

Handwritten: PPS
24-25/12/2002

Handwritten Signature:

GHANA POVERTY REDUCTION STRATEGY 2002-2004

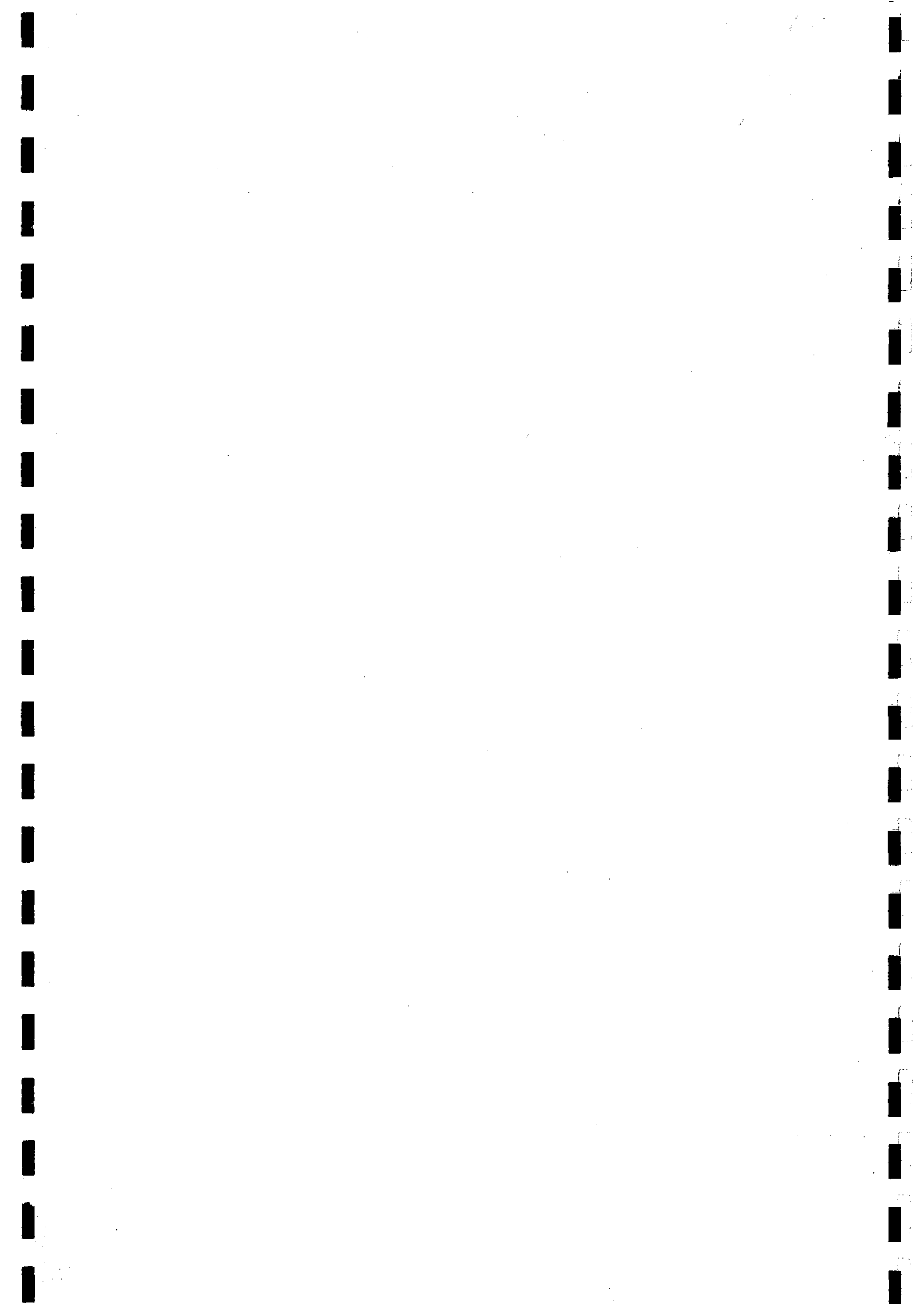
AN AGENDA FOR GROWTH AND PROSPERITY



ANALYSIS AND POLICY STATEMENT

FEBRUARY 20, 2002

824 GH02 - 19347



ABBREVIATIONS AND ACRONYMS	V
EXECUTIVE SUMMARY	I
1.0 BACKGROUND TO THE STUDY	1
1.1 PURPOSE OF THE GPRS	1
1.2 GOVERNMENT'S POLICY FRAMEWORK SINCE THE MID 1990s.....	1
1.2.1 GHANA VISION 2020.....	1
1.2.2 THE FIRST MEDIUM TERM DEVELOPMENT PLAN (1997-2000)	1
1.3 IMPROVED PERFORMANCE IN POLICY IMPLEMENTATION.....	4
1.4 PREVIOUS POVERTY RELATED PLANS	4
1.5 EXPENDITURE ON POVERTY REDUCTION AND GROWTH	5
1.6 INTERIM POVERTY REDUCTION STRATEGY PAPER 2000-2002	6
1.7 A DEFINITION OF POVERTY.....	6
2.0 PROCESS OF PREPARING THE GPRS	7
2.1 STUDY AREAS.....	7
2.2 TERMS OF REFERENCE	7
2.3 CONSULTATIONS	8
2.4 THE GPRS/MTEF/BUDGET PROCESS.....	8
3.0 DIMENSIONS OF POVERTY IN GHANA	10
3.1 TRENDS IN THE 1990s	10
3.2 GEOGRAPHICAL DISPARITIES	10
3.3 DISPARITIES AMONG GROUPS.....	11
3.4 DISPARITIES BY GENDER.....	11
3.5 SOCIAL DIMENSIONS OF POVERTY	12
3.6 PERCEPTIONS OF POVERTY BY COMMUNITIES.....	13
3.6.1 ATTITUDES TO POVERTY	13
3.5.2 MANIFESTATIONS OF POVERTY	14
3.5.3 TACKLING POVERTY	14
4.0 LONG-TERM GROWTH AND POVERTY REDUCTION	16
4.1 THE MAIN GOAL.....	16
4.2 STRUCTURAL REFORM FOR SUSTAINED GROWTH.....	16
4.2. STRUCTURE OF THE ECONOMY	16
4.2.2 ECONOMIC CRISES	17
4.2.3 GEOGRAPHICAL DISTRIBUTION OF RESOURCES.....	17
4.2.4 GOVERNANCE AND THE GLOBAL ECONOMY	17
4.3 LESSONS FROM PAST REFORM PROGRAMMES.....	18
4.3.1 LIMITED STRUCTURAL CHANGE.....	18
4.3.2 LOW PRIVATE SECTOR RESPONSE.....	19

