652	171,008,168,315
Ministry of Parliamentary Affairs	-	-	2,000,000,000	9,395,641,938		11,395,641,938
Audit Service	-	-	1,044,385,238	5,184,731,496		6,229,116,733
Electoral Commission	-	-	5,384,636,755	-		5,384,636,755
Office of Parliament	-	-	34,503,927,887	29,233,808,044	147,000,000	63,884,735,931
Ministry of Regional Co-operation and NEPAD	9,922,500,000	-	1,532,432,500	1,833,002,000		13,287,934,500
Ministry of Information	4,933,100,000	-	9,900,140,000	4,000,000,000	19,713,143,051	38,546,383,051
<b>Total Administration</b>	<b>147,284,500,000</b>	<b>108,125,420,396</b>	<b>430,878,992,524</b>	<b>302,333,779,916</b>	<b>382,153,799,703</b>	<b>1,370,776,492,540</b>
<b>Economic Services</b>						
Ministry of Food & Agriculture	4,000,000,000	1,121,789,500	18,914,696,181	16,174,258,000	34,000,000,000	74,210,743,681
Ministry of Lands, Forestry & Mines	3,231,519,000	493,800,000	75,316,297,700	74,468,025,685	-	153,509,642,385
Ministry of Energy	12,249,394,894	30,586,546,654	131,094,230,939	294,626,981,109	192,749,527,037	661,306,680,633
Ministry of Trade and Industry	1,619,250,000	9,838,495,872	50,744,504,128	100,610,540,813	83,008,842,353	245,821,633,165
Ministry of Tourism and Modernisation of the Capital City	-	6,224,389,500	5,199,820,521	15,788,414,750	1,937,636,510	29,150,261,281
Ministry of Environment and Science	-	-	554,460,000	-	7,600,000,000	8,154,460,000
Ministry of Private Sector Development & PSI	-	8,700,000,000	9,108,550,000	41,256,666,667	30,000,000,000	89,065,216,667
<b>Total Economic Services</b>	<b>21,100,163,894</b>	<b>56,965,021,526</b>	<b>290,932,559,468</b>	<b>542,924,887,023</b>	<b>349,296,005,901</b>	<b>1,261,218,637,812</b>
<b>Infrastructure</b>						
Ministry of Works & Housing	3,010,128,603	57,960,644,091	114,523,013,706	167,870,471,268	101,256,562,747	444,620,820,416
Ministry of Road Transport	-	79,848,558,128	142,036,434,342	81,607,724,239	36,202,875,763	339,695,592,472
Ministry of Communications	-	2,322,735,000	13,224,273,970	13,363,800,000	15,000,000,000	43,910,808,970
Ministry of Railways, Ports	-	-	-	9,000,000,000	15,000,000,000	24,000,000,000

and Habours						
<b>Total Infrastructure</b>	<b>3,010,128,603</b>	<b>140,131,937,219</b>	<b>269,783,722,018</b>	<b>271,841,995,508</b>	<b>167,459,438,511</b>	<b>852,227,221,858</b>
Social Services						
Ministry of Education and Sports	-	152,313,210,075	292,768,226,342	344,088,763,116	389,388,369,292	1,178,558,568,825
Ministry of Manpower Youth & Employment	2,751,121,000	8,380,417,500	16,697,049,187	455,600,000	8,990,823,000	37,275,010,687
National Commission for Civic Education	-	-	-	-	12,420,347,614	12,420,347,614
National Commission for Culture	-	-	2,500,000,000	-	-	2,500,000,000
Ministry of Health	-	86,693,167,000	184,483,323,577	15,000,000,000	188,918,550,907	475,095,041,484
National Media Commission	-	-	1,049,622,000	-	-	1,049,622,000
Min. of Women and Children Affairs	14,966,362,500	12,000,000,000	13,035,220,000	4,200,000,000	5,000,000,000	49,201,582,500
<b>Total Social Services</b>	<b>17,717,483,500</b>	<b>259,386,794,575</b>	<b>510,533,441,106</b>	<b>363,744,363,116</b>	<b>604,718,090,813</b>	<b>1,756,100,173,110</b>
Public Safety						
Ministry of Justice	-	-	1,501,000,000	14,427,306,799	5,000,000,000	20,928,306,799
Ministry of Defence	168,535,834	7,185,621,072	-	-	-	7,354,156,906
CHRAJ	-	-	900,000,000	-	-	900,000,000
Judicial Service	-	-	6,638,500,000	-	-	6,638,500,000
Ministry of Interior	2,491,435,000	16,228,716,432	57,833,261,512	25,395,696,325	39,855,000,000	141,804,109,269
<b>Total Public Safety</b>	<b>2,659,970,834</b>	<b>23,414,337,505</b>	<b>66,872,761,512</b>	<b>39,823,003,123</b>	<b>44,855,000,000</b>	<b>177,625,072,974</b>
<b>GRAND TOTAL</b>	<b>273,172,246,831</b>	<b>732,023,511,221</b>	<b>1,870,401,476,629</b>	<b>1,919,268,028,687</b>	<b>2,004,042,334,927</b>	<b>6,798,907,598,295</b>

#### HIPC Fund Disbursement and Utilisation by District Assemblies:

The three main modes of releasing the HIPC Funds to District Assemblies are:

- by direct allocation to districts for projects approved by the MLGRD and the MoFEP;
- received through MDAs for the implementation of specific projects and programmes at the district level; and
- funds allocated to parliamentary constituencies for use by MPs for projects in their districts.

District Assemblies are required to submit a list of projects proposals and their locations to the MLGRD for approval before funds are disbursed to them. Funds meant for HIPC projects and programmes are lodged into specially designated HIPC accounts opened by each district.



Table 7.14 below provides the summary of the regional distribution of HIPC funds. In total, an amount of nearly ₵830 billion of HIPC funds have been disbursed to districts. The average HIPC per capita for the period is estimated at ₵40,633.

**Table 7.14: HIPC Receipts by Region 2002-2006**

REGION	No. of Districts	HIPC RECEIVED (in million cedis) 2002 – 2006	% of HIPC Received	HIPC/Capita
WESTERN	13	98,159	12%	48,062
CENTRAL	13	67,868	8%	40,222
GR. ACCRA	6	131,857	16%	36,870
VOLTA	15	55,241	7%	33,756
EASTERN	17	78,304	9%	34,428
ASHANTI	21	172,817	21%	44,036
BRONG AHAFO	19	97,196	12%	49,383
NORTHERN	18	63,092	8%	35,239
UPPER EAST	8	36,030	4%	37,397
UPPER WEST	8	29,374	4%	52,279
<b>TOTAL</b>	<b>138</b>	<b>829,938</b>	<b>100%</b>	<b>40,633</b>

The HIPC fund for district projects are approved on the basis of the guidelines for the utilisation of the HIPC fund and those for the preparation of District Development Plans. HIPC projects executed directly the MMDAs fall within the stipulated areas of Education, Health, Water, and Sanitation. A summary of the numbers of projects executed per region is shown in Table 7.15 below. It can be observed that Education sector received the highest number of projects with 1,139, followed by sanitation (622), health (398) and water (144) in that order.

**Table 7.15: Number of HIPC Projects executed by District Assemblies**

REGION	No. of Education Projects	No. of Health Projects	No. of Water Projects	No. Sanitation Projects	TOTAL No. of Projects
Western	88	22	39	108	257
Central	111	37	26	93	267
Greater Accra	36	23	1	20	80
Volta	135	32	22	87	276
Eastern	119	29	9	67	224
Ashanti	153	143	8	37	341
BA	205	34	12	67	318
Northern	199	34	17	90	340
Upper West	50	17	5	18	90
Upper East	43	27	5	35	110
<b>Total</b>	<b>1139</b>	<b>398</b>	<b>144</b>	<b>622</b>	<b>2,303</b>

Source: MLGRD

## **7.4 SUMMARY OF POLICY RECOMMENDATIONS**

A number of important issues which need to be addressed in the immediate future include the following:

- the capacity of district assemblies, particularly in the area of planning and financial management should be enhanced by training programmes;
- more effective financial accountability mechanisms need to be introduced especially with regard to internal revenue mobilization and generation. The appointment of Internal Auditors for districts is a positive development in this direction, but the pace of hiring of this internal audit should be accelerated;
- an examination of data collection systems from the districts reveals that there is generally uncoordinated format for reporting on the different data requirements of multiple donor-assisted development initiative at that level. This can lead to a situation of excessive data collection with no substantive information on the core district development indicators. There is the need, therefore, to rationalise the different data collection system to assist a comprehensive assessment of the performance of district programmes and projects;
- the pace of activities leading to the full implementation of fiscal decentralisation programme needs to be accelerated. In this respect action towards the operationalisation of the composite budgeting system for district assemblies should be accelerated;
- the guidelines for utilisation of the DACF, which specifies that it can only be used for 'development', should be strictly implemented and closely monitored. The term development is now too over stretched so that the portion of the fund used for recurrent expenditure is disproportionate; and
- the guidelines for the allocation of HIPC funds need to be fine-tuned to better integrate the principles of equity and poverty targeting.

## APPENDICES

### APPENDIX I: REVENUE GENERATION PERFORMANCE OF DISTRICT ASSEMBLIES – 2006

DISTRICT	TOTAL IGF	TOTAL GRANTS	TOTAL REVENUE	% IGF OF TOTAL REVENUE
WASSA WEST	11,213,337,752	8,216,133,931	19,429,471,683	58%
TEMA	36,849,724,540	36,348,422,712	73,198,147,252	50%
OBUASI MUNICIPAL	9,434,299,161	11,235,607,537	20,669,906,698	46%
NEW JUABEN	6,272,694,480	11,304,660,944	17,577,355,424	36%
GA EAST	5,189,224,796	10,606,110,176	15,795,334,972	33%
AFRAM PLAINS	2,696,914,176	5,762,308,577	8,459,222,753	32%
SHAMA AHANTA EAST	10,842,821,428	25,711,994,669	36,554,816,097	30%
KINTAMPO SOUTH	659,448,515	1,721,048,388	2,380,496,903	28%
GA WEST	7,069,522,757	20,598,458,858	27,667,981,616	26%
KUMASI METRO.	20,212,792,823	59,860,643,951	80,073,436,774	25%
OFFINSO	2,490,822,570	8,260,671,349	10,751,493,919	23%
BIBIANI ANHW. BEKWAI	1,973,104,247	6,751,097,929	8,724,202,176	23%
ASUNAFU	2,586,457,781	8,891,280,736	11,477,738,517	23%
TECHIMAN	4,201,611,512	14,926,727,683	19,128,339,195	22%
EWUTU EFFUTU SENYA	2,267,042,336	8,160,802,348	10,427,844,684	22%
KWABRE	2,462,966,510	8,966,649,597	11,429,616,107	22%
TANO NORTH	1,326,813,729	4,877,176,915	6,203,990,644	21%
BEREKUM	1,910,585,556	7,262,858,408	9,173,443,964	21%
WEST AKIM	2,183,245,262	9,100,558,749	11,283,804,011	19%
SEKYERE WEST	1,878,622,594	7,940,514,148	9,819,136,742	19%
KETU	2,388,750,379	10,126,165,995	12,514,916,374	19%
SUNYANI	3,248,580,574	14,620,137,239	17,868,717,813	18%
KWAEBIBIRIM	1,734,312,129	7,904,263,078	9,638,575,207	18%
EJURA SEKYEDUMASE	1,450,857,245	6,794,325,715	8,245,182,960	18%
CAPE COAST	2,105,324,447	9,892,198,711	11,997,523,158	18%
DANGME EAST	1,935,026,468	9,231,150,472	11,166,176,940	17%
NKORANZA	1,662,709,815	8,214,853,954	9,877,563,769	17%
AOWIN SUAMAN	1,658,996,790	8,329,437,402	9,988,434,192	17%
AMANSIE EAST	1,832,061,475	9,242,988,892	11,075,050,367	17%
JOMORO	1,433,226,475	7,331,737,823	8,764,964,298	16%
KWAHU WEST	1,494,301,846	7,729,933,353	9,224,235,198	16%
MPOHOR WASSA EAST	1,376,112,863	7,248,672,094	8,624,784,957	16%
AKUAPIM SOUTH	1,464,736,420	7,825,661,097	9,290,397,517	16%
KWAHU SOUTH	1,269,015,805	6,848,810,911	8,117,826,716	16%
KINTAMPO	1,308,606,632	7,146,190,051	8,454,796,683	15%
ASANTE AKIM SOUTH	1,823,223,589	9,981,290,325	11,804,513,914	15%
HO	1,941,203,543	10,760,977,720	12,702,181,263	15%
SUHUM KRA. COALTAR.	1,476,562,943	8,356,250,686	9,832,813,629	15%
MANYA KROBO	1,321,887,671	7,518,965,139	8,840,852,810	15%
UPPER DENKYIRA	874,901,182	4,981,225,834	5,856,127,016	15%
YILO KROBO	1,173,754,966	7,071,143,603	8,244,898,569	14%