Barcode 19347
Location 824-GH02

4.3.3	EXCESSIVE GOVERNMENT BORROWING.....	19
4.3.4	PUBLIC AND PRIVATE SECTORS.....	20
4.3.5	PARASTATAL SECTOR REFORM.....	20
4.4	PERSPECTIVES FOR GROWTH.....	21
4.4.1	DEVELOPMENT OF A MATURE ECONOMY.....	21
4.4.2	FINANCIAL SECTOR DEVELOPMENT.....	23
4.4.3	RURAL DEVELOPMENT AND INDUSTRIALIZATION.....	24
4.4.4	NATURAL AND BUILT ENVIRONMENTS.....	25
4.4.5	SOCIAL DEVELOPMENT.....	26
4.4.6	THE ROLE OF THE STATE.....	27
4.4.7	DECENTRALIZATION AND EQUITY.....	28
4.4.8	RESOURCE INVESTMENT AND THE BUDGETARY PROCESS.....	28
4.4.9	GROWTH AND POVERTY REDUCTION.....	29
4.5	MEDIUM TERM ACTION IN SUPPORT OF LONG TERM GROWTH.....	29
4.5.1	COMPOSITION OF EXPENDITURE MEDIUM TERM TO LONG TERM.....	29
4.5.2	FRAMEWORK FOR POVERTY REDUCTION AND GROWTH.....	31
4.5.3	CROSS CUTTING ISSUES.....	34
4.5.4	POVERTY AND GROWTH TARGETS.....	35
4.5.5	EXPENDITURE.....	36
5.0	THE MACROECONOMY.....	37
5.1	AN OVERVIEW.....	37
5.1.1	MACROECONOMIC STABILITY AND POVERTY.....	37
5.1.2	THE MACRO ECONOMIC FRAMEWORK.....	38
5.1.3	MACRO ECONOMIC TARGETS AND JUSTIFICATION.....	41
5.2	KEY ISSUES & POLICY AREAS.....	44
5.2.1	FISCAL POLICY MANAGEMENT.....	44
5.2.2	MONETARY POLICY MANAGEMENT.....	48
5.2.3	INTERNATIONAL TRADE.....	52
6.0	PRODUCTION AND EMPLOYMENT.....	55
6.1	AN OVERVIEW.....	55
6.1.1	AGRICULTURAL DEVELOPMENT.....	55
6.1.2	NON-TRADITIONAL EXPORT DEVELOPMENT.....	56
6.1.3	MANUFACTURING INDUSTRY.....	57
6.1.4	EMPLOYMENT.....	57
6.1.5	SERVICES SECTOR.....	58
6.1.6	THE FORMAL SECTOR.....	59
6.1.7	THE INFORMAL SECTOR.....	59
6.1.8	INTER-MINISTERIAL CO-ORDINATION.....	60
6.1.9	ENVIRONMENTAL PROTECTION.....	60
6.1.10	GENDER EQUITY FOR INCREASED PRODUCTION.....	61
6.1.11	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT).....	62
6.1.12	SCIENCE AND TECHNOLOGY APPLICATION.....	62
6.2	KEY ISSUES AND POLICY AREAS.....	62
6.2.1	THE RURAL ENVIRONMENT AS A CATALYST FOR ECONOMIC TRANSFORMATION.....	63

6.2.2	PRODUCTION AND EMPLOYMENT IN AGRO-PROCESSING	73
6.2.3	ENERGY	75
6.2.4	ENVIRONMENTAL AND NATURAL RESOURCE MANAGEMENT	76
6.2.5	NON-TRADITIONAL EXPORT DEVELOPMENT	79
6.2.6	INCREASING EMPLOYMENT OPPORTUNITIES	82
7.0	<u>HUMAN RESOURCE DEVELOPMENT.....</u>	85
7.1	OVERVIEW	85
7.2	EDUCATION	86
7.2.1	SCHOOL IMPROVEMENTS.....	87
7.2.2	TEACHER DEVELOPMENT, DEPLOYMENT AND SUPERVISION AT THE BASIC LEVEL 89	
7.2.3	REFORMED MANAGEMENT OF THE EDUCATION SECTOR	89
7.2.4	SPECIAL PARTNERSHIP PROGRAMMES WITH NON-STATE ACTORS	90
7.3	SKILLS AND ENTREPRENEURIAL DEVELOPMENT FOR THE YOUTH	91
7.3.1	RELEVANCE & COVERAGE OF VOCATIONAL AND TECHNICAL TRAINING	92
7.3.2	ESTABLISHING COMMUNITY-BASED VOCATIONAL APPRENTICESHIP SCHEMES	92
7.3.3	ENTREPRENEURIAL DEVELOPMENT.....	93
7.4	HIV/AIDS.....	93
7.4.1	PREVENTING NEW TRANSMISSION OF HIV.....	94
7.4.2	PROVISION OF CONTINUUM OF CARE FOR PLWHA AND THEIR FAMILIES	95
7.4.3	LAYING AN EFFECTIVE INSTITUTIONAL FOUNDATION.....	95
7.5	POPULATION MANAGEMENT.....	96
7.5.1	DECENTRALISATION OF COUNSELLING SERVICES	96
7.5.2	INSTITUTING A MAJOR NATIONAL CAMPAIGN ON FERTILITY REGULATION.....	96
7.6	HEALTH.....	96
7.6.1	HEALTH CARE.....	97
7.7	SAFE WATER AND ENVIRONMENTAL SANITATION.....	99
7.7.1	SAFE WATER IN RURAL DISTRICTS.....	100
7.7.2	EFFECTIVE MANAGEMENT OF URBAN WATER SYSTEMS	100
7.7.3	SAFE LIQUID AND SOLID WASTE MANAGEMENT.....	100
7.7.4	CAPACITY BUILDING FOR ENVIRONMENTAL SANITATION	101
8.0	<u>SPECIAL PROGRAMMES FOR THE VULNERABLE AND EXCLUDED</u> <u>102</u>	
8.1	AN OVERVIEW	102
8.1.1	WHO ARE THE VULNERABLE AND EXCLUDED	102
8.1.3	DEVELOPMENT CONSTRAINTS FACED BY THE VULNERABLE AND EXCLUDED AND KEY ISSUES FOR POLICY	103
8.2	PROGRAMMES FOR THE VULNERABLE AND EXCLUDED	104
8.2.1	DIRECT STATE INTERVENTIONS FOR THE VULNERABLE AND EXCLUDED	105
8.2.2	PARTNERSHIP PROGRAMMES WITH NONGOVERNMENTAL ORGANISATIONS	106
9.0	<u>GOVERNANCE.....</u>	107