NZEMA EAST	1,210,433,995	7,450,097,557	8,660,531,552	14%
ASUOGYAMAN	850,390,517	5,409,657,320	6,260,047,836	14%
KRACHI EAST	196,260,000	1,250,526,584	1,446,786,584	14%
ATWIMA	1,464,815,373	9,493,999,652	10,958,815,025	13%
ASSIN NORTH	824,139,973	5,347,054,412	6,171,194,385	13%
WASA AMENFI	1,149,984,078	7,634,548,624	8,784,532,702	13%
SEFWI WIAWSO	2,428,986,362	16,912,052,181	19,341,038,543	13%
JUABESO	1,211,981,604	8,483,760,861	9,695,742,465	13%
DORMAA	1,535,233,405	11,325,650,279	12,860,883,684	12%
AGONA	1,673,948,414	12,449,805,491	14,123,753,905	12%
AKUAPEM NORTH	976,976,192	7,409,193,332	8,386,169,524	12%
AMANSIE CENTRAL	804,730,631	6,224,850,503	7,029,581,134	11%
SOUTH TONGU	640,130,568	5,065,442,412	5,705,572,980	11%
BOS. ATWIMA KWAN.	1,308,959,997	10,426,078,283	11,735,038,280	11%
BAWKU EAST	2,549,396,808	20,392,676,012	22,942,072,820	11%
FANTEAKWA	661,777,782	5,339,041,374	6,000,819,156	11%
ASANTE AKIM NORTH	1,942,427,294	16,014,461,217	17,956,888,511	11%
DANGME WEST	2,755,970,900	23,151,539,292	25,907,510,192	11%
ATWIMA - MPONUA	1,027,452,033	8,725,372,660	9,752,824,693	11%
HOHOE	980,903,846	8,483,029,236	9,463,933,082	10%
ADANSI EAST	910,758,401	7,904,265,961	8,815,024,362	10%
EAST AKIM	1,077,435,351	9,441,781,573	10,519,216,924	10%
KASSENA - NANKANA	1,057,534,428	9,730,796,354	10,788,330,782	10%
WENCHI	825,646,138	7,809,739,738	8,635,385,876	10%
AHAFO ANO NORTH	760,919,813	7,245,045,230	8,005,965,043	10%
EJISU-JUABEN	936,376,428	9,165,049,235	10,101,425,663	9%
ASUAFO SOUTH	774,822,400	7,684,875,128	8,459,697,528	9%
AHANTA WEST	1,090,675,939	10,835,945,624	11,926,621,563	9%
SOUTH DAYI	556,095,241	5,609,435,624	6,165,530,865	9%
MFANTSEMAN	1,096,140,641	11,067,622,462	12,163,763,103	9%
ATEBUBU	586,562,853	5,974,230,597	6,560,793,450	9%
BIA	1,034,126,035	10,647,068,128	11,681,194,163	9%
AKATSI	767,039,999	8,255,912,977	9,022,952,976	9%
BIRIM SOUTH	1,716,423,823	18,622,715,833	20,339,139,656	8%
TWIFU-HEMANG L/DENKYIRA	1,368,449,120	15,313,926,865	16,682,375,985	8%
AHAFO ANO SOUTH	703,246,203	8,113,424,993	8,816,671,196	8%
PRU	1,069,665,973	12,456,502,013	13,526,167,986	8%
TANO	848,584,068	9,935,863,376	10,784,447,444	8%
ASUTIFI	813,332,312	9,827,581,824	10,640,914,136	8%
JAMAN	718,323,520	8,869,739,753	9,588,063,273	7%
AMANSIE WEST	623,929,266	7,724,845,885	8,348,775,151	7%
SEKYERE EAST	1,868,722,262	24,206,464,349	26,075,186,611	7%
KETA	909,362,098	11,873,580,403	12,782,942,501	7%
NKWANTA	723,825,871	9,648,697,218	10,372,523,089	7%
ASSIN SOUTH	722,497,040	9,719,027,330	10,441,524,370	7%
JIRAPA - LAMBUSSIE	1,046,942,795	14,298,606,484	15,345,549,279	7%
WA	1,639,323,554	22,824,440,554	24,463,764,108	7%
KPANDO	495,524,782	7,003,187,807	7,498,712,589	7%
BONGO	751,839,796	10,825,547,304	11,577,387,100	6%

BOLGATANGA	1,092,304,361	16,070,630,550	17,162,934,911	6%
BIRIM NORTH	1,025,519,813	15,118,803,437	16,144,323,250	6%
ABURA-ASEBU-KWAMAN.	481,842,130	7,225,320,665	7,707,162,795	6%
KADJEBI	573,962,893	8,627,623,335	9,201,586,228	6%
ADANSI NORTH	566,324,947	8,533,870,989	9,100,195,936	6%
ATIWA	584,095,649	8,843,957,660	9,428,053,309	6%
WA WEST	283,883,558	4,400,016,293	4,683,899,851	6%
TAMALE	1,799,709,141	28,457,946,743	30,257,655,884	6%
TIAN	530,302,798	8,588,825,197	9,119,127,995	6%
YENDI	524,442,374	8,512,529,263	9,036,971,637	6%
AFIGYA SEKYERE	1,123,223,052	19,068,839,304	20,192,062,356	6%
EAST MAMPRUSI	453,584,822	7,817,487,841	8,271,072,663	5%
GARU - TEMPANE	577,684,318	10,210,405,337	10,788,089,655	5%
SISSALA	608,938,438	11,204,134,029	11,813,072,467	5%
JAMAN NORTH	631,671,077	12,028,552,724	12,660,223,801	5%
GOMOA	476,163,347	9,076,578,225	9,552,741,572	5%
BOLE	423,194,789	8,254,791,201	8,677,985,990	5%
ASIKUMA-ODOBEN-BRAKWA	423,100,785	8,277,910,801	8,701,011,586	5%
SENE	510,589,234	10,375,695,447	10,886,284,681	5%
NORTH TONGU(ADIDOM.)	308,373,943	6,433,127,950	6,741,501,893	5%
CENTRAL GONJA	292,894,630	6,313,976,633	6,606,871,263	4%
KRACHI	563,872,065	12,198,403,781	12,762,275,846	4%
KOMENDA-EDINA-EGU.-ABR.	944,866,040	20,679,341,671	21,624,207,711	4%
WEST MAMPRUSI	741,559,315	16,262,116,004	17,003,675,319	4%
ADAKLU - ANYIGBE	185,250,623	4,264,237,598	4,449,488,221	4%
BAWKU WEST	430,521,156	9,983,674,752	10,414,195,908	4%
JASIKAN	706,993,157	17,256,463,075	17,963,456,232	4%
SISSALA WEST	516,179,308	12,629,515,460	13,145,694,768	4%
BUILSA	465,194,571	11,693,022,061	12,158,216,632	4%
AJUMAKO-ENYAM-ESSIAM	321,653,669	8,364,399,078	8,686,052,747	4%
NANUMBA	306,011,351	8,493,487,633	8,799,498,984	3%
AMENFI EAST	494,173,741	14,387,101,565	14,881,275,306	3%
NADOWLI	402,769,777	11,754,443,723	12,157,213,500	3%
SAVELUGU/ NANTON	307,521,500	10,129,033,546	10,436,555,046	3%
WA EAST	267,091,108	9,158,704,666	9,425,795,774	3%
TOLON KUMBUNGU	387,556,342	13,422,367,200	13,809,923,542	3%
ZABZUGU/TATALE	242,119,782	8,922,959,536	9,165,079,318	3%
GUSHIEGU	380,923,130	15,588,776,586	15,969,699,716	2%
NANUMBA SOUTH	149,332,677	8,491,912,206	8,641,244,883	2%
TALENSI - NABDAM	155,042,497	9,046,569,066	9,201,611,563	2%
EAST GONJA	183,101,775	11,329,188,326	11,512,290,101	2%
SAWLA - TUNA - KALBA	146,811,468	9,337,363,187	9,484,174,655	2%
LAWRA	276,606,072	21,500,471,728	21,777,077,800	1%
BUNKPURUGU - YUNYOO	139,169,095	11,914,214,281	12,053,383,376	1%
SABOBA CHEREPONI	179,187,789	15,364,199,286	15,543,387,075	1%
WEST GONJA	144,787,203	18,887,890,812	19,032,678,015	1%
KARAGA	71,845,129	11,248,176,006	11,320,021,135	1%
ACCRA METRO.	Data Not Available for 2006			

*Source: MLGRDE, 2006*

## APPENDIX II: ACHIEVEMENTS OF 2006 BUDGET INITIATIVES

The focus of the 2006 Budget was growth and employment. After the stabilisation of the macroeconomic environment, government is intensifying efforts towards wealth creation and enhancing growth in disposable incomes of all Ghanaians. This will require the implementation of measures to strengthen the private sector, generate employment, rationalise and enhance revenue mobilisation.

2006 BUDGET INITIATIVES	STATUS IN 2006
<p><b>A. PRIVATE SECTOR DEVELOPMENT</b></p>	
<p><b>Capital Market Development</b></p> <p>1. The Bank of Ghana together with the Ministry of Finance and Economic Planning has been putting in place the requisite infrastructure to support capital market development. These include:</p> <ul style="list-style-type: none"> <li>● the floatation of medium-term government securities- (two and three year fixed and floating rate bonds). These debt instruments will soon be listed on the Ghana Stock Exchange (GSE) to promote the development of the bond market;</li> <li>● the passage by Parliament of the Long-Term Savings Act; and</li> <li>● the setting up of the Venture Capital Fund</li> </ul> <p>2. The development of a modern payments and settlement system through:</p> <ul style="list-style-type: none"> <li>● introduction of a Real Time Gross Settlement (RTGS) System in 2002;</li> <li>● passage of a Payments System Bill in 2003; and</li> <li>● establishment of a Central Securities Depository System in 2004</li> </ul> <p>3. An unlisted securities market will be introduced at the GSE to enable indigenous Small and Medium Scale Enterprises (SMEs) raise equity on the market to support their expansion programmes or clean their balance sheets, by replacing debts with equities. This will reduce their interest payments and boost profitability and growth in the SMEs.</p> <p>4. Extension of the tax-exempt status of capital gains on the Ghana Stock Exchange by 5 years to the end of December 2010.</p> <p>5. Further, Government will support the Ghana Stock Exchange to establish an Automated Trading Platform under the proposed</p>	<ul style="list-style-type: none"> <li>● The government proposed to issue a 5-year bond early in 2007.</li> <li>● The Venture Capital Trust Fund was set up and signed 2 investment agreements with venture capital finance companies.</li> <li>● Bank of Ghana, is spearheading the introduction of a National Payments System (NPS)</li> <li>● Central Securities Depository Bill was prepared and submitted to parliament for consideration</li> </ul>

<p>Economic Management and Capacity Building Project Venture Capital Tax Incentives</p> <p>6. The government-sponsored Venture Capital Fund will commence operations in December 2005. In addition to meeting the immediate venture capital funding needs through the earmarking of 25% of the National Reconstruction Levy for financing private companies, the programme is also designed to stimulate the emergence of a sustainable private-owned venture capital industry in Ghana.</p> <p>7. Grant generous incentive package to attract private venture capital investment. The following tax incentives for venture capital firms which meet the eligibility requirements in the Act:</p> <ul style="list-style-type: none"> <li>• Upfront relief from stamp duty in each year on subscriptions for new equity shares in venture capital funds;</li> <li>• Full tax exemption from corporate income tax, dividend tax and capital gains for 5 years;</li> <li>• Losses from disposal of the shares during the tax exempt period may be carried forward to the post-exempt period up to 5 years; and</li> <li>• Financial institutions, which invest in venture capital subsidiaries, will receive a chargeable income tax deduction equal to 100% of their investment.</li> </ul>	<ul style="list-style-type: none"> <li>• The 5-Year full exemption from corporate income tax, dividend tax and capital gains tax for eligible venture capital finance companies is now extended to 10 years.</li> <li>• The 100% chargeable income deduction granted to financial institutions investing in venture capital finance companies is now expanded to include all corporate and individual investors who invest in venture capital financing companies.</li> </ul>
<p><b>National Reconstruction Levy (NRL)</b></p> <p>8. In the 2005 Budget Statement, the government promised to further reduce the National Reconstruction Levy rates in 2006 and eventually eliminate it in 2007. To keep faith with the business community and to free more resources for possible expansion of industries, it is proposed that the National Reconstruction Levy rates be further reduced as follows:</p> <p style="padding-left: 20px;">Part A Companies: 7.5% to 5.50%</p> <p style="padding-left: 20px;">Part B Companies: 5.0% to 2.50%</p> <p>9. The National Reconstruction Levy (NRL) for Part C Companies and all other companies is to be abolished with effect from January 1, 2006.</p> <p><b>Corporate Tax</b></p> <p>10. The Corporate Tax rate be reduced from 28% to 25% with effect from January 1, 2006.</p>	<ul style="list-style-type: none"> <li>• The National Reconstruction Levy to be abolished by January 1, 2007.</li> <li>• The National Reconstruction Levy will cease to exist starting on January 1, 2007.</li> <li>• The IRS in 2006 implemented the Venture Capital Tax Incentive, the reduced Corporate Tax Rate from 28% in 2005 to 25% in 2006.</li> </ul>