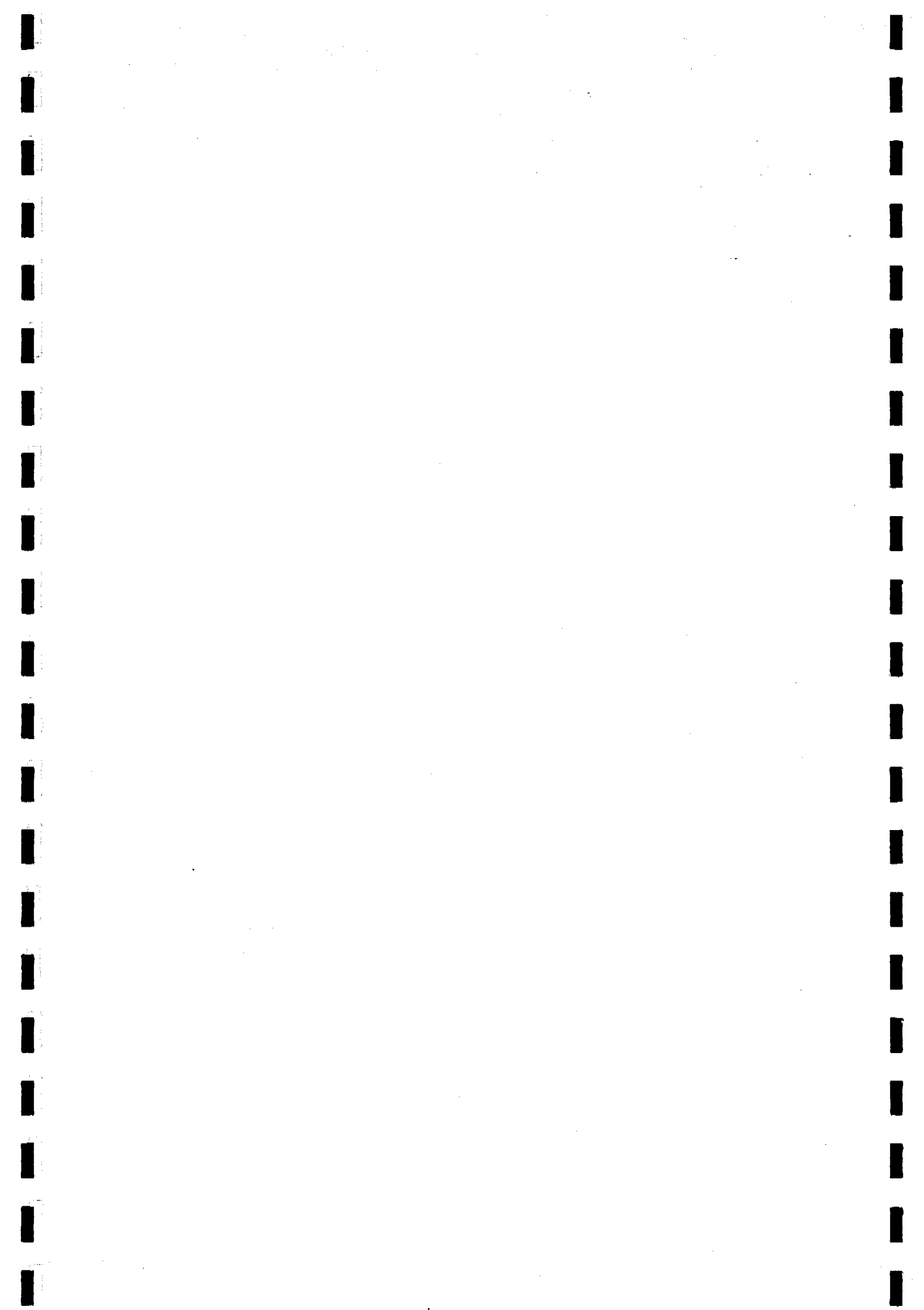
9.1 AN OVERVIEW	107
9.1.1 THE CONCEPT OF GOVERNANCE	107
9.1.2 PUBLIC AND PRIVATE SECTORS.....	107
9.1.3 CAPACITY OF THE PUBLIC SERVICE.....	107
9.1.4 PUBLIC SECTOR REFORMS.....	108
9.1.5 THE ROLE OF THE PRIVATE SECTOR IN POVERTY REDUCTION	109
9.1.6 DEVOLUTION OF POWER	110
9.1.7 ACCOUNTABILITY AND RIGHTS PROTECTION	110
9.1.8 THE LEGAL SECTOR	111
9.1.9 LAND ADMINISTRATION REFORM	111
9.2 KEY ISSUES AND POLICY AREAS.....	112
9.2.1 PUBLIC POLICY MANAGEMENT	113
9.2.2 DECENTRALIZATION.....	123
9.2.3 PUBLIC EXPENDITURE MANAGEMENT	126
9.2.4 TRANSPARENCY AND ACCOUNTABILITY	129
<u>APPENDIX A</u>	<u>133</u>
<u>APPENDIX B.....</u>	<u>146</u>
<u>APPENDIX C:.....</u>	<u>148</u>
<u>APPENDIX D:.....</u>	<u>156</u>
<u>APPENDIX E:.....</u>	<u>162</u>
<u>APPENDIX F:.....</u>	<u>167</u>
<u>APPENDIX G:.....</u>	<u>171</u>
<u>APPENDIX H.....</u>	<u>174</u>

ABBREVIATIONS AND ACRONYMS

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

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

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



EXECUTIVE SUMMARY

1.0. INTRODUCTION

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

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

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

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

2.0 GOVERNMENT'S MEDIUM TERM PRIORITIES (2002 – 2004)

The implementation of the government's medium term priorities will generate growth and reduce poverty. The priorities over the period 2002-2004 are infrastructure, modernised agriculture based on rural development, enhanced social services, good governance and private sector development.

2.1. INFRASTRUCTURE

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

- i. Initiate the construction of three major highways: Accra-Yamoransa; Accra-Aflao; and Accra-Kumasi.

- ii. This will open up the country and link it up with the trans-ECOWAS highway project. It will ensure that Ghana is able to take advantage of the opportunities from West African economic integration and will lead to the creation of jobs.
- iii. Select one major road to a productive area in every region that links the rural areas of the region to the urban area for rehabilitation or development to open up the country for investment, productivity expansion and job creation.
- iv. Accelerate the further development of our ports (Tema and Takoradi and inland ports) through private sector participation to make them competitive for global trade.
- v. Re-negotiate existing telecommunications agreements to introduce more competition and accelerate access to telephones, Internet and information technology in general throughout the country.
- vi. Take all steps necessary to increase the availability of energy to boost industrial growth and production. This includes the West Africa Gas Pipeline, the Bui Dam, the expansion of the thermal plant at Takoradi and increased use of solar energy.

2.2 MODERNIZED AGRICULTURE BASED ON RURAL DEVELOPMENT

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

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

2.3 ENHANCED SOCIAL SERVICES

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

- i. Change the educational system to ensure that there is uninterrupted education for all Ghanaians from pre-school to age 17 to reduce poverty and create the opportunity for human development.
- ii. Ensure that we develop model senior secondary schools in every district in the country.
- iii. Ensure that we develop model health centres for every district in the country.

- iv. Phase out the cash and carry system and replace it with a more humane and effective system of financing health care.

2.4 GOOD GOVERNANCE

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

- i. Support the work of Parliament to enable the institution to play its role for better governance.
- ii. Restructure the civil service to ensure efficiency, effectiveness and related performance-based compensation.
- iii. Strengthen the capacity of the Office of the Attorney General and the judiciary in terms of numbers, technology, training and equipment in order to ensure the appropriate rule of law.
- iv. Enhance social order by improving the police service. Equip them with vehicles, communications, equipment and technology, enhance training and increase their numbers.
- v. Ensure transparency and accountability in resource generation, allocation and management.

2.5 PRIVATE SECTOR DEVELOPMENT

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

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

3.0 PREVIOUS DEVELOPMENT STRATEGIES

The preparation of GPRS is preceded by two other national development strategies since the mid 1990s, namely, the Ghana Vision 2020: The First Step (1996-2000) and the Interim Poverty Reduction Strategy Paper: 2000-2002 (I-PRSP).

The implementation of the two strategies met considerable challenges, in part due to weak national ownership, unrealistic implementation strategies and inadequate financing. The preparation of the GPRS attempts to address these and other challenges, by instituting broad-based consensus-building among government, civil society, the private sector and development partners on key issues and programmes for accelerated and sustained poverty reduction.

The President of the Republic of Ghana is required by the Constitution to present his development plan to Parliament before the end of his second year of office. Accordingly, this development plan will be prepared for the consideration of

Parliament by the end of the third quarter of 2002. The GPRS will be incorporated into the development plan.

4.0 THE ECONOMY AND POVERTY IN THE 1990s

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

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

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

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

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

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

5.0 STRATEGIES FOR POVERTY REDUCTION

Strategies for poverty reduction include prudent fiscal and monetary policies; private sector-led industrial production through the application of science and technology; sound and sustainable management of the environment; promotion of commercial

agriculture using environmentally friendly technologies; agro-based industrial expansion; export promotion based on diversification and competitive advantages; increased investments in social services; and accelerated decentralisation as the key mechanism for policy implementation. A summary of the strategies pertaining to each of the objectives identified above is presented below.

5.1 STRATEGIES FOR ENSURING MACROECONOMIC STABILITY

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

5.2 STRATEGIES FOR INCREASING PRODUCTION AND GAINFUL EMPLOYMENT

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

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

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

5.3 STRATEGIES FOR HUMAN DEVELOPMENT & PROVISION OF BASIC SERVICES

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

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

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

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

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

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

5.4 STRATEGIES FOR SPECIAL PROGRAMMES FOR THE VULNERABLE AND EXCLUDED

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

achievement of poverty reduction targets. Based on planned actions, agriculture, health (including HIV/AIDS), education, housing and community amenities (including environmental sanitation), and production infrastructure will receive the largest shifts.

7.0. MONITORING AND EVALUATION OF POVERTY REDUCTION PROGRAMS

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

GHANA POVERTY REDUCTION STRATEGY (GPRS)

1.0 BACKGROUND TO THE STUDY

1.1 PURPOSE OF THE GPRS

The purpose of the GPRS is to develop new and comprehensive policies in support of poverty reduction and growth and to strengthen current policies and activities. The study was focused on achieving

- a comprehensive understanding of poverty and its causal relationships
- measures to ensure macro-economic stability
- a framework for sustainable economic growth to support poverty reduction
- a broad based sequence of future events in support of growth and poverty reduction
- three years of costed growth and poverty reduction measures to find expression in the National Medium Term Development Plan (NMTDP), Sectoral Medium Term Development Plans (SMTDP), the Medium Term Expenditure Framework (MTEF) and annual budgets
- mechanisms to detect and prevent future events causing poverty
- a comprehensive monitoring and evaluation methodology to track expenditure, outputs and activities in support of growth and poverty reduction and to identify the societal impact of measures taken
- a reversal of the effects of the socially constructed inequities on women

1.2 GOVERNMENT'S POLICY FRAMEWORK SINCE THE MID 1990s

1.2.1 *Ghana Vision 2020*

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

Vision 2020 had two time horizons; that identified in the title and a five-year period delivered to Parliament as *Vision 2020 - the First Step*.

1.2.2 *The First Medium Term Development Plan (1997-2000)*

The MTDP was a belated elaboration of *Vision 2020 - the First Step*, which was originally based upon collaborative work by Ministries, Departments, Agencies (MDA), Regions, Districts and consultations with civil society. Collaboration at national level had been achieved through broad *Cross Sectoral Planning Groups*, for each thematic area, representing MDA and representative interest groups. The MTDP covered five thematic areas; economic growth, human development, rural development, urban development and the development of an enabling environment

important growth centres for economic and social activities. Such policies were not implemented. Urban infrastructure projects initiated by government and supported by donors, have been directed primarily at major urban centres. This activity is diametrically opposed to plan priorities.

Policies on environment have had little effect. Environmental sanitation and lack of capacity to deal with solid and liquid waste has shown little signs of improvement. Flooding, erosion and siltation of drains remains a major problem. The rezoning of amenity open space and sites for public services for development as residential, commercial or industrial land continues unabated. The promotion of efficient and environmentally seemly settlements continues to be constrained by poor planning and by land tenure systems. The latter limit access to land and provision of contiguous development. Despite policies to the contrary in the MTDP the physical environment of large and medium sized towns continues to be chaotic, unhealthy and inefficient.

1.2.2.5 Enabling Environment

The MTDP underlined the importance of creating *an environment in which all sections of society can contribute to a sustained and accelerated rate of economic and social development*. This was to be achieved by *inter alia*, decentralization and decomposition of power, capacity building for the public sector, improving the legal framework and reducing reliance on foreign aid. Improvements have been marginal or non-existent.

The decentralization process stalled and fiscal decentralization was limited to DACF over which central government continued to exercise control. Despite significant interventions the capacity of District Assemblies remain very limited. Efforts have been made to improve the capacity of the public service and investment has been strongly supported by donors. There was little evidence of improvement to capacity over the past five years. However, some improvements have been made to the legal framework. Reliance on foreign aid increased over the plan period.

1.3 IMPROVED PERFORMANCE IN POLICY IMPLEMENTATION

An improved performance in policy implementation is dependent on sustained, palpable political commitment, strong leadership in the public service, a better functional relationship between political and official decision makers, discipline, clarity in institutional structures, roles and procedures and appropriate conditions of service. Effective implementation of policy is also dependent on the timely provision of resources. This has not occurred in the past.

1.4 PREVIOUS POVERTY RELATED PLANS

The GPRS was preceded by a series of plans, which placed emphasis on poverty reduction and human development. The first was the report entitled *Making People Matter: A Human Development Strategy for Ghana* (1991) followed by the *National Development Policy Framework*,¹ (1994) a twenty five year development perspective and *Vision 2020: the First step* (1995), a five year policy statement later developed

¹ Later renamed *Vision 2020*

into the *First Medium Term Development Plan 1996-2000*, (MTDP). In 2000 an *Interim Poverty Reduction Strategy Paper* (I-PRSP) was produced. The latter document was limited in scope.

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

1.5 EXPENDITURE ON POVERTY REDUCTION AND GROWTH

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

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

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

This level of donor support for poverty reduction and growth represents an unsustainable situation long term. During the period under review levels of government revenue did not represent a move towards sustainability.

The structure and geographical distribution of government expenditure over the period gives cause for concern. Civil service employment as a percentage of population was the third highest (1.8%) in sub-Saharan Africa (SSA). The government wage bill as a percentage of GDP (5.6%) was significantly higher than the average for low wage non CFA countries, (4.1%). Despite these figures, emoluments in the public service represent unacceptably low conditions of service. Of total government expenditure general administrative costs are very high. Within expenditure on poverty reduction and growth an inordinate amount is dedicated to goods and services. Expenditure at the *grass roots* on social protection, production and productivity remains derisory. The geographical distribution of expenditure has not been influenced by policies to achieve a more equitable distribution of benefits. Expenditure has continued to be biased against development of the rural environment and has failed to ameliorate disparities between north and south.

2.0 PROCESS OF PREPARING THE GPRS

2.1 STUDY AREAS

The GPRS process was commenced in July 2000. A preliminary situation analysis identified five major thematic areas of significance to the study of poverty and growth. These areas are:

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

Teams were established for these themes in August 2000 comprising representatives of appropriate MDA, NGOs, civil society and donors. A consultant was appointed to serve each team.

2.2 TERMS OF REFERENCE

The terms of reference required teams to identify the major factors causing or exacerbating poverty or constraining economic growth within their area and to establish and analyse causal relationships. The output required included an analysis of the current situation, identification of the key issues, problems constraining poverty reduction and growth and causes of the problems. Each team was required to provide a strategic framework identifying programme objectives, programme action areas, outputs, outcomes and identification of specific beneficiaries groups to be served. Priorities were to be identified. The guiding principles to be followed during the process were

- the acceleration of pro poor growth
- creation of sustainable livelihoods for the poor
- acceleration in the process of meeting basic needs
- achievement of gender equity and improvement of female access to human capital, productive and social assets
- promotion of good governance improved management of development and increased development expenditure
- development of a creative partnership between the public and private sectors

Teams were required to carry out their studies in consultation and collaboration with appropriate MDAs.

Concurrent with the commencement of the diagnostic studies local level community consultations were conducted in a sample of thirty-six communities. Consultations included participatory poverty analysis. Consultation workshops were also held in twelve Districts and six administrative Regions. The outputs from these consultations were fed to each team and guided their study programmes.

2.3 CONSULTATIONS

Frequent technical consultation and training workshops were an important component of the policy formulation process throughout the study. On completion of draft reports by teams a technical workshop attended by MDA, NGOs, civil society and donors was held to harmonize and synthesise teams work into a framework of mutually supportive programme objectives. The output of this technical workshop provided a basis for further study and elaboration of proposals by the Poverty Reduction Unit drafting team.

The following consultation workshops and presentations were conducted between May and November 2001:

- Civil Society Forum as input into the National Economic Dialogue
- National Economic Dialogue

The Poverty Reduction Policy Framework (PRPF) was prepared as a working document by the drafting team following the above two workshops. This elaborated document was then used for the following workshops:

- Presentation of the PRPF to Development Partners
- PRPF Instructional Workshops for MDA

At this stage working group meetings were held between the MTEF Secretariat and the Budget Division of MOF with the PRU of NDPC for purposes of integrating the GPRS into the MTEF and annual budget process. Group meetings were conducted between July and September 2001.