<p>Tourist Board and for ICT the policy will cover software development.</p> <p><b>Mortgage Market Development</b></p> <p>17. Government will introduce a Mortgage Market Initiative which will seek to channel long-term local currency funds from institutional investors to the banking system for residential mortgage lending and also for estate-developers who seek to construct large scale housing development (1,000 units or more within one well-designed project). To advance this Initiative, the following issues will be addressed during the course of the year:</p> <ul style="list-style-type: none"> <li>• Amendment to the tax code to enable deduction of mortgage interest for home owners; and</li> <li>• Enactment of a Collateral Security Act to provide the appropriate legal framework for the creation, registration, perfection and enforcement of collateral.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Revenue Act has been amended to provide for the deductibility of mortgage interest for tax purposes.</li> </ul>
<p><b>PERSONAL INCOME TAX RELIEFS</b></p> <p>18. A number of reliefs are being proposed. Specifically, the proposal is aimed at relieving low-income earners of their tax burden through the introduction of a special income tax regime.</p> <p>19. Personal income tax at the current minimum wage has been abolished with effect from January 2006.</p> <p>20. In addition, taxes to be paid by those whose incomes are marginally above the minimum wage shall be capped at levels, which will ensure that they earn disposable incomes above the minimum wage.</p> <p>21. Tax bands for all other income earners have been expanded and modified as follow:</p> <ul style="list-style-type: none"> <li>• The minimum tax-free threshold is to be increased from ₪1.8 million to ₪2.4 million. This means that everybody's income of ₪2.4 million shall be tax-free.</li> <li>• The next ₪1.8 million has been raised to ₪2.4 million, and will attract a 5 % tax rate</li> <li>• The next ₪4.8 million has been raised to ₪12.0 million, and will attract a tax rate of 10% in 2005.</li> <li>• The next two bands of ₪27.6 million and ₪36.0 million have been combined and raised to a single band of ₪79.2 million, and will attract a tax rate of 17.5% instead of 15% and 20%, respectively, in 2005.</li> <li>• Incomes in excess ₪96.0 million as opposed to ₪72.0 million in 2005 will attract a marginal rate of 25% down from 28%, in 2005.</li> </ul> <p><b><i>Taxation of Overtime Income</i></b></p> <p>22. Reduce taxes on overtime earnings. In line with this decision, Government proposes amendments to the taxation of overtime</p>	<ul style="list-style-type: none"> <li>• In the area of Personal Income Tax Relief, the tax bands for income earners were expanded and modified</li> </ul>

<p>income as follows:</p> <p>(i) Raise the qualifying annual employment income four-fold from 2,400 currency points to 9,600 currency points. The qualifying monthly overtime earnings are to be taxed as indicated below:</p> <ul style="list-style-type: none"> <li>• The first ¢1.2 million 2.5%;</li> <li>• Between ¢1.2 million - ¢4.0 million 10.0%;</li> <li>• Overtime earnings in excess of ¢4.0 million will be added to the beneficiary's income and taxed at the prevailing personal income tax rates.</li> <li>• For those earning above ¢8.0 million, no concessionary rates will be granted.</li> </ul>	<ul style="list-style-type: none"> <li>• The taxation of overtime income was fully implemented</li> </ul>
<p><b>EMPLOYMENT GENERATION</b></p> <p><b>National Youth Employment Programme</b></p> <p>23. The Ministry of Manpower, Youth and Employment, under a Presidential directive, has established a National Employment Task Force, together with other sector ministries and agencies, to develop a well-structured and coordinated youth employment programme to facilitate job creation and placement for the youth in various economic ventures and social services.</p> <p>24. The purpose of the Programme is to explore, recommend and provide additional employment opportunities for the youth in all districts throughout the country and thereby create conditions that will facilitate their economic empowerment. The programme includes a combination of self-employment opportunities, wage-earning jobs and voluntary service activities.</p> <p><b>Rural Enterprises</b></p> <p>25. Enterprises located in the rural areas with the potential to spearhead development in particular fields of commodity production and agro-processing will be developed into centres of excellence that will be used as ready market for fresh farm produce for processing to minimise post harvest losses, generate employment and raise rural incomes.</p> <p><b>Learning Centres</b></p> <p>26. Government will support the setting up of learning centres for the wider community. These would be organised around prospering small private enterprises with the potential for expansion and the willingness of the entrepreneurs to accept and train others to develop similar businesses.</p> <p><b>Tax Credits for Employers</b></p> <p>27. Government, therefore, proposes to establish an Employment Tax Credit scheme to provide incentives for companies</p>	<ul style="list-style-type: none"> <li>• The National Youth Employment Programme was launched on October 3, 2006 and its ongoing</li> </ul>

employing fresh graduates from our tertiary institutions to improve their access to the job market. The credit will be allowed for all enterprises irrespective of their size of operations, as follows:

<b>Percentage of Fresh Graduates in Workforce</b>	<b>Proposed Incentives</b>
<b>Up to 1%</b>	<b>10% of salaries/wages of such employees</b>
<b>1 – 5%</b>	<b>30%</b>
<b>above 5%</b>	<b>50%</b>

These incentives will be additional to the normal allowable expenses for wages and salaries.

## **B. GOOD GOVERNANCE AND CIVIC RESPONSIBILITY**

### **PUBLIC SECTOR REFORMS**

#### **Public Sector Pay Reforms**

- The implementation of a Pay Reform under the Public Sector Reform programme over a three year period. The overall thrust of the implementation of this pay reform seeks to achieve consolidation and monetisation of salary components and elimination of an assortment of non-monetary benefits and allowances in a sustainable manner.

29. Progressive monetization of non-cash benefits will be implemented in phases as follows:

- Phase 1- consolidate all cash allowances, monetise and consolidate such benefits as fuel, house staff, driver, and utilities (phone, electricity, water);
- Phase 2- monetise and consolidate benefits such as vehicles; and
- Phase 3 - monetise and consolidate benefits such as housing

#### **PENSIONS REFORM**

30. The Presidential Commission on Pensions, established in August 2004 presented its Interim Report to the President in June 2005, making recommendations for the institution of a three-tier pension structure for all Ghanaians.

31. Government has accepted the Commission's recommendations in principle and has requested it to publicise the proposals with a view to securing broad public consensus for their implementation.

32. The Commission has also been requested to work out in more detail the cost and other financial implications of the implementation of its proposals. Government will make all the necessary provisions to support the implementation of the new pension scheme.

- The Pay Reform seeks to achieve consolidation and monetization of salary components and elimination of assortment of all non-monetary benefits and allowances in a sustainable manner.

<p><b>Emoluments of the Executive, Legislature and Judiciary</b></p> <p>33. In pursuance of the requirements enshrined in Article 71 of the 1992 Constitution, H.E. The President appointed the Chinery Hesse Committee to review the salaries, allowances and facilities of the listed officials. An interim report has been issued and as soon as practicable Government will take appropriate steps to implement the acceptable recommendations.</p> <p><b>Free Ride on Metro Mass Transit for School Children</b></p> <p>34. As the people of Ghana continue to make sacrifices for a better tomorrow, Government plans to provide on a pilot basis in the urban areas, free ride on the Metro Mass Transit buses for all school children, from kindergarten to Junior Secondary School level who are in school uniforms on buses that operate on their respective corridors. This policy is without prejudice to other commercial arrangements.</p>	<ul style="list-style-type: none"> <li>• The government policy on free ride on metro Mass Transport is on course.</li> </ul>
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### **APPENDIX III : STATUS REPORT ON POVERTY REDUCTION SUPPORT CREDIT (PRSC) 2006 AND THE MULTI-DONOR BUDGETARY SUPPORT (MDBS) 2006**

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 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 outset of the arrangement.

The primary objective of the MDBS was to improve aid effectiveness through the creation of a harmonized mechanism for the disbursement of budget support to assist the implementation of the government medium term development framework (i.e. GPRS). It created a 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 judging 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 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 table 1 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, decentralisation, 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.

**Table 1: Summary of MDDBS Triggers and Targets, 2003 - 2006**

AREA OF FOCUS	Number of triggers and targets for the period 2003 -2006							
	2003		2004		2005		2006	
	Trigger	Target	Trigger	Target	Trigger	Target	Trigger	Target
<b>1. Promoting Growth, Income and Employment</b>								
1.1 Increasing scope for financing development (Private sector credit and budget allocation)	None	None	-	-	-	1	-	1
1.2 Improving the environment for business (Energy and competitiveness)		None	3	4	2	3	2	3
1.3 Improving performance of Rural Sector				1		2	-	2
<b>Sub-Total</b>	0	0	3	5	2	6	2	5
<b>2. Improving Service Delivery for Human Dev't</b>								
2.1 Education	None	None	1	5	2	6	2	6
2.2 Health	None	None	2	6	2	5	2	5
2.3 Reduced spread of HIV/AIDS epidemic in most deprived regions	None	None	-	1	-	1	-	1
2.4 Special programmes to support the vulnerable and the excluded	None	None	-	-	-	1	-	1
2.5 Water and sanitation	None	None	-	-	-	3	-	1
2.6 Social Protection	None	None	-	-	-	-	-	-
<b>Sub Total</b>	0	0	3	12		16	4	14
<b>3. Improving Governance and Public Sector Management</b>								
3.1 Building a democratic governance for public sector management (including Decentralisation)	3	9	-	3	-	5	1	4
3.2 Improving Performance of the Public Sector	3	4	1	2	2			2
3.3 Strengthening Public Finance Management	6	14	3	14	3	8	3	8
3.4 Strengthening the capacity to monitor and evaluate the GPRS policy agenda		4	-	5	1	3	-	3
3.5 Attorney General's Department				-	-	-	-	
<b>Sub Total</b>	12	31	4	24	6	16	4	17
<b>GRAND TOTAL</b>	12	31	10	41	12	38	10	36

Source: ODI & CDD, 2007

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 MDDBS partners.

From the perspective of the GOG, the benefits of the MDDBS are:

- the reduction of transaction costs associated with ODA, particularly those transaction costs arising from meeting the conditions attached to flows of ODA;
- increased predictability of ODA flows, allowing for better long-term planning;
- increased institutional capability;
- increased democratic accountability to its electorate;
- institutionalized strategic policy dialogue; and
- increased local ownership to the national development policy.

The MDBS has so far provided disbursements of an average of just under \$ 300 million per annum over 2003 to 2006. This has been divided between a base payment of approximately US\$220 million and a performance payment of approximately US\$80 million. As shown in the table below this constitutes about 10.4% of total budgetary allocation and 33% of ODA.

**Table 2: MDBS Disbursements 2003 – 2006 (US \$ millions)**

<b>Total MDBS Disbursement (US\$ millions)</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>o/w</b>	278	311	282	299
<b>Base payment</b>	262	225	225	231
<b>Performance Payment</b>	16	87	57	68
<b>MDBS disbursement as % Total ODA</b>	39.4%	32.4%	27.0%	Na
<b>MDBS disbursement as % Total Expenditure</b>	12.7%	10.3%	8.9%	Na

*Source: ODI & CDD, 2007*

The status of the various policy measures and indicators on the seventeen key areas has been summarized in the table below. Nearly all the targets as well as the triggers were met except two triggers where GoG was judged by the MDBS partners to have been in breached. Subsequently total MDBS disbursement for 2006 was US\$24million below pledges primarily due to the reduction in the performance payment.

**Table 3: Summary of Status of MDBS/PRSC Measures/Triggers/Activities**

**I. GROWTH, INCOME AND EMPLOYMENT**

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
<b>A. Increasing Scope for Financing Development</b>				
<i>A1. Increase access to capital by the private sector.</i>	<p>1. Continue to implement the FINSSIP including:</p> <p>a) Submission to Parliament of the ARB Apex Bank Regulations</p> <p>b) Submission to Parliament of the Credit Reporting Bill</p> <p>c) Submission to Parliament of the Foreign Exchange Bill.</p> <p>d) Submission to Cabinet of the Microfinance Policy.</p> <p>e) Continue to increase the share of SSNIT investment assets managed by the regulated private financial institutions.</p>	<p>a) Legislative Instrument on ARB APEX Bank Regulation</p> <p>b) Letter from Clerk of Parliament acknowledging receipt of Credit Reporting Bill.</p> <p>c) Letter from Clerk of Parliament acknowledging receipt of Foreign Exchange Bill.</p> <p>d) Copy of Memo to Cabinet submitting Microfinance Policy for consideration</p> <p>e) Annual audited account of SSNIT investment portfolio</p>	<p>Regulation Passed (Copy of ARB Bank Regulation)</p> <p>Law Passed (Copy of CRB)</p> <p>Law Passed (Copy of Foreign Exchange Law)</p> <p>Cabinet Memo ready but yet to be submitted to Cabinet</p> <p>Expected target for 2006 is 25%. Actual target for 2006 is 57.27% of portfolio assets (Annual Report SSNIT)</p>	<p>Private sector has access to more capital and more diversified sources of capital.</p> <p>Credit to the private sector as a share of domestic credit increased (baseline: 2004=50%)</p> <p>Access to financial services, including microfinance, increased: Commercial bank coverage of households (baseline: 2004=5%)</p> <p>Number of depositors in Rural and Community Banks (RCBs): (baseline: 2004=1 million)</p> <p>Higher rate of return on SSNIT investment portfolio (need a baseline)</p>
<b>B. Improving the Environment for Business while Protecting the Poor-Private Sector Development</b>				
<i>B1. Enhance private sector competitiveness</i>	<p>2. Implement priority actions arising out of the TSSP with regard to reducing the time taken to Export and Import:</p>	<p>2. Time taken to Export and Import from 47/55 days in 2005 to 45/52 days in 2006</p>		<p>Reduction in time taken to Export and Import (days) 39/47</p>



Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	<p>a) Customs clearance procedures simplified and oriented towards trade facilitation objectives.</p> <p>b) Landlord Concept implemented and port facilities/services improved.</p> <p>(i) Computerized Port management system, CCTV &amp; tracking facility installed &amp; operational</p> <p>c) Export Roundtable mechanism established with a secretariat at post</p>	<p><i>[Baseline and definition taken from the WB "Doing Business Report" and corroborated with customized survey on Ease of Doing Business]</i></p>	<p>2006 - Time taken to export reduced from 47 to 21 days; Time taken to import reduced from 52 to 42 days.</p> <p>Port services being further privatized, with GPHA acting as Landlord (status of report on implementation plan); CCTV installed to improve security.</p> <p>Pilot implementation of Transit Tracking carried out using GCNet system.</p> <p>Export Roundtable Coordinator appointed 1 January 2007; Secretariat established at MOTIPSD/PSI Annex; Draft Working Rules and Incorporation Document developed for approval (copies of relevant documentation).</p>	<p><i>[Baseline and definition taken from the WB "Doing Business Report" and corroborated with customized survey on Ease of Doing Business]</i></p> <p>Growth recorded in selected strategic sectors, based on baseline and year on year targets determined in implementation and funding plan.</p>
	<p>3. New Industrial Policy developed, giving priority to agro-industries and strategic exports.</p>	<p>3. Industrial Policy developed</p>	<p>Industrial Policy consultations with Private Sector undertaken; 22 Thematic Areas developed; Recruitment process for Consultants to carry out options analysis and propose prescriptions commenced.</p>	
<p><i>B1. Enhance private sector competitiveness</i></p>	<p>4. Implement priority action from the Registrar-General's Reform Strategy</p> <p>a) Implement organizational structure, change management and HR</p>	<p>4. Reduction in number of days to register a business at RGD, from 14 days to 7 days</p> <p><i>[Baseline and definition taken from the WB "Doing Business Report" and corroborated with customized survey on Ease of Doing Business]</i></p>	<p>WB reports reduction to 10 days, RGD's report reduction to 7 days, for critical stages within the purview of RGD.</p> <p>Project implementation Team (PIT) in place since Oct 2006; Consultations concluded with MPSR on supporting proposed change management processes (MPSR Report).</p>	<p>Reduction in number of days to register a business to 3 days</p>

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	<p>b) Automate business registration process</p> <p>c) Link up regional offices and local level registration to Head Office through upgrade of ICT infrastructure/Wide Area Network</p> <p>d) Implement Customer Charter for RGD.</p>		<p>Automation process in progress and in use for business name registration; expansion of carrying capacity of hardware required and additional equipment being procured (RGD Quarterly Report).</p> <p>WAN electronic link-up of HQ to regional offices deferred to 2007 (RGD Quarterly Report).</p> <p>Implementation of a key prerequisite commenced, that is, Construction of new Customer Service Centre/Front Office at RGD head office (Physical inspection).</p>	
<i>B1. Enhance private sector competitiveness</i>	<p>5. Conduct business process review and implement key recommendations from the institutional review in the ff MDAs – RGD, DVLA</p>	<p>5. First Annual Survey of customer satisfaction with services provided by the public sector to business assessed against service levels defined in Customer Charters in two key institutions ( RGD, DVLA) conducted and PSDS reviewed and Assessment Report published.</p>	<p>Baseline Survey to be conducted in 2007, when Customer Charters are expected to be fully implemented.</p>	<p>5. Improvement in public sector service delivery year-on-year in the selected PSD-related MDAs – Extent to which target timelines are met</p>
	<p>6. Develop customized ease of doing business survey to measure progress on PSD reforms including the time required to register new businesses</p>	<p>6. Instrument for annual survey developed and integrated into M&amp;E systems.</p>	<p>WB Methodology Sensitization Workshop held; DBS Inter-Agency Working Group established; Survey methodology and Instrument developed but yet to be pilot pre-tested; and survey commissioned for Trading Across Borders and Starting a Business (at RGD) (<i>Methodology Statement and Sample Survey Instrument</i>).</p>	<p>Availability of timely customized national data to complement World Bank ease of doing business survey.</p>
		<p>Time required to register new businesses at RGD reduced from 14 to 7 days</p>	<p>PSDS M&amp;E Framework revision and integration process commenced (Consultant's</p>	

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
			Report)	
<b>C. Improving the Environment for Business while Protecting the Poor -Energy</b>				
<i>C1. Improve management and accountability in power utilities</i>	7 Earmark in the 2006 supplementary budget the funds necessary to compensate VRA for the difference between the weighted average cost of electricity production in Ghana and bulk power supply agreed from VRA interim power supply agreement with VALCO.	7.MoFEP letter to VRA	to be confirmed by VRA	Clean up VRA books
	8. Settle all ECG accounts receivable from MDAs and GWCL within 90 days	8.Quarterly letters issued by ECG, indicating the amount of the debt due from GoG and GWCL to ECG on June 30th 2006, September 30th 2006, December 31st 2006, March 31st 2007, expressed in number of days of billed sales, extracted from ECG internal books.	List provided.	By end March 2007: Bills paid within 90 days By end March 2008: Bills paid within 80 days By end March 2009: Bills paid within 70 days
	9. Continue MSSA programme preparations	9.MSSA starts operation in February 2007	ECG has submitted its comments on the Request for Proposal (RFP) Document to the Technical Advisor on March 19th 07 Ref MD/MSSA/V1/01	By end March 2007, 2008 and 2009:  System losses reduced in line with targets defined in the contract. PVI improved in line with targets defined in the contract
	10. Tariff review received final approval by PURC board. Start of implementation by September 30 <sup>th</sup> 2006	MOV: gazette notice	To be confirmed by PURC	By end March 2007, 2008 and 2009: Tariffs reflect the cost recovery level
<i>C2. Provide support to modernize and expand power infrastructure</i>	11. Electricity Transmission Utility (ETU) set up by March 1, 2007	11.Registration certificate by the Registrar General	Company has been registered and Chief Executive is in place. The board to be put in place soon	Increase electrification access rate according to amounts defined in the action plan (base line 2006: 54%)

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	12. Formulation of rural electrification strategy and costed action plan for its implementation submitted to Cabinet.	12.Evidence of submission to Cabinet	Memo has been prepared but yet to be submitted to Cabinet	
<i>C3. Develop long term source of fuel for the thermal plants</i>	13. Rules and regulations for the operation of the secondary gas market laid in parliament before October 31, 2006.	13.Written confirmation by the Clerk of Parliament	Rules and Regulations has been submitted to the MOE by Energy Commission. MOE is yet to forward to Cabinet	Increase in industrial consumption of gas
<b>D. Improving Performance of the Rural Sector in interest of the poor</b>				
<i>D1. Ensure sustainable increase in agricultural productivity and output</i>	14. Finalize and submit an irrigation policy document, consistent with Food and Agriculture Sector Development Policy (FASDEP) to Cabinet.	14. A draft Irrigation Policy document submitted to Cabinet.	Comments on draft policy submitted to consultant for incorporation in report after which the document will be submitted to Cabinet.	percentage of arable land under cultivation increased  Reduced risk to agricultural Investment
	15. Increase the uptake of improved seeds and planting materials for export and food crops.	15. Complete an adoption rate study among farmers for improved seeds and planting materials.	Study on adoption rate programmed for 2007. There has been increased adoption of the pineapple MD2 planting material for multiplication by smallholder farmers. Smallholder farmers supported by the Ministry to produce maize in the minor season adopted improved technologies by using improved seeds and agro-chemicals.	15.Increased agricultural productivity (crops)  Reduced risk to agricultural investment

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	16. Develop breed improvement programmes for livestock; intensify disease control and surveillance, especially for zoonotic and scheduled diseases	16. Implementation plan and budget for the livestock policy prepared and Executed.  Research and disease control programme update report	Livestock Policy document prepared and launched in 2006. The Open Nucleus Breeding Scheme has been re-launched and is being implemented by farmers. 2,135,000 doses of New Castle Disease vaccine, 92,000 doses of Anthrax Spore vaccine and 25,000 doses of Blackleg vaccine were produced locally. 23,000,000 doses of various vaccines were imported during the year.  Surveillance on Avian Influenza was carried out in collaboration with other agencies	Increased agricultural productivity (livestock)  Reduced risk to agricultural Investment
	17. Develop/promote the aquaculture industry including fish hatcheries and use of irrigation systems and other bodies of water	17. Determine total surface area of water under fish farming.  Determine number of fish hatcheries constructed or rehabilitated  Determine number functional landing sites	Data is being gathered.  A consultancy for the design of a public hatchery at Dormaa Ahenkro in the Brong Ahafo Region has been contracted.  There are six (6) landing sites – four (4) marine and two (2) inland. All are functional.	Farm household incomes and food security improved – statistical verification
<i>D2. Ensure food security for all and increase the access of the poor to adequate food and nutrition</i>	18. Improve post-harvest management and value addition to agricultural products – crops, livestock and fish – through agro-processing and links to markets	18. Farm income household sample survey results  Post harvest loss index  Per capita supply of key staples (maize, rice, sorghum, yams, cassava, and cocoyam)	There is no current information on household incomes to compare with that of previous years in order to determine the impact of interventions on the economy.	Farm household incomes and food security improved –statistical verification.

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
		Number of Farm Business Organizations starting agro-processing units	<p>However, various post harvest management equipment such as cassava graters, multi-crop threshers, dryers (solar and mechanical) and storage facilities including grain pro-cocoons were procured and distributed. Beneficiaries were trained in the use of the equipments.</p> <p>A study will be initiated in 2007 to establish a baseline for post-harvest loss in the country. Maize - 53.8kg; Rice - 6.8kg; Sorghum - 14.3kg; Yam - 194.0kg; Cassava - 436.1kg; Cocoyam - 75.1kg One hundred and seven (107) Farmer Based Organizations registered for agro-processing.</p>	
<i>D3. Ensure the development and strengthening of the requisite Institutional capacity to support Agriculture Productivity</i>	19. Complete revision of FASDEP	19. Final draft of FASDEP document and Consultation reports.	Zero draft of reviewed FASDEP prepared and submitted for comments by Development Partners. A road map has been prepared for consultation workshops and fine tuning of the document in 2007.	Reviewed FASDEP document
	20. Develop framework for Sector Wide Approach (SWAP)	20. SWAP framework completed	<p>Key elements of Agricultural SWAP identified. A concept note on an agricultural SWAP has been prepared.</p> <p>A road map for an agricultural SWAP has been developed. Key sector Ministries (MoFA, MTI-PSI-PSD, MLGRDE, MoFEP, MRT, and MES) for coordination identified.</p>	SWAP in place (MOU signed between stakeholders)

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
			Workshops held with stakeholders on SWAP and consultations held with Development Partners on their possible commitment.	
	21. Improve agricultural data collection and analysis for effective policy formulation and sector planning	21 Statistics Advisory Committee's report on the development of a statistical reporting system for agriculture. Establish modalities for the agricultural census in 2007	Advisory Committee met to provide information and advice to the Technical Committee developing the framework for the agricultural census. Questionnaire for the census has been prepared by the Technical Committee.	Framework of agriculture data collection and use established
<i>D4 Ensure the sustainable management of natural resources</i>	22. Financial framework and policy agreed by Cabinet to secure: i) Forest revenue and FC budget release to conduct its core functions,	22. Draft Financing framework submitted to Cabinet. i) Draft annual report (with audited account)	On course. Draft Accounts ready by April 9, 2007.	Finance framework and policy agreed through a cabinet decision to improve: i) Predictable and secure funding of core functions : 100% of the budget allocation to FC is executed annually (baseline 63% in 2004) -over 80% of actual expenditures of district forestry offices and other operational offices are covered vs. approved budget. (Baseline 58% actual expenditures are covered vs. approved 2005 budget)
	ii) Transparency and accountability in financial management including budget execution, and iii) Collection and distribution of revenue to stakeholders	ii) Quarterly management report  iii) Publication of bi-annual stumpage and rent disbursement report	Achieved.  On course. To be published by April 9, 2007.	ii) transparency and accountability in financial management and  iii) Collection and distribution of revenue: - FC able to implement its internal institutional reform (roll out of pay and grade harmonisation) MoV: harmonized and well-defined status for all employees - Collection rates increased to 90% for stumpage revenues, TRFs and export levies by 2008 MoV: 90% collection rates for stumpage revenues (baseline 50% in 2004), TRFs (0 in 2004) and export levies (baseline 70% in 2004) Environmental services costed and strategy for financing established by MLFM/ FC MoV: Final report available by 2007

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	23. Continue to implement government's strategy for the management of forestry resources to carry out:		93,299.5ha established as at 2006. MTS (69,748.5); Government (23,550). Target exceeded.	New forest plantation cover expanded to 80,000 hectares from 2002 to 20008 MOV.80,000 hectares of new forest plantation planted by 2008.
<i>D5. Improve environmental governance</i>	(i) the conduct of two competitive bidding events to allocate new Timber Utilisation Contracts (TUCs);	i) At least two competitive bidding sessions conducted to allocate TUCs	One competitive bidding for plantation timber was successfully conducted with expected revenue of ₺93,309,170,220. The second one was suspended in order to resolve the issue of VAT in relation to Teak Export. The issue of "Drink Money" as demanded by the Stool Land Owners also needed to be resolved before the bidding. All the above issues have been resolved and a new date for the bidding would be set soon.	Area of Protected (Pas) and forest reserves in good conditions is maintained or increased
	(ii) the conversion of existing timber leases (242) into TUCs, with Timber Rights Fees established and paid, and	ii) 5% of existing timber leases (242) are converted into TUCs with TRFs established and paid (zero in 2004).	Inventory report of the 12 pilot concessions to be converted to TUCs presented to Forestry Commission by RMSC. The report was also presented to the Pilot Concession Holders explaining the methodology and the results. The process is not yet rolled out. It is awaiting Attorney-General's interpretation on whether or not current laws support the payment of TRF for timber leases to be converted to TUCs.	<b>MOV.</b> Comparison to the baseline forest reserves condition map of Ghana (2005
	(iii) the design and implementation of a log tracking system	iii) Approved design of the Log Tracking System	Design of system is on stream for adoption in mid-April, 2007. MoFEP has released 2006 tranche of counterpart funds.	
	24. Strengthen coordination and consistency of policy making and implementation at the centre of the government on cross-cutting	24. Established and operationalise an oversight and inter-ministerial governance mechanism which meets regularly		Inter-institutional coordination and development policy coherence in relation with ENRM issues enhanced by 2006.



Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	issues by developing oversight with an inter-ministerial governance mechanism in place and operational to address broad environmental management issues consistent with GPRS II and ensure linkages with other key mechanisms.	Establishment of priority ENRM policy goals, with monitoring indicators consistent with GPRS II.  M&E report of environmental impacts of GPRS II is prepared in collaboration with all stakeholders	Ghana Environmental Sector (GESS) Completed Developing Matrix for Sector Budget Support State of Environment Report Published  Framework for Environmental Performance Disclosure Developed	<b>MOV:</b> An oversight and inter-ministerial governance mechanism meeting regularly, with minutes available, and commitment and participation of all stakeholders.  ENRM analyses reflected in policy decision-making at cabinet and ministerial levels  <b>MOV:</b> Annual programme of work endorsed by the oversight and inter-ministerial governance mechanism <b>MOV:</b> State of the Environment Report produced by EPA

## II. HUMAN DEVELOPMENT AND BASIC SERVICES

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
<b>A. Education</b>  <i>A1 – Increase access to and participation in education and training at all levels</i>	25. Continue to improve national Gross Primary Enrolment Rates (GPER) in Academic Year 2006/07 with no deterioration in national Gender Parity Index (GPI )	KG - 89% Primary - 95% JSS - 78% Deprived Districts GER  KG - 60% Primary - 88% JSS - 72%	a. Payment of Capitation Grant b. Mainstreaming KG c. Girls enrolment drive d. Basic Classroom construction and rehabilitation e. Payment of Scholarships to needy students  <b><u>National GER</u></b> KG – 85.3% ** Primary - 92.1% ** JSS - 74.7% ** <b><u>Deprived Districts GER</u></b>  KG Primary JSS	Achieve Universal Primary Completion (UPC) by 2012 and Universal Basic Completion (UBC) by 2015. Baseline 2005/06 Academic Year:  National GER  KG - 85% - 92% 74%  Primary JSS -

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
		<p>Primary NER - 73% (GPI 2005 = 0.95)</p> <p>Annual EMIS Census Report (KG, Primary, JSS GER at National Level)</p> <p>Annual EMIS Census Report (KG, Primary, JSS GER in 53 Deprived Districts)</p> <p>Annual EMIS Census Report (Primary NER)</p>	Primary NER - 78.5%	<p>Deprived Districts GER</p> <p>KG 50% Primary 84%</p> <p>JSS 67% Primary NER 69%</p>
A2 – Bridge gender gap in access to education	26. Implement specific measures to achieve gender parity particularly in areas with low enrolment of girls	<p>26. Academic Year 2006/07</p> <p>Gender Parity Index (GPI) KG - 1 Primary - 0.97 JSS - 0.94</p> <p>Annual EMIS Census Report (GPI at basic level)</p>	<p>a. Abolishing of school fees.</p> <p>b. Communication materials on girl's enrolment drive launched and disseminated to communities and schools.</p> <p>c. 5220 bicycles provided for girls who commute long distance to schools in deprived districts in four regions (CR, NR, UER and UWR).</p> <p>d. Send your Girl Child to School Campaign took place in all 10 regions and the three Northern regions have developed an accelerated plan for girls' education.</p>	<p>Attain gender parity at the basic level</p> <p>Baseline GPI 2005/06 KG - 1.03 Primary - 0.95 JSS - 0.88</p>
		Report on Girls Education Programmes from Girls Education Unit	<p>e. Sensitisation, advocacy and provision of bicycles to girls in 15 most deprived communities with low girls' enrolment undertaken.</p> <p>f. 919 girls awarded scholarship under the Complementary Education Scholarship Programme in West Gonja and Bole Districts. This programme is being expanded to Lora, Talensi and East Mamprusi Districts.</p>	

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
			Gender Parity Index (GPI) KG 1.03 Primary 0.95 JSS 0.93	
A3 Improve quality of teaching and learning	27. Reduce the share of teacher vacancies in deprived districts	27.School year 2006/07  Deprived Districts Primary PTR - 38:1  Annual EMIS Census Report	a. 500 retired professional teachers have been re-engaged to teach and most of these teachers were posted to deprived areas. b. 700 personnel have been deployed to deprived areas to teach under the National Volunteer Programme. c. The Ministry in collaboration with the Ministry of Manpower and Employment has recruited and deployed 22,000 people teachers under the Community Teaching Education Assistant programme. d. 8,209 newly trained teachers were deployed centrally to the regions in 2006 postings. Regional education offices were directed to post 50% of their allocation to deprived areas. e. 53 6-No. teacher accommodation is being provided across the deprived districts. 31 6-No. teacher accommodation have been completed under the first phase in 31 deprived districts and construction is ongoing for the remaining 22 6-No teacher accommodation under the second phase in the other 22 deprived districts.	27.Reduced disparities in the National Primary PTR of 35:1  Baseline 2005/06 Deprived Districts  Primary PTR - 40.2:1

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
			f. A total of 8,551 teacher trainees were enrolled in the 2005/06 academic year and out of this, 97.3% (8,320) are sponsored and 35.1% are sponsored by deprived districts.	
			g. The work of a consultant is complete for the development of a Teacher Supply/Demand Forecasting Model for a reliable and comprehensive projection for teacher requirements in order to support strategic and operational planning. Deprived Districts Primary PTR - 38:1	
	28. Implement Education Assessment mechanisms (School Education Assessment, Continuous Assessment)	28.Training manuals published.  Report on National Education Assessment	a. A draft training manual has been developed and publication is on hold awaiting feedback from the National Education Reform Implementation Committee for incorporation.	28. Improved performance of Deprived Districts at BECE examinations
A4- Improve quality and efficiency in delivery of education services	29. Increase the level of public expenditure on primary education to at least 33% of total public expenditure on education	Total public expenditure for primary education as a proportion of total resource envelope for education  Baseline 2005 = 30% Target 2006= 33%  <i>2006 Accounts and Expenditure Returns</i>	a. Basic classroom construction. b. Payment of Capitation Grant. c. Provision of textbooks and TLMs. d. Deployment of adequate number of teachers. e. Provision of teacher accommodations and other incentives at deprived areas. f. In-service training for basic school teachers.	Improved education service delivery at all levels  Baseline 2005 Primary 30%  <i>Definition: total expenditure (Item 1-4) from the following sources – GOG (MOESS domestic budget), donor expenditure, GETFund, DACF, HIPC and IGF spent on</i>

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
		2007 Education Sector Performance Report	g. Capacity building training for district education officers. h. Efficient Education Management Information System (EMIS), etc i. 2006 half year expenditure analysis indicates 34.9% public expenditure for primary education as a proportion of total resource envelope for education. j. The 2006 full year expenditure returns are being collated and the full year total public expenditure for primary education as a proportion of total resource envelope for education will be ready by April.	primary education.
A5. Improve Science and Technical Education	30. Equip Teacher Training Colleges to specialize in the training of Mathematics and Science teachers.	30. Report on provision and equipping of laboratories in 5 selected TTCs	a. Constructions are on-going at various projects sites and contracts for the provision of equipment will be awarded by the end of April.	Fifteen (15) existing Teacher Training Colleges converted to specialize in the training of teachers in Mathematics and Science to enhance the teaching and learning Maths and Science at the basic level.
BN: Report on the status of the indicators being measured will be ready by end of April when the annual Education Management Information System Census Report will be available as well as the report on expenditure returns and analysis for verification.				
<b>B. Health</b>				
B1. Bridge equity gaps in access to health and nutrition services	31. Continue human resources reform by: (i) Model the impact of piloting the Decentralisation of Personal Emolument's Vote and Human Resource Management in the Health Sector	31(i) MoH report	Piloting the decentralisation personnel emolument's vote and human resource management in the health sector has been planned. WB is procuring TA to support the implementation of this activity.	Increased staff productivity.  Improved population staff ratios by ratios  Increased production of middle level health personnel.
	32. Accelerate progress towards achieving MDG 4 and 5 by:			Supervised delivery coverage improved (From 54.1 in 2006 to 62% 2008.)

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes																		
	<p>(i) Increasing coverage of maternal supervised deliveries by at least 3% in the three lowest performing regions and national coverage to 56%;</p> <p>(ii) Increasing utilisation of Insecticide bed nets (ITNs) by children under 5 years to 30% nationally; and Malaria Case fatality reduced to 2.3</p> <p>(iii) Continue essential nutrition actions and prioritize and cost interventions that will be implemented in 2007</p>	<p>(i). Institutional data/ RCH</p> <p>(ii): MICS and GHS annual review/2006 external review</p> <p>(iii) Costed implementation plan]</p>	<p>In 2005 the 3 lowest performing regions were Volta, Western and Greater Accra.</p> <p>Performance:</p> <table border="1"> <tr> <td>Regions</td> <td>2005</td> <td>2006</td> </tr> <tr> <td>Western</td> <td>26.4%</td> <td>34.8%</td> </tr> <tr> <td>Volta</td> <td>36.5%</td> <td>35.4%</td> </tr> <tr> <td>Greater Accra</td> <td>45.6%</td> <td>61.4%</td> </tr> <tr> <td>National Coverage 2005 -</td> <td colspan="2">54.2%</td> </tr> <tr> <td>National Coverage 2006 -</td> <td colspan="2">44.5%</td> </tr> </table> <p>ITN use for under 5's in 2006 is 22%. Malaria case fatality is 2.7 %.</p> <p>Preliminary Assessment conducted. This is to be finalized during the plan Marginal Budgeting for Bottleneck (MBB) Workshop planned for end of Jan 07.</p>	Regions	2005	2006	Western	26.4%	34.8%	Volta	36.5%	35.4%	Greater Accra	45.6%	61.4%	National Coverage 2005 -	54.2%		National Coverage 2006 -	44.5%		<p>National ITN coverage (Base year 2003 = 3%) At least [50%] coverage of ITNs nationally in 2008.</p> <p>Decrease in under-five malaria case fatality by 5 % in 2007 and 10% in 2008.</p> <p>Baseline malaria case fatality 2005 = 2.4</p> <p>Baseline morbidity 2005 = 2.4.</p> <p>Increase exclusive breast feeding (EBF) to 70% in 2008</p>
Regions	2005	2006																				
Western	26.4%	34.8%																				
Volta	36.5%	35.4%																				
Greater Accra	45.6%	61.4%																				
National Coverage 2005 -	54.2%																					
National Coverage 2006 -	44.5%																					
B1. Bridge equity gaps in access to health and nutrition services	<p>33. Improve the Health Management Information System (HMIS) by</p> <p>i. gathering, analyzing and disseminating on time 2006 data with details by districts</p>	<p>33.i. 2006 draft health data provided by end March 2007 with data disaggregated by districts for the 31 sector-wide indicators</p>	<p>The Health Matrix Network project is underway.</p> <p>The National and Sub-National information system assessment has been conducted.</p>																			
B2. Ensure sustainable financing arrangements that protect the poor	<p>34. Increase health spending to accelerate progress toward the MDGs:</p> <p>A. Absolute increase in spending on item three of the health budget (services)</p>	<p>34. MoH Financial Report</p> <p>Baseline health spending on services (GoG, HIPC, Health Fund, NHIS) in 2005= ¢ 390.46 billion</p> <p>GoG (budget) = ¢ 108.80bn</p> <p>HIPC = ¢7.00 bn</p> <p>Health Fund = ¢ 198.70 bn</p> <p>NHIS = ¢ 75.96 bn</p>	<p>A. Health spending on services (GoG, HIPC, Health Fund, NHIS) in 2006 = ¢549,048 billion)</p> <p>GoG = ¢237,682 billion</p> <p>Health Fund = ¢240,266 billion</p> <p>HIPC = ¢31,100 billion,</p> <p>NHIS = ¢40,000 Billion</p>																			