Consultations continued, including

- Separate PRPF consultation workshops for Chief Directors, NGOs and religious bodies, labour unions and civil society organisations, policy advocacy groups and think tanks, women groups and the media
- Consultation and PRPF Training workshop for MOF Budget Officers
- Regional GPRS workshops
- Presentation to Political Parties
- Presentation to Parliament

2.4 THE GPRS/MTEF/BUDGET PROCESS

On the basis of the foregoing consultations further updating and upgrading was made to the PRPF, which was then used as the GPRS input into the MTEF and budget process, viz.

- Separate GPRS/MTEF/Budget Policy Review workshops for Functional Sectors; viz. Administrative, Public Safety, Economic Services, Infrastructure and Social Services
- Separate GPRS/MTEF/Budget Cross Sectoral meetings for Functional Sectors
- Separate GPRS/MTEF/Budget Policy Hearings/Strategic Plans for MDA by Functional Sectors
- GPRS/MTEF, Budget Hearings for MDA

Finalisation of draft estimates by MDA for scrutiny by MOF and NDPC PRU was completed and reviewed by Cabinet and Parliament. The output from this final process formed the basis for the three years of costed poverty reduction and growth measures.

The GPRS comprises

- Volume 1; including the Long Term Growth Strategy and policies for implementation in the medium and long term on poverty reduction and sustained growth
- Volume 2 including the PRPF working document and details of the costed programme objectives, project outputs and activities for the period 2002 to 2004

3.0 DIMENSIONS OF POVERTY IN GHANA

3.1 TRENDS IN THE 1990s

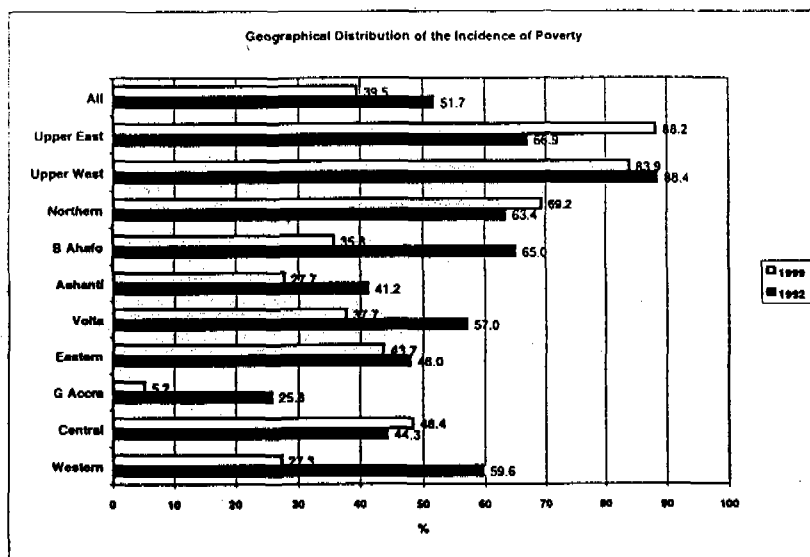
Overall poverty decreased between 1991/92 and 1998/99 from 51.7% to 39.5%. Extreme poverty declined from 36.5% to 26.8% over the same period. However, these figures mask incidents of growing and deepening poverty and evidence of intensification of vulnerability and exclusion among some groups and in some areas, especially in the north of the country and the Central region. Moreover, population growth during the period far outstripped the rate of decline in poverty levels.

3.2 GEOGRAPHICAL DISPARITIES

Five out of the 10 regions in Ghana had more than 40% of their population living in poverty in 1999; the worst affected being the three northern savannah regions (the Upper East, Upper West and Northern Regions). Nine out of ten people in the Upper East; eight out of ten in Upper West, seven out of ten in Northern Region and five out of ten in Central and Eastern Regions were classified as poor in 1999 (see Figure 3.1).

Of the ten regions, the Upper East, Northern and Central regions experienced increases in poverty and extreme poverty in the 1990s. Urban areas in the northern savannah also experienced significant increases in poverty during the period.

Figure 3.1 - Regional Poverty Profile

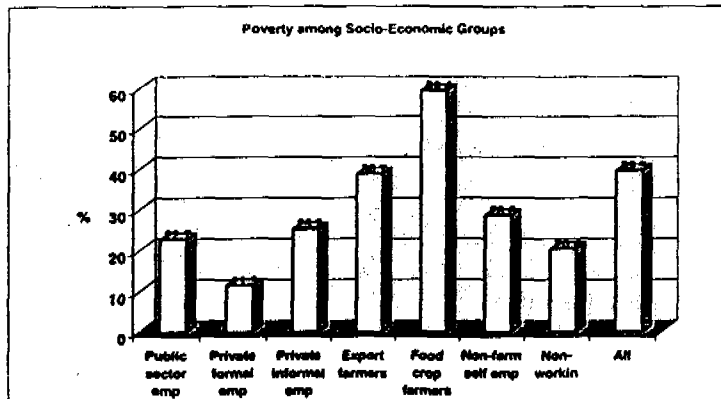


Source: Ghana Statistical Service, 2000, Poverty Trends in the 1990s, Accra

3.3 DISPARITIES AMONG GROUPS

In terms of economic activity, poverty is by far highest among food crop farmers (see Figure 3.2) Studies have shown that women predominate in this sector. The contribution of this group to the national incidence of poverty is much in excess of their population size. The incidence of poverty is also high among export farmers, informal sector employees and the non-farm self-employed.

Figure 3.2 - Poverty By Socio-Economic Groups



Source: Ghana Statistical Service, 2000, Poverty Trends in the 1990s, Accra

The trend in the 1990s indicates varying degrees of decreases in poverty, with the largest benefits going to export farmers and wage employees and the least to food crop farmers.

3.4 DISPARITIES BY GENDER

Poverty in Ghana has important dimensions and requires focused attention. Studies have shown that women experience greater poverty, have heavier time burdens, lower rates of utilisation of productive resources and lower literacy rates. Gender disparities exist with respect to access to and control of a range of assets including direct productive assets such as land and credit, human capital assets including education and health, and social capital assets such as participation at various levels, legal rights and protection.

Some socio-cultural factors continue to perpetuate the gender inequities in access to and use of services and also contribute to such situations as the inequitable allocation of food within the household, leading malnutrition – notably among women and children. Gender-based violence also has important health, economic and political implications. Female gender mutilation continues to be prevalent as is *trokosi*, ritual female bondage or slavery.

The different HIV prevalence rate among women and men between the 15-24 age group is also another cause for concern. The risk factors and vulnerability are different for men and women as are the implications for the impact of HIV/AIDS by gender. There are implications for care, treatment and for addressing the needs of AIDS orphans, which falls disproportionately on women.

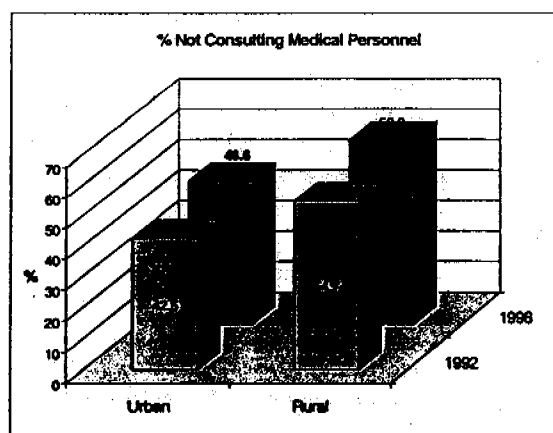
Gender differences also exist with regard to women's and men's legal status and also in their rights and protection under the law. Women's legal rights with regard to access and control of land differ by the diverse lineage systems. Women are also poorly represented at all levels of decision-making. In Parliament, men form 91% of the number, with women forming a paltry 9%. Women's decision-making choices at the community and household levels, especially in rural areas, are constrained by cultural taboos and resistance from men.