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	<p>B. Execution of 2006 Budget</p> <p>(i) Execution rate of GOG and health fund expenditure for services (item 3) improved;</p> <p>(ii) Respective shares of the 4 deprived regions in the expenditure on item 2 (administration) and item 3 (services) increased;</p> <p>(iii) The 2005 backlog of exemptions vetted and paid without compromising 2006 allocations to exemptions; and</p> <p>(iv) Execution of the budgets allocated for district level is improved</p>	<p>B. Execution of 2006 Budget</p> <p>i)MOH Financial Report for Budget Execution</p> <p>ii)MOH Report</p> <p>iii) MOH Report</p> <p>iv) MOH Financial Report</p>	<p>B. 2006 budget execution rate is 79%</p> <p>Total respective shares of the 4 deprived regions of item 2 &amp; 3 amounts to 64% of the total disbursements</p> <p>€40 billion has been provided to clear backlog and continue to grant exemptions</p> <p>54% of health budget allocated to district level. Out of this, about 84% has been released to the 4 deprived regions</p>	
<b>C. HIV / AIDS</b>				
<i>C1. Reduce the impact of HIV/AIDS</i>	35. Continue rapid scale-up of provision of antiretroviral combination therapy (ART) for people with advanced HIV	35. 8% of people with HIV infection receiving antiretroviral combination treatment	2006 - 16% ART for adults with AIDS	<p>%age of people with advanced HIV infection receiving antiretroviral combination treatment</p> <p>Baseline 2005 = 2% Source MoH/NACP</p> <p>End 2006 = 8%</p> <p>End 2007 = 26%</p> <p>End 2008 = 42%</p>
<i>C2. Reduce the number of new infections</i>	36. Expand prevention interventions for most at risk and vulnerable groups	36. Prevalence of HIV among pregnant women retained below 3% in 2006 Source NACP	2.7% of pregnant women have HIV.	Prevalence of HIV among pregnant women retained below 3% in 2006, 2007, 2008
<b>D. Social Protection</b>				
<i>D1. Implement special programmes to support the vulnerable and the excluded</i>	37. Implement social protection strategy:		A fully costed National Social Protection Strategy (NSPS) has been developed and submitted to Cabinet.	37. Improved targeting of public resources for vulnerable groups.

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	38. Design of pilot cash transfer schemes	38. Letter by MMYE outlining that a fully costed design document has been submitted to Cabinet	A design mission for the Social Grant (Livelihood against Poverty, LEAP) Programme is being fielded in April to develop the fully costed LEAP for implementation. Contract for the dissemination / sensitisation exercise for the NSPS has been signed and consultants recruited for the Department of Social Welfare Institutional Assessment.	38. Income of smallholder farmers and fisherfolk stabilized and gradually increased.  New Information Management System developed for improved targeting of SP Programmes, M and E and allocation of resources.
	39. Implementation of the Ghana Youth Employment Programme.  - Begin implementing start-up programmes.  - Carry out resource mobilization for the programme	39. MMYE records show that in each district nation-wide, 500 youth have been newly employed or self employed under this programme.  Budget line found in 2007 budget, MMYE report.	Employment figures as at Dec by regions are as follows: Ashanti - 6437; B/A - 6432; Central - 6391; GAR - 5056; NR - 15,614; UE - 8530; UW - 8488; Volta - 7574; Eastern - 7000 (Total=78,195)  Employment figures by sectors: Agric Bus -13069; Comm. Edu. Tech - 20021; Comm. Protect - 300; Aux Nursing - 10500; Waste & San - 4550; Internship - 2800; Trades & Vocation: ICT - 0; Other modules - 26760 (Forestry, Rev. Mobi, Volu. Teachers etc) Programme Staff - 195.	39. More youth have jobs or are self-employed for overall poverty reduction.
<b>E. Water and Sanitation</b>				
<i>E1. Enhance the institutional and financial framework for sustainable water management and supply</i>	40. Adopt the National Water Policy (NWP) and begin implementation, including:	40. Approval of NWP by Cabinet.	National Water policy resubmitted to cabinet in February 2007 still awaiting cabinet approval	Increased GoG budget for Rural and Urban Water (definition of GOG to exclude grants)



Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	a. Approve the 5-year investment plan and implementation framework for Rural Water.	a. 5-year investment plan for Rural Water approved by Cabinet and Implementation framework approved by MWRWH. Increased GoG budget for Rural Water reflected in 2007 Budget (excluding grants)	Consultant has completed work on the 5-year medium-term investment plan. Draft to be submitted to CWSA and MWRWH for review by end of April 2007.	Increased access to safe water. Baseline for rural water 2005 = 52% 2006=57.2%
	b. Up-date the SIP and approve the 5-year investment plan for Urban Water.	b. 5-year investment plan for Urban Water approved by Cabinet. Increased GoG budget for Urban Water reflected in 2007 Budget Statement. (excluding grants)	Selection of Consultant to update SIP in progress. To be completed by end of June.	(Urban Baseline 2005 = 55%) 2006 = 56% 2007 = 57%
	c. Formulate Integrated Water Resources Management (IWRM) Plans for major river basins	c. IWRM plans for the Densu River basin completed and basin office operational	Completed	Water Quality Index improved <b>Densu Basin</b> Baseline 2005 = 54% 2006 = 56% 2007 = 58% <b>Ankobra Basin</b> (Baseline 2005 = 66%) 2006 = 67% 2007 = 68% Number of major water users with permits for water use increased:
				Baseline 2005 = 15 2006 = 31 (existing and new users) 2007 = 50 2008 = 65
<i>E.2 Increase access to safe drinking water and improved sanitation services</i>	41. Provide safe drinking water for Guinea Worm endemic communities.	41. Proportion of endemic villages with access to at least one source of safe drinking water increased.  2005 baseline 42%	Proportion of endemic villages with access to safe water increased to 47% as reported in 2006 Annual Report of the Guinea worm Eradication Programme.	Eradication of Guinea Worm. Guinea worm cases Baseline 2005 = 2981  By end March 2007 = 25% reduction in cases recorded in endemic communities.  By end March 2008 = Interruption of transmission By end March 2009 = Eradication - no cases recorded. Increased sanitation coverage to X%. Baseline 2005 =?
	42. Review and adopt the national Sanitation Policy and formulate a national implementation strategy.	42. Revised policy approved by Cabinet and implementation strategy finalized.	Draft policy approved by MLGRDE ready for wider stakeholder consultation.	

### III IMPROVING GOVERNANCE AND PUBLIC SECTOR MANAGEMENT

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
<b>A. Governance-Attorney General Department</b>				
<i>A1. Improved governance and public accountability</i>	43 Comprehensive review of the country's anticorruption laws taking accounts of AU and UN conventions	43. Information on indexed anti-corruption laws disseminated Report of review committee	Report on review of anti-corruption laws in the context of AU and UN mandates available.	44) Legal and institutional framework to reduce fraud and combat corruption strengthened
	44. Review of Freedom of Information Bill and re-submit to Cabinet	44. Letter submitting FoB to cabinet.		44. Public awareness and education on what constitutes corruption is improved
<b>B. Governance - Decentralisation</b>				
<i>B1. Implement framework for decentralized delivery of local public service delivery within the framework of the National Decentralisation Action Plan</i>	45 Formulate a comprehensive decentralisation policy:	45. MLGRDE submits to cabinet for approval a draft comprehensive Policy document referring to administrative, fiscal and political decentralisation.	Draft Comprehensive Decentralisation Policy Document Submitted to Cabinet for approval.	Service delivery at the local level improved
	46.Continue implementing the National Decentralisation Action Plan: A. Training all DA core staff in district composite budgeting.	A. Reports on training sessions from all DA's	Training of all MMDA core staff in District Composite Budgeting completed and training report available.	Internally generated revenue increased
	B. MoFEP and MLGRDE endorsement of guidelines	B. Circular from MoFEP to MLGRDE endorsing the guidelines for circulation to the DA's.	Guidelines endorsed by MoFEP and MLGRDE.	
	C. Cabinet endorsement of DDF, incl. a road map for Operationalising the DDF for fiscal year 2008.	C. Cabinet circular endorsing the DFF and road map	DDF submitted to Cabinet for endorsement.	

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	D. Finalization and Cabinet endorsement of FOAT, including implementation plan for Operationalising FOAT and capacity building	D. Cabinet circular endorsing the FOAT and implementation plan	FOAT submitted to Cabinet for endorsement.	
	47. Capacity building modules being developed.	47. Modules available	Draft Modules available pending validation by stakeholders.	
	48. Inter-governmental fiscal framework developed	48. Proposal for inter-governmental fiscal framework from MoFEP and MLGRDE	An Inter-Ministerial Team with Reps from MoFEP, LGS, MLGRDE, MPSR, and CAGD set up and has been meeting. The following are being developed: 1) Global Conceptual Framework for IGFF; 2) Communication Strategy; 3) Implementation Plan	
	49. Finalize conditions and schemes of service for LGS.	49. Final conditions and schemes of service available and submitted to Cabinet	Conditions and schemes of service available and to be submitted to Cabinet for endorsement.	
	50. Integrate four (4) decentralized departments: Community Development, Births and Deaths, Parks and Gardens, Town and Country planning.	50. Guidelines for integration, Administrative circular placing responsibility for administration and budgets (recurrent and investment) with the District	Treasuries of 4 departments of MLGRDE have been realigned and funds will be available from January 2007. By the end of next year, all other departments would have had their treasuries realigned. Road map to be published after approval from Local Government Council.	
<b>C. Governance-Public Sector Reforms</b>				
C1. Increase the capacity of the public and civil service for accountable, transparent, timely, efficient and effective performance and service delivery)	51. Implement Phase One of sequenced, prioritized PSR Programme including: a) Appointment and remuneration of civil service leadership	51. Implement Phase One of sequenced, prioritized PSR Programme including: a) Appointment and remuneration of civil service leadership	Satisfactory implementation of 2006 work plan: Achievement of at least half outcomes and activities as defined in 06 MPRS's M&E plan, defined as following:	Overall: Improved public sector performance and service delivery. <b>Outcomes for 2006:</b> a) Robust & motivated administrative leadership.

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	<p>b) Operationalising revised Civil Service Law</p> <p>c) Continue roll-out of scheme of service training</p> <p>d) Setting up Client Service Units (CSUs) in selected departments at district level</p> <p>e) Finalizing re-categorization of selected Sub-vented Agencies (SAs)</p> <p>f).Continue implementation of recommendations for: PSC, OHCS, SEC, MoFEP.</p>	<p>b) Operationalising revised Civil Service Law</p> <p>c) Continue roll-out of scheme of service training</p> <p>d) Setting up Client Service Units (CSUs) in selected departments at district level</p> <p>e) Finalizing re-categorization of selected Sub-vented Agencies (SAs)</p> <p>f).Continue implementation of recommendations for: PSC, OHCS, SEC, MoFEP.</p>	<p>100% of list of appointment and confirmation of Chief Directors including appointment of new head of Civil Service.</p> <p>Revised Civil Service Bill approved by Cabinet. Draft New Civil Service Bill sent to Parliament.</p> <p>Scheme of service training rolled out with training of 35 Chief Directors</p> <p>CSUs in 10 districts and 25 other MDAs established</p> <p>Subvented Agency Law passed by Parliament and given Presidential Assent. Sensitization workshop organised for representatives of all subvented agencies. Compilation of request from and identification of subvented agencies for re-categorization in 2007.</p> <p>Implementation of reform recommendations, including signing of MOUs and implementation agreements with PSC, OHCS etc. Provision of logistics for improvement in the conditions of work of PSC and OHCS.</p>	<p>b) CS has clearer mandate and improved structures.</p> <p>c) Civil Service is professionally trained.</p> <p>d) MDA efficiency &amp; effectiveness enhanced &amp; Improved, &amp; transparent and cost effective services delivered.</p> <p>e) Selected Subverted agencies more efficient</p> <p>f) Elimination of duplication in roles of CMAs &amp; improved service delivery</p>
<b>D. Governance- Public Financial Management</b>				
<i>D1. Improve public expenditure management</i>	52 Conduct an audit of existing BPEMS processes and systems and adopt a road map.	52a) By October 2006: Consultant is recruited to carry out audit of existing BPEMS processes and systems.	Consultant was recruited in September 06	Integrated financial management systems is operational and used nationally to ensure timely, accurate and complete budgeting, accounting and reporting for revenue and

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
		52b) By December 2006: Report on the strengths and weaknesses of existing BPFMS processes and systems, together with recommendations for improvements, is completed. 52c) By March 2007: Based on actions 52.a. and 52.b, a road-map for 2007/08 to standardize processes and computerize BPEMS systems (with six-monthly deliverables) is defined and endorsed by senior MOFEP management.	Reports are ready  Done	expenditures
	53. Complete deployment of all 6 modules of BPEMS in the 8 pilot MDAs by December 2006.	53. Management Report (CAGD Statutory Report to Auditor General) prepared from BPEMS produced by 8 pilot MDAs	The system was deployed in Dec 06 and will start producing statutory report by end 07	
	54. Refurbish BPEMS sites and prepare for connection of fiber optic and /or VSAT, the remaining MDAs offices in Accra and 10 Regional Capitals.	54. Site visits to other Accra MDAs. Contract for WAN awarded.	Contracts on WAN have been awarded for regional offices and first 50% payment has been made. Sites have been prepared. Contracts for the fiber optic have been done. All tender processes for Accra are complete and currently with CTB because Accra amount is over \$2million.	
	55. Following successful parallel run with IPPD1, payroll is routinely computed by IPPD2 system	55. Progress report by CAGD on implementation status and payroll report of both the old and new systems produced	Parallel run of IPPD1 closed in October 06. IPPD2 is now the only system being operated and reports can be produced on IPPD2 only	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 fully integrated with the HR system
<i>D2. Modernize PFM framework</i>	56. MoFEP's three year action plan updated, and a prioritized, sequenced, and costed annual action plan for 2007 is prepared.	Annual updates available for review.	Done	Monitoring of PFM reforms improved.