3.5 SOCIAL DIMENSIONS OF POVERTY

Social indicators point to mixed progress in the 1990s. Infant and under five mortality rates decreased from 66/1000 and 119/1000 to 56/1000 and 108/1000 respectively from 1993 to 1998, but with deep geographical disparities. Infant and under five mortality in the three northern regions are generally higher than in the south. In comparison with the Greater Accra Region, they are twice and three times as high respectively. A contributory cause is the fact that over 30% of children in the north are not fully immunized before their first birthday. There is also evidence of high prevalence of diarrhoea in the north registering 31% prevalence compared to the national figure of 18%, a feature that is due to poor sanitation. Malnutrition measured by underweight and stunting among children under five similarly shows adverse conditions prevailing in the north of the country with 34%-38% and 35-40% respectively compared to 25-27% and 26% nationally.

Use of health facilities (as indicated by the number of individuals seeking modern medical care following an illness or injury) is also low and on the decline (see Figure 3.3), a feature observed to be closely linked with introduction on increases in health user fees.

Figure 3.3 - Access to Medical Personnel

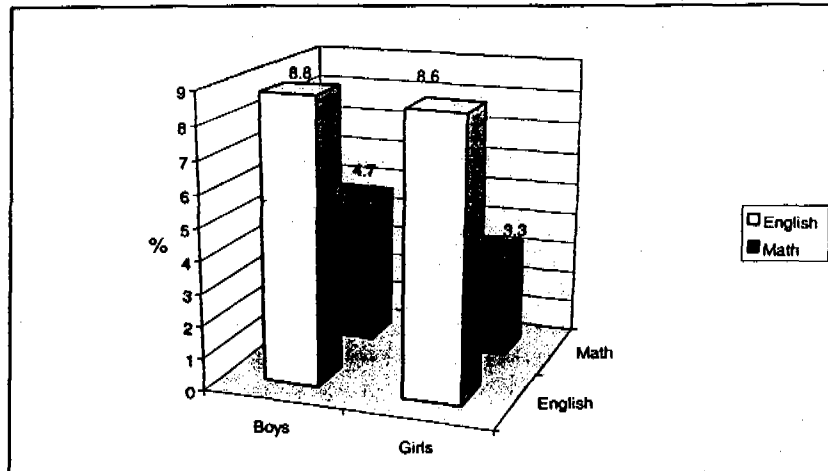


Source: Ghana Statistical Service, 2000, Poverty Trends in the 1990s, Accra

A similar situation is revealed in respect of education. Gross primary one admission and primary school enrolment ratios have not significantly improved since 1992. Dropout rates remain high at about 20% for boys and 30% for girls at Primary School and 15% for boys and 30% for girls at Junior Secondary School. Gender and location

disparities are evident. Low enrolment and gender disparities are most pronounced in the north. In one district in the north, dropout rates for boys and girls were 74% and 83% respectively in the 1990s. The quality of education is alarmingly low (see Figure 3.4), further impinging on enrolment and retention.

Figure 2.4: Share of Pupils Reaching Mastery Levels* in English and Mathematics in 1999



* Mastery level scores are 60% for English and 55% in Mathematics
Source: Ministry of Education, Criterion Referenced Test, 1999

Participatory assessments further reveal the depth of social problems, particularly, the phenomenon of street children, *kayayi* and harmful tradition practices. Furthermore, the threat of HIV/AIDS has intensified at 200 infected persons each day.

Factors acting against poverty reduction include high levels of economic instability, particularly the high rates of inflation, limited growth in agriculture and agro-processing, low, regressive and unsustainable social spending, and serious gaps in the planning and management of poverty reduction programmes.

3.6 PERCEPTIONS OF POVERTY BY COMMUNITIES

3.6.1 Attitudes to Poverty

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

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

- *change agent* for the transformation of society and the local economy
- *mobilizer* of human and physical resources
- *protector* of vulnerable groups and
- *provider* of information to occupational and social groups

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

3.5.2 Manifestations of Poverty

There was a differentiation between communities in the north of the country and those in the south. The former saw a priority need for irrigation, potable water, health facilities and employment generation alternative to farming. In the southern communities there was considerable emphasis on skill training, general education, transparency, good governance and provision of economic and social infrastructure. In both north and south lack of access to credit was a factor noted as exacerbating conditions of poverty particularly affecting the farming community and the informal industrial sector. There was a similar concurrence regarding the effects and manifestation of poverty. A loss of dignity and respect was noted in a number of northern communities and some in the south. The north in particular noted out-migration as a direct result of poverty. All communities recorded hunger, malnutrition, ill health, high mortality rates, low life expectancy, increase in school dropouts, low levels of education, increase in crime, personal conflicts, loss of integrity as some of the consequences of poverty. In the urban areas crime, increase of children living on the streets and commercial sex were noted.

3.5.3 Tackling Poverty

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

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

The specific priority action areas identified during the PPA include the following:

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

4.0 LONG-TERM GROWTH AND POVERTY REDUCTION

4.1 THE MAIN GOAL

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

This will be achieved by

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

4.2 STRUCTURAL REFORM FOR SUSTAINED GROWTH

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

4.2. STRUCTURE OF THE ECONOMY

The structure of Ghana's economy remains little changed since independence. The economy exhibits an enduring fragility and an absence of adaptability to emerging internal and external situations with the inevitable inability to absorb shocks in the formal sector. The geographical distribution of settlements and economic and social activities represent a high level of polarization. Concentration occurs in four major centres dominated by entrepôt and service functions.² These centres and other enclave economies have a greater connectivity with external systems, including pricing mechanisms, to which they are economically subservient, than with their indigenous hinterlands towards which they have parasitic tendencies.

The concentration of resource investment in a few areas has resulted in a large proportion of human and physical resources remaining outside the commercial economy. These economically and socially peripheral regions remain rudimentary in terms of development. Their juxtaposition with sophisticated, more modern urban environments inhibits growth, wealth creation, and redistribution. It is a characteristic of such an economically divisive two-nation state for an ever-widening gap between rich and poor to occur and the significant and sustainable alleviation of poverty, vulnerability, and exclusion to remain an intractable problem. Disparities in levels of

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

poverty and the rate of poverty reduction are particularly evident between the north and the south and Accra and the rest of the country respectively. The exceptionally rapid growth of Accra-Tema and the significant reduction in poverty there has been fuelled by the massive injection of donor aid largely spent locally on goods and services over the past two decades.

4.2.2 *Economic Crises*

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

4.2.3 *Geographical Distribution of Resources*

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

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

4.2.4 *Governance and the Global Economy*

Governance, that is the manner of governing, is a dynamic element in which the role of the state is adjusted as demanded by political philosophy and internal and external

factors. The art of governance is the ability to balance national aims with a changing global environment. Most African states were borne out of commercial and political coercion resulting in national boundaries, which are without political, geographical, historical or ethnic relevance. These circumstances are inhibiting to development and growth. Global financial markets currently beyond the control of national and international authority impose an additional constraint. An economy with undue reliance on market forces has a propensity to increase and magnify the gap between rich and poor. A global economy with the same characteristics widens the gap between the rich and poor nations. The fact is that financial markets have moved with greater speed, skill and positive intuition than national and international political systems. Global market mechanisms are penetrating into fields of activity such as societal values in which they do not belong. Unless adjustments are made undue reliance on market forces may over-ride democratic national determination and collective interests. The world has entered into a period of profound imbalance in which effective collective decision making mechanisms for the global economy do not exist at present. Uncontrolled global trends, which tend to stimulate cyclical conditions of *boom* and *bust*, may inhibit structural change. Action to counteract or ameliorate this may be needed at a continental or intercontinental scale.

4.3 LESSONS FROM PAST REFORM PROGRAMMES

4.3.1 *Limited Structural Change*

The GPRS strategy is informed by the experiences of the past reform programmes. The economic reform programmes undertaken from the early 1980s represented the first serious attempt to introduce important market principles into Ghana's economy. The programmes met with some success in macroeconomic recovery and stabilization, albeit short-lived but largely failed in structural reform. The programmes produced a limited success in the growth of agriculture and manufacturing, propelling expansion only in services on the back of a debt financed import/consumption boom. In the 1970s, agriculture accounted for more than half of the nation's total value added, but declined to just over 40 percent in the 1990s. By 1998 agricultural growth rose to 5.1% but fell to 3.9% and 2.1% in 1999 and 2000 respectively. The structure of the agriculture sector remained unchanged. Farm gate expenditure in agriculture has been derisory. Industry also declined from about 20 percent to 14 percent of GDP during the same period. Services on the other hand rose from about 30 percent to 44 percent, overtaking agriculture as the most dominant sector. The sharp expansion of services coincided with a virtual disappearance of private savings during the 1980s and 90s while the imports/GDP ratio rose thirteen-fold, far surpassing the exports/GDP ratio and opening up a wide trade gap. The public saving ratio that improved during the 1980s under the reform programmes lapsed again into dissaving during the 1990s. The reform programmes left in their wake large and persistent fiscal and external gaps, the fiscal deficits creating a heavy debt burden. External deficits put pressure on the balance of payments. This culminated in a crisis situation at the end of the 1990s. As a result Ghana had no recourse but to seek relief under the HIPC Initiative.

Structural rigidities in agriculture remain intractable largely because of the predominance of subsistence farming. Cash crops are subject to prohibitively high transaction costs, as evidenced by large differentials between producer and consumer

prices, arising from monopolistic and inadequate distribution systems. Agricultural policy, notwithstanding massive donor support, has failed to address these market impediments. Another important structural rigidity is the predominance of parastatals in all sectors of the economy. Two out of every three workers in the modern formal sector are employed in the public sector.² They tend to be immobile. Many parastatals are vested with quasi monopoly power, inefficient with budgetary allocations and no tax obligations, and with preferential access to bank credit. These parastatals crowd out private business and create deep-rooted mistrust between the public and private sectors. A credible and implementable privatisation programme is urgently needed to restore sound public finance and create incentives for private activity together with actions to curb monopolistic tendencies.

4.3.2 Low Private Sector Response

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

4.3.3 Excessive Government Borrowing

Ghana began borrowing heavily from external sources in the early 1980s. The large inflows of external aid never ceased. Aid proceeded through a succession of IMF and World Bank programmes as well as bilateral aid. Donor aid is firmly entrenched in the structure of the Ghanaian public financial systems. Over 70 percent of Government's expenditure, is externally funded. Although external aid enabled the Government to restore confidence, increase outlays on infrastructure development and social services, spur economic growth, and contribute significantly to poverty alleviation, especially during the 1980s, it also created a basis for the macroeconomic instability that the IMF and World Bank programmes intended to solve. The deterioration of macroeconomic stability was more manifest during the 1990s than in the preceding decade. Since 1983 multilateral and bilateral donor support has inadvertently created monetary shocks and quasi-fiscal deficits of a magnitude overwhelming the Government's capacity for macroeconomic management. The latter was also constrained by the dwindling portion of the budget covered by internally generated funds. Long term, Ghana must grow out of aid dependency before the debt overhang stifles the domestic economy altogether. Aid and debt policy needs to be

² The informal self-employed sector accounts for the largest segment (three-quarters) of the labour market while the rest is in the formal sector.

reassessed with a view to bringing it down, along with the fiscal deficit, to a level that would restore market incentives for private sector activity, i.e., macroeconomic stability and competitiveness as well as long-term creditworthiness. The HIPC Initiative presents an opportunity to do so. Concurrently, efforts must be made to generate greater domestic savings to make up for a reduction in foreign aid. A financial sector development policy, including strengthening of the banking sector and contractual savings institutions, needs to be developed and implemented.

4.3.4 Public and Private Sectors

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

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

4.3.5 Parastatal Sector Reform

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

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

4.4 PERSPECTIVES FOR GROWTH

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

The overall target in Ghana's long-term poverty reduction strategy is to achieve growth to ensure the virtual disappearance of poverty by 2020 as originally set forth in *Ghana Vision 2020*. The GPRS attempts to out-perform the International Development Targets cast in terms of reduction of extreme poverty, social and human development, environmental sustainability and regeneration as well as democratic accountability, protection of human rights and the rule of law.³ These targets presuppose attainment of an overall GDP growth averaging at least 6 percent per annum and implementation of public policies for drastic spatial reorganization of investment for economic activity and social protection.

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

4.4.1 *Development of a Mature Economy*

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

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

³ These International Development Targets have been agreed by the entire United Nations membership, following a series of summit meetings held by the UN and its specialized agencies over the past ten years or so (Realizing human rights for poor people, DFID, October 2000).

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

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

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

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

Such changes will bring about a more efficient and geographically balanced urbanization process in which town and country offer inter related and

complementary services and life styles. Within this structure towns will play a pivotal role as catalysts for social, economic and cultural development and change. To perform this role in the future there must be a departure from the present chaotic, inefficient, unplanned urban systems that currently prevail. The planning of towns to serve as an integral part of the national economy is an essential element in national development, growth and poverty reduction.

4.4.2 Financial Sector Development

A well functioning financial sector is indispensable to economic growth and development, and thereby the reduction of poverty. The ability of the financial sector to serve as an effective, low cost intermediary between savers and investors has been seriously compromised by problems that threaten its soundness and stability. It is saddled with a large and growing burden of non-performing assets, primarily loans to state-owned enterprises. It has a serious over exposure to foreign exchange liabilities. As a result of excessive government deficit financing, more than one-third of its assets are tied up in the indebtedness of the government and state-owned enterprises. Currently, it is under a great deal of stress, stemming from the deterioration of loan quality as businesses came under increasing pressure due to prohibitively high real interest rates. This has been exacerbated of late by unfavourable terms of trade and a large cedi depreciation in 2000. The non-performing loan problem was exaggerated by loans to state-owned enterprises, including the massive syndicated loan to the Tema Oil Refinery. These problems must be overcome expeditiously

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

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

4.4.3 Rural Development and Industrialization

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

Government must play a supportive role in achieving the transformation of the rural environment from its subsistence orientation to a commercially attractive, viable, and dynamic sector, which is vital for the achievement of sustained equitable growth. The restructuring of the rural environment is an important aspect of devolution and decentralisation and is seen as the catalyst for transformation. It is an essential element in reinforcing macro economic policies for stability and sustainable growth. The need is to change the concept of agricultural activities as simply a way of life to that of a profitable commercial and industrial occupation. The necessary achievement of this objective requires a corresponding transformation in attitudes and conventional societal values. These include attitudes to land. The need is to incorporate the value of land into the national economy as a tradable asset whilst retaining its communality. Representational and gender issues also arise. Habits and conventions based upon superstition and myths which give rise to anti social behaviour and inhibit structural change must be subtly excised by sustained education and demonstration. At the same time traditional values which enrich the culture of life and social stability must be assisted to endure within a changing society.