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
<i>D3. Strengthen budget formulation</i>	57. Budget 2007 includes, Internally Generated Funds (IGFs), MDRI and reported project loans and project grants.	The Annual Budget statement	Done	Comprehensiveness of budget statement increased, measured by the share of public funds presented in the budget statement (baseline: 2005=>50%).
<i>D4. Strengthen budget execution and reporting</i>	58. Realign treasuries by integrating them into the MDAs, RCCs, and MMDA and increase transparency and accountability by informing cost centers directly when disbursements are made.	CAGD reports on:	Done	Increase comprehensiveness of CAGD reports, as measured by the share of public resources reported in the budget execution (baseline: 2005=35% of IGF).
		a) Treasury realignment (indicating that all MDAs, RCCs and MMDAs have functioning treasuries)	Done-BOG	Increased fiscal decentralisation and reduction in delays experienced by MMDAs in receiving their funds.
		b) Bank account restructuring (indicating that all bank accounts in MDAs, RCCs, and MMDAs are restructured into sub consolidated fund bank accounts which will embrace revenue and expenditure from GoG and internally generated funds)	Done	
<i>D4. Strengthen budget execution and reporting</i>	59. Internal Audit Units of the following MDAs are effective and operational, GES, GHS, MRT, MLGRDE, MoFEP and MOFA as provided in the IAA act.	Annual report of the Internal Audit Board	Done and 06 reports available	Effective internal control system over revenue, expenditure, assets and liabilities increased
	60. Continue to ensure provisions of the Public Procurement Act are fully implemented and applied, using PPB's PPME assessment, covering 200 entities. Improvement in the following areas: use of appropriate procurement methods 50%  Publication of tender notices	Report generated by the PPME assessment tool  PPB training report	Done  100% achieved	Effective compliance with: the Public Procurement Act, measured by the share of contracts above the threshold awarded on a competitive basis (baseline: 2005=40%).  Information on the call for tenders and award of contracts publicly available

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	(NCB & ICBs) from 40.7% to 50% Training of institutions under the Act commenced: Procurement Units Entity Tender Committees Suppliers, Contractors, Consultants Civil Society including media Judiciary, Parliament, Executive, etc N/A	The Auditor General's Report	95.27% achieved  Expression of interest for implementation of training programme has been received and training will start I 2nd quarter of 2007	Quality and timeliness of external audit strengthened, measured by time taken for the Auditor-General's reports (consolidated budget and MDAs) to be submitted to Parliament (baseline: 2005=<12 months)
<i>D5. Strengthening Tax Administration</i>	Computerization of IRS  61). Introduction of comprehensive tax administrative system  -ICT policy for revenue agencies	Computerization of IRS  61. ICT policy integrated in revenue agencies strategic plans		Increase revenue collection  2005 baseline (IMF) IRS-6.7% of GDP CEPS- 8.8% of GDP VAT - 5.2% of GDP Widening the tax net  Increase in the number of registered taxpayers compared to 2005 baseline (IRS Flash Report) Taxpayers: 1,410,369  Registered companies 45,732
	Revenue Units 62. Establishment of a Tax Policy Unit (TPU) in MOFEP	Revenue Units 62. TPU TORs, mission statement, budget and staffing requirements approved by MOFEP top management	<u>Done</u>	Decrease in IRS cost of collection ratio compared to baseline of May 2004- May 2005 (IRS Flash Report) 34%
	63. Establishment of a Revenue Protection Unit (RPU) at the RAGB (Revenue Agencies Governing Board)	63. Formulation of RPU ToRs mission statement, budget staffing requirements and 30% of staff are hired		

Policy Objective	PRSC 6/MDBS 06	Means of Verification for PRSC 06/MDBS 06	Progress	Expected Outcomes
	Tax Net Widening 64. Relaunch of Tax Stamp for small businesses and traders	Tax Net Widening 64. Set up 52 small business tax bureau in all tax districts of the IRS		Increase in number of taxpayers by 1% and in number of registered companies by 1% (2006) (compared to 2005) Increase in number of taxpayers by 5% and in number of registered companies by 7% (2007) (compared to 2005) Increase in number of taxpayers by 10% and in number of registered companies by 10% (2008) (compared to 2005)
<b>E. Governance -Strengthening the Capacity to Monitor and Evaluate the Policy Agenda</b>				
<i>E1. Strengthen M&amp;E system</i>	65. Continue to strengthen M&E capacity by:  · Training District Monitoring Groups on Ghana Info (To be cleared by NDPC) · Preparing M&E plan for GPRS II  · Evaluating GPRS I  · Participatory M&E involving selected CSOs  · *Developing M&E capacity of NDPC, PPMEDs, RDMGs, DDMGs  · Dissemination of GPRS II and 2005 APR. · Introduce Annual Programme Reporting at all sector and district levels	Report on Statistical Literacy and MDGs (including Ghana Info).  Draft outline and sessions completed.  TORs prepared. Experts at post. To be conducted after APR.  Staff recruited at post.  Report available at NDPC Library. Guidelines issued to sectors and districts.	Technical delay.  Components are to be completed for publication.  On-going.  Insufficient funds.  Recommendations factored into 2006 APR. Orientation of district staff completed.	M&E of Government activities improved, as measured by time taken to for the Annual Progress Report of the GPRS II to be completed (baseline: 2005=10 months).  Public access to M&E data improved.  Increase in the number of GPRS indicators reported in the APR  Quick count Baseline: 19/60=68%
	66. Conduct PSIA	Documents available.	New PSIA yet to be undertaken.	
	67. Ghana statistical service is reinforced and meta database and reports are disseminated in order to enhance public accountability.	NSDS Questionnaire document; Indus Census document; Tourism Market Trends; Gender Statistics; GLSS V	GLSS V analysis in progress. Reports available at GSS Library.	



## **APPENDIX IV: STATUS REPORT ON THE IMPLEMENTATION OF THE POA OF THE AFRICAN PEER REVIEW MECHANISM (APRM)**

The African Peer Review Mechanism (APRM) provides an objective basis for the use of peer pressure to adopt good policies and practices on governance and to assist countries to identify existing capacity gaps, inadequacies and deficiencies in order to provide solutions to them.

The APRM has a key role in monitoring progress made towards the implementation of policies, standards and practices that effectively contribute to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration. A total of 26 countries out of the 53 have acceded to the APRM, with Ghana, Kenya and Rwanda having been peer reviewed while South Africa and Algeria are scheduled to be reviewed in July 2007.

### **1. PROGRESS TOWARDS IMPLEMENTATION OF THE POA:**

The year 2006 marked the second year of the implementation of the Ghana National Programme of Action (POA) of the APRM. Programme implementation was preceded by a number of institutional and actions, including:

- a) The institutionalisation of the Governing Council of the APRM on a permanent basis. The operations of the Council are now charged on the Consolidated Fund, granting it a measure of autonomy in the discharge of its responsibilities.
- b) The integration of the GNPOA into existing government development policy initiatives—the GPRS, National Economic Dialogue, Medium Term Expenditure Frameworks of the annual budget and other ongoing institutional reforms
- c) The mainstreaming of the GNPOA by the National Development Planning Commission into GPRSII to align it with government priorities and those of development partners for purposes of easy pooling and utilisation of fiscal resources.

The second annual progress report of the implementation of the POA, has shown considerable achievement in most of the key indicators under all the thematic areas of APRM. The report is based on an extensive process of consultations with key stakeholders, with feedback obtained on the impact of the implementation of the POA on improving governance and their social wellbeing. The sample respondents interviewed comprised 1,200 persons from the 10 regions of the country. Compared to the result of a similar survey conducted in the June 2005 progress report, there is improvement in the score of respondents on most of the items listed in the 2006 questionnaires. This section presents the status of specific indicators relating to the POA of the APRM only in each thematic area as the rest have already been reviewed in the GPRS II.

#### **Theme 1: Democracy and Good Political Governance**

This section reviews performance of Government on its commitment to the objectives and principles of protecting and promoting democracy, good political governance, human rights and rule of law.

*i. Decentralisation:* Although the Local Government Service Act has been passed and the Local Government Service Council instituted, the Service is yet to be operational. The Local Government Service Council is implementing a number of measures to make the Act operational.

These include the preparation of the relevant legislative instrument to effect the transfer of functions, resources and staff to the MMDAs.

*ii. Access to Justice:* In 2006, there was improvement in access to justice. This has been attributed to the presence of the Domestic Violence and Victim Support Unit (DOVVSU) and the Commission on Human Rights and Administrative Justice (CHRAJ) in almost all districts. There is general satisfaction among Ghanaians that the national security system is offering appropriate protection to safety of life and property.

*iii. Resourcing of Governance Institutions:* There was a substantial increase in resource allocation for some institutions including CHRAJ and Judicial Services in 2006, although those still fall short of the resource requirements for the effective discharge of planned activities and programmes. DOVVSU was among institutions under-funded, and thus the Unit was unable to deal effectively with the issue of brothels housing teenage girls and young female adults who engage in commercial sex. For the year under review, the Unit managed to open 23 new offices, thus increasing the total number of offices to 63 countrywide.

*(iv) Ensuring Protection of Women’s Rights:* The “Domestic Violence and Property Rights Bill<sup>6</sup>” received a second reading in Parliament in 2006. Other measures are also under preparation to ensure women’s rights including domestication of Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the adoption of the African Protocol on Women’s Rights.

*(v) Women in Administration and Politics:* Women MPs constitute 11% of the 230 MPs and this represents an increased of 2.3% over the situation in 2002 general election. Women ministers account for 21%, and other high ranking positions for women as at April 2007 are as follows:

<b>Women’s Representation</b>	<b>Total Number</b>	<b>Share of Total</b>
Female Chief Director	35	17%
Supreme Court Judges	13	23%
High Court Judges	27	25%
District Assembly Appointee	1,956	28%
District Assembly Elected	4,830	11%

*Theme 2: Economic Governance and Management*

Under this thematic area, a total of eight Standards, Codes and Treaties are still not ratified. These include: Code of Good Practices on Fiscal Transparency; International Standards in Auditing; International Accounting Standards; Code of Good Practices in transparency and Financial Affairs; Best Principles for Budget Transparency; Guidelines on Public Debt Management; Core Principles of Effective Banking Supervision; and Principles of Corporate Governance. The African Union Convention on Preventing and Combating Corruption was ratified.

In 2006, the Public Procurement Board developed Standard Tender Documents and Manuals for Entity Tender Committees. A total of 698 Entity Tender Committees were established in MDAs and MMDAs. In addition, 109 Review Boards were set up in MDAs and MMDAs. The Board

<sup>6</sup> The Bill has, however, been passed into law in February, 2007

successfully re-assessed 100 entities to ensure that they fully adhere to the provisions in the Public Procurement Act.

As an incentive to improve on revenue mobilization, the proportion of total revenue allowed to be retained by Revenue Agencies to enhance their operations has been increased from 2.5% of revenue collected in 2005 to 3.0% in 2006. All revenue agencies have also been resourced with operational vehicles to facilitate and enable them to increase revenue collection.

Strengthening expenditure tracking and reporting, the Ministry of Finance and Economic Planning in collaboration with BoG and CAGD set up an expenditure tracking committee with the mandate to track fund releases for payments from the MoFEP through the CAGD to the BoG. The Committee meets weekly to review progress made on this activity.

### *Theme 3: Corporate Governance*

This section assesses the extent to which business entities are applying principles, values and practices that foster corporate governance within their institutions, and the level of government support to the growth of the private sector.

The Labour Act 2003 (Act 651) has been passed. This law addresses the restrictive provisions in the old laws of the Trade Union Ordinance (Cap 91), 1941 and the Industrial Relations Act, 1965 (Act 299). The new Act reflects the principle of freedom of association under Sections 79 – 81 of the Labour Act, 2003 (Act 651). It also conforms to the 1992 Constitution of Ghana and ILO Conventions No. 87 and 98 concerning the freedom of association.

To encourage adherence to International Accounting Reporting, the Institute of Chartered Accountants – Ghana has declared that all Ghanaian companies and businesses should adopt International Accounting Reporting norms and practices from January 1, 2007. Towards this objective, the institute has commenced a series of educational workshops for both public and private institutions on International Accounting and Auditing Standards. Entities have been given a two-year transition period during which the use of Ghana Accounting Standards as reporting standard is permitted up to 2009.

The National Advisory Council on Labour has made recommendations for the ratification of Convention 184 on “Agricultural Workers Health and Safety” for onward submission to Cabinet for subsequent ratification by Parliament.

The country is doing well in the area of improving the business environment to attract FDI and domestic private investors according to the World Bank’s “Doing Business Report 2006”. The report also found Ghana to be the 9<sup>th</sup> easiest place to do business in Africa, and the first in West Africa.

Poor public service delivery, industrial unrests and environmental concerns continue to be the dark spots on the corporate front. The electricity power outages experienced since the fourth quarter of the year have affected businesses in general. Government is in the process of developing and constructing new power generation stations to augment the supply from existing sources and actively exploring alternative sources of energy.

#### *Theme 4: Socio - Economic Development*

This section assesses the status of implementation of policies to promote the socio-economic well being of the population. Key interventions implemented in the following areas are summarised as follows:

*i. Development of SMEs:* The Micro-financing and Small Loans Centre (MASLOC) has strengthened its Micro-credit and Small Loans Scheme to support the growth and development of a sustainable micro financing system to reach the productive poor with credit and other financial services. A Micro Credit Fund of US\$50 million was launched in September 2006.

*ii. National Health Insurance Scheme:* The National Health Insurance Scheme (NHIS) has been established to provide access to health services for all citizens, especially the poor and vulnerable. In 2006, 11 additional District Mutual Health Insurance Schemes (DMHIS) were established, bringing the total number of functional schemes to 134. About 127 schemes are providing benefits to their members.

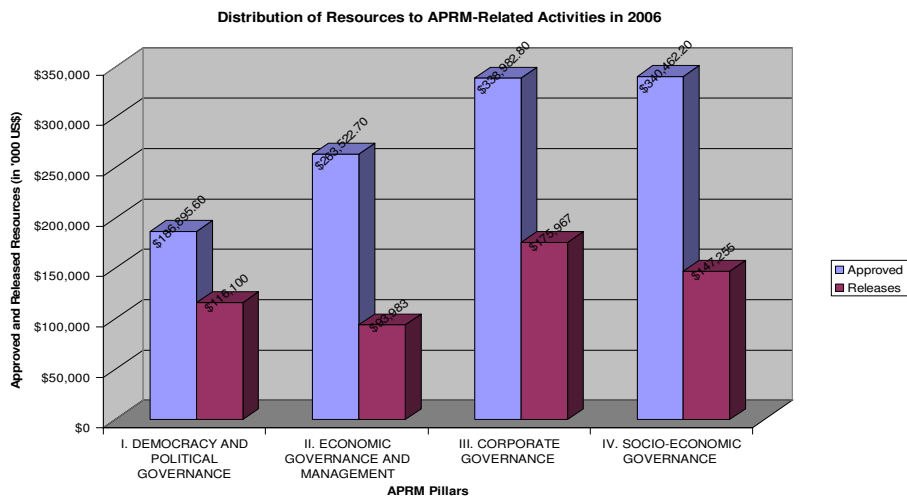
*iii. Affordable Housing Programme:* Affordable Housing Programme commenced in 2005 for the construction of 100,000 housing units for the middle and low income groups within a period of five years. Government committed an equivalent of US\$32.6 million in the 2005 and 2006 budgets for this programme. The programme is being executed in collaboration with the private sector. As a result, percentage of population with access to secure housing increased from 11.0 percent in 2005 to 11.4 percent in 2006 while the proportion of people living in slum areas (5 largest cities) reduced to 20.7 percent in 2006 from 21.0 percent in 2005.

#### **2. FINANCING THE POA OF APRM:**

The POA of the APRM has been mainstreamed into the GPRS II. As a result, the policies under the four thematic areas of APRM have been incorporated into the MTEF through the GPRS matrix. The strategic framework of the GPRS II is quite broad and, adequately accommodates most aspects of the PoA. In view of this strategic alignment, resource allocation and releases to the implementation of activities relating to APRM in 2006 could be tracked.

The total cost of implementing the APRM is estimated at US\$5 billion, of which 53.7% is expected to go into the Corporate Governance pillar, 37.3% into the Socio-Economic Governance, 4.7% into Economic Governance related activities, and 2.4% into Democracy and Political Governance. The POA is expected to be implemented over the period extending beyond the GPRS II period. Analysis of the key milestones suggests that nearly 94% of the activities are expected to be undertaken over the period 2005-2009, while the remaining 6% is expected to be implemented over the period 2010 – 2015.

Available data from the MTEF Activate suggest that nearly US\$1,129,863,400 was approved for APRM-related activities during 2006 budget cycle, which is made up of 48.7% discretionary expenditures, 51.3% statutory funds (including 15% HIPC inflows, 11.4% GETFUND, 10.3% Road Fund). However a review of the actual releases shows that US\$596,557,400 was released for implementation of the POA activities, constituting a shortfall of about 47.2% of the planned expenditure (figure below).



Nearly 91% of the actual expenditure releases to the Democracy and Political Governance pillar went into activities relating to; (i) Ensuring accountable, efficient public office holders and civil servants (43.5%), (ii) Promoting Civil, Political, Social and Cultural rights (25.2%), and (iii) Prevention and reduction of intra- and inter-state conflict (22.3%).

In the area of Economic Governance and Management, nearly 90% of the actual releases were for activities relating to promoting sound macroeconomic policies that support sustainable development, including issues of regional economic integration, as well as promoting sound public finance management.

The total resource requirement for implementing the interventions under the Corporate Governance pillar is estimated at US\$2,684,361,693 (constituting about 53.7% of total resource requirement over the planned period 2005 – 2009), out of which US\$338,982,800 was provided in the 2006 budget. With this amount, 48.1% was actually released for implementation of programmes and projects, of which 98% went into infrastructural development including roads, rail, energy, aviation, maritime and ICT as a way of promoting an enabling environment and efficient regulatory framework for economic activities.

In the Socio-economic governance pillar total approved budget in 2006 was US\$340,462,200, out of which 56.7% was actually release for the implementation of activities. The bulk of this went to two main areas; (i) strengthening policies, delivery mechanisms and outcomes in key social areas including education and combating HIV/AIDS and other communicable diseases (57%), and (ii) ensuring the maintenance of standards and codes (30%).

Overall, the actual resources released for implementing the activities relating to the APRM fell short of the annual average by 41%, with Corporate Governance and Socio-economic governance pillars being the major sources of shortfall. This resource allocation analysis presently excludes donor funds.

**APPENDIX V: STATUS AT A GLANCE: GHANA PROGRESS TOWARDS ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS, 2006**

Goals/Targets	Indicator	Indicator Status							Will goal be achieved	State of supportive environment							
		1999	2001	2002	2003	2004	2005	2006									
<b>Goal 1: Eradicate extreme poverty and hunger</b>																	
a. Halve the proportion of people below the poverty line by 2015	Proportion below extreme poverty (national basic needs) line	27%	-	-	-	-	-	-	18%	<b>Probably</b>	Potentially	Unlikely	Lack of data	<b>Strong</b>	Fair	Weak but improving	
b. Halve the proportion of people who suffer from hunger	Under five children who are malnourished	24.9%	-	-	22%	-	-	-	18%	<b>Probably</b>	Potentially	Unlikely	Lack of data	<b>Strong</b>	<b>Fair</b>	Weak but improving	
<b>Goal 2: Achieve Universal primary education</b>																	
Achieve universal access to primary education by 2015	Net Primary Enrolment ratio	-	-	59%	55.9%	55.6%	59.1%	68.8%	<b>Probably</b>	Potentially	Unlikely	Lack of data	<b>Strong</b>	Fair	Weak but improving		
<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,	-	-	0.92%	0.77%	0.93	0.95	0.95	<b>Probably</b>	<b>Potentially</b>	Unlikely	Lack of data	<b>Strong</b>	Fair	Weak but improving		
	junior secondary schools	-	-	0.88	0.88	0.88	0.88	0.88	<b>Probably</b>	Potentially	<b>Unlikely</b>	Lack of data	<b>Strong</b>	Fair	Weak but improving		
b. Achieve equal access for boys and girls to senior secondary by 2009	Ratio of females to males in senior secondary school	-	-	-	-	-	-	-	<b>Probably</b>	<b>Potentially</b>	Unlikely	Lack of data	<b>Strong</b>	Fair	Weak but improving		
	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	108 (1998)	-	-	111	-	-	-	111	<b>Probably</b>	<b>Potentially</b>	Unlikely	Lack of data	<b>Strong</b>	Fair	Weak but improving	
<b>Goal 5. Maternal Mortality</b>																	
Reduce maternal mortality ratio by three-quarters by 2015	Maternal mortality ratio	-	2.60	2.04	2.05	1.87	1.97	1.87	<b>Probably</b>	Potentially	<b>Unlikely</b>	Lack of data	<b>Strong</b>	<b>Fair</b>	Weak but improving		

	(Institutional)														
<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%	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving
Halt and reverse the incidence of malaria	Under Five Malaria case fatality (Institutional)	-	-	2.9%	2.8%	2.7%	2.4%	2.1%	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving
<b>Goal 7: Ensure Environmental Sustainability</b>															
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)	-	-	-	-	-	5,517,000ha	-	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving
	b. Annual rate of deforestation (ha/annum)			-	-	65,000	50,000	Na	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but improving
Half the proportion of people without access to safe drinking water by 2015	Proportion of population with access to safe drinking water								Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving
	-Urban				N.A	54.5%	55.0%	56.0%							
	-Rural				46.4%	51.7%	52.0%	53.2%							
<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%	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving

N.B. Data for goals 1 (Poverty) are from the GSS, Patterns and Trends of Poverty in Ghana 1991-2006, (malnutrition component) from 2002 Ghana Report on Millennium Development Goal, 2003 Ghana Demographic & Health Survey (GDHS) and 2006 Multiple Indicator Cluster Survey (MICS), Preliminary Report. Goal 2 & 3 are from the Ministry of Education, Science and Sports, (EMIS 2002-20006), Preliminary Education Sector Performance Report, 2006. Data for goal 4 are from 2003 GDHS and 2006 MICS. Goal 5 from 2006 Public Health Annual Performance Review Report, goal 6 from Health Sentinel Surveillance and 2006 Malaria Control-PHD Annual Review Report, and goal 7 from 2005 APR, Ghana Water Company, Community Water & Sanitation Agency. Goal 8 are from 2005 APR and Bank of Ghana.

## **KEY POLICY MEASURES/STRATEGIES BEING IMPLEMENTED UNDER GPRS II TO SUPPORT THE ACHIEVEMENT OF MDG GOALS**

The MDGs have been fully integrated into the relevant thematic areas of the 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 2006

### **Goal 1: Eradicate Extreme Poverty.**

- Ensuring that programmes in the GPRS II are linked to the annual budget and funded as planned;
- Maintaining macro-stability
- Addressing long term population growth rate
- Reducing the spread of HIV/AIDS;
- Sustaining the political will to implement the GPRS.

### **Goal 2: Universal Primary Education**

- Construction and rehabilitation of school classrooms
- Introduction of capitation grants in all public basic schools.
- Introduction of school feeding programme.
- Expanding preschool access in all basic schools to ensure the smooth transition from home to school.

### **Goal 3: Gender Equality**

- Provision of incentive schemes to increase girls' enrolment, retention and completion.
- Sensitising parents and communities to the importance of girls education.

### **Goal 4: Under-five Mortality**

- Implementing high impact yielding strategies for under-five reducing mortality and malnutrition.
- Providing outreach services and clinics in deprived rural and peri-urban areas.
- Developing close-to-client services for the poor.
- Distributing health workers in favour of deprived areas.
- Improving access to maternal and child health services.

### **Goal 5: Maternal Health**

- Develop and implement high impact yielding strategies for U5M & MM and Malnutrition.
- Improve access to reproductive health services.
- Develop at least one fully functioning and well equipped hospital in each district.
- Expand community-based health service delivery.
- Improve the quality of traditional health service delivery system.



**Goal 6: HIV/AIDS and Malaria**

- Intensify behaviour change strategies, especially for high-risk groups.
- Prevent mother-to-child transmission
- Promoting safe sex practices.
- Improve access to voluntary testing and counselling, and integrated youth services.
- Promote strategies to reduce stigma and discrimination of PLWAs.
- Scale up comprehensive care for PLWAs, including antiretroviral therapy for all who need it.
- Improve malaria case management.
- Enhance multiple malaria prevention, including the use of insecticide treated nets, promoting chemoprophylaxis for pregnant women and improving environmental sanitation.

**Goal 7: Environmental Sustainability**

- Encourage re-forestation of degraded forest and off-reserve areas.
- Manage and enhance Ghana's land and permanent estate of forest and wildlife protected areas while considering the effect on men and women farmers.
- Ensure the involvement of communities and the relevant agencies in the implementation of the National Action Plan to combat desertification.
- Initiate measures to stem land degradation
- Initiate measures towards minimising the impact of climate change/variability.

**Goal 8: Global Partnership for Development**

The government continues to deepen efforts to reduce its debt burden through:

- Debt restructuring
- Expenditure management
- Improved domestic resource mobilization and
- Pursuit of stable price and exchange rate policies.
- Passage of the Banking Law which restricted government borrowing to 10% of expected revenues
- Passage of the procurement Act to ensure greater transparency in procurement.
- De-regulation of the petroleum sector.