The transition of Ghana's economy to a market-oriented policy environment was set in motion in the early 1980s under the economic reform programmes but the process was interrupted by a series of policy and market failures. This is especially so with agriculture, the mainstay of Ghana's economy. Performance of the agricultural sector has a strong correlation with Ghana's overall cyclical fluctuations. Agricultural policy, despite massive support from donors and external financial institutions, has generally failed because it has not effectively addressed the fundamental technical and institutional constraints. It has not been accompanied by policies, including macroeconomic policy, to set pricing in a way that is consistent with competitiveness and incentives for production and marketing.^{4,5}

⁴ Agriculture's GDP contribution declined over time: 52 percent during 70-75 to 42 percent during 91-95. Services rose from 29 percent to 44 percent during the same periods; Industry from 19 percent down to 14 percent.

⁵ Ghana's agricultural policy, in the early stage of reform, was guided by the objective of food security and maximization of export earnings through increased producer prices, subsidies for inputs, and institutional development. In the latest phase of reform in the 1990s, subsidies were removed and guaranteed prices abolished with a view to market orientation. But, productivity and output suffered as subsidies were removed. Ghana's agriculture remains subject to low productivity due to outmoded farming practices and limitations of small-scale farming. 90 percent of Ghana's agricultural value added is generated by farmers of smallholdings practicing shifting cultivation and no tillage subject to insufficient irrigation and a limited use of fertilizers. In manufacturing, a market-oriented reform freed up constraints in factor markets and boosted growth in the early

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

In order to establish effective linkages with agro-industry, agriculture must transform itself into an efficient entrepreneurial activity and provide a stable supply of quality raw materials at low costs. The process must start with reforming the present state where subsistence agriculture predominates for historical reasons and because disincentives exist for production and marketing. Policies should focus on removing pricing distortions. The real effective exchange rate of the cedi is inconsistent with competitiveness. This should be corrected by macroeconomic policy. Taxation on agricultural production should be removed. Cocoa marketing should be deregulated while retaining provisions for price stabilization for the farmer. Competition needs to be introduced into the distribution system and monopoly profits that currently drive a wedge between producer and consumer eliminated. Competitiveness should also be enhanced by measures to make the economy more efficient through a reduction of investment risks. These measures include improvement of storage facilities and construction of feeder roads and the connection of these with the national road system. The latter is critically important to opening up the rural sector and to expose it to market incentives. The stimulation of agricultural industrialization will lead the way to a more universal industrial environment in both formal and informal sectors.

4.4.4 Natural and Built Environments

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

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

stage of the economic reform programmes, but the recovery was short-lived. Some domestic-resource based sub-sectors expanded while others came under foreign competition and shrank. A shift of activity did not take place due to lack of private investment. Liberalization and market-orientation were conditions necessary but not sufficient for sustained industrial development.

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

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

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

4.4.5 Social Development

The ultimate objective of the social development programme in the GPRS is to ensure equitable growth for all Ghanaians, and in particular to upgrade the pre-capitalist rural sector. It seeks to ameliorate the spatial disparities in the growth process and provide social safety nets for the vulnerable and excluded. The prime objective for education must be to achieve near universal literacy and to enable all children to receive at least basic education. The education objectives also provide for increased enrolment rates in secondary and tertiary education, especially for females. The objective is to raise the median level of education of the population as a whole to JSS3 by 2020. Curricula at all levels must place greater emphasis on scientific subjects and mathematics which together with improved vocational training will contribute to achieving the objectives for science, technology and production.

Improvement in the general level of health requires not only an expansion and upgrading of the health living environment. Achievement of the health objectives is thus equally dependent on securing adequate food supplies, better understanding of health matters, provision of safe water supply and sewerage, improved housing, well planned settlements and the prevention of environmental pollution as it is on the provision of medical facilities. Access to all these facilities will be affected by the spatial distribution of population and of economic activities and by their location in relation to transport facilities. Social sector investment will be enhanced by the HIPC initiative.

Improvements in the fields of education and health are not simply moral and equity issues. An improved quality of life and the availability of choice are essential to

equipping people with a capacity to understand the need for change and the notion that it is possible for communities to intervene and change their economic and social environments. A shift in attitudes is an essential prerequisite to the adjustment to societal values required to embrace, perpetuate and develop new technologies and economic and social structures.

4.4.6 *The Role of the State*

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

Ghana must redefine the role of the State as the policy manager for development and the economy, enforcer of laws, rules and regulations and a provider of public utilities and services. Public sector reform involving right-sizing of the public service, restoring competitive conditions of service and SOE reform is a *sine qua non* for provision of an enabling environment for private sector development and the effective provision of public services. Progressive public sector reform is required significantly to improve capacity and efficiency. A continuous process of reform is also required to enable the public service to accommodate its changing operational role in relation to the private business sector and civil society. New skills are also required to deal with development and economic issues at an international level and to contribute to decision making in relation to the global economy, within international groupings.

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

sustainable poverty reduction. This will necessitate adjustments to the role of government within the international community of nations.

4.4.7 Decentralization and Equity

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

4.4.8 Resource Investment and the Budgetary Process

The current sectoral and sub sectoral allocations of government expenditure, including the donor component, do not represent an optimum distribution in support of poverty reduction and growth. A better distribution must be achieved within the next few years. This will require experimentation and innovation to move from a somewhat inflexible system of budget planning and to remove the rigidities in the system. The budget is an essential planning tool. Perspective and medium term planning processes must be integrated with the procedures for MTEF and the annual budget. Significant adjustments are required to procedures. The review of MTEF and proposals for the second stage of this instrument must be seen as part of proposals to improve the overall long, medium and short-term government planning machinery. What is needed for the medium term is a process jointly owned by the NDPC and MOF; the latter being concerned with GOG fiscal and economic management and the former with medium term policy planning, including the role of the private sector.

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

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

Social Sector Budget, of the 60%		Economic Sector Budget, of the 40%	
Education	60%	Agriculture*	35%
Health & Welfare	40%	Infrastructure	45%
		Industry	20%

These figures respond to empirical observation of comparable situations elsewhere.

Provision is made for the geographical distribution of expenditure by MDA down to Regional level on the basis of twenty-seven parameters⁷. Data is currently not available for a further disaggregation. RCCs are required to consult with District Assemblies using proactive workshop techniques for defining sub Regional distributions. RPCU and DPCU must devise simple methods to facilitate the allocation of resource investment at District level by a rational analysis of prevailing conditions and need. More comprehensive methods for sub Regional allocations of government expenditure related to the preparation and regional coordination of District Development Plans will be provided by NDPC at a later stage.

Considerable additional resources are required in the three northern Regions overall, significantly to ameliorate the very high level of deprivation in this part of the country⁸. The northern parts of Brong Ahafo and the Volta Regions have similar conditions prevailing. Upper East, Northern and Central Regions record a deepening of poverty; all of these Regions in addition to Eastern Region have above average levels of poverty. Extra funding is required. Subject specific need is also identified⁹ for the advice of MDA. The need to reduce under-five mortality in Central and Brong Ahafo Regions is illustrated. Deficiencies in physical infrastructure are revealed in Brong Ahafo, Central and Volta Regions. A realistic locational pattern of resource expenditure must be devised to eradicate these inequitable variations.

The cost effectiveness of expenditure must be improved. Expenditure by MDA on goods and services in relation to spending on production, productivity and direct social protection is excessive. A better balance must be achieved. Guidance is given

* Including irrigation

⁷ Appendix A

⁸ Provision is made for extra per capita expenditure for the three northern Regions in Appendix A, paragraph 4, Box 2.

⁹ Appendix A, paragraph 5, Box 3 and Annex

in Appendix A of this report¹⁰. In addition to the foregoing future improvements to the composition of expenditure in support of poverty reduction and growth will depend upon two main factors. The ability of government to reduce spending on general administration and the cooperation of donors in the interpretation of the GPRS.

There are rigidities, which limit adjustments to the sectoral composition of expenditure in favour of poverty reduction and growth in the medium term. Public sector salaries represent a large part of administrative or overhead costs. The relative proportion cannot be reduced over a short period. On-going programmes and projects, particularly those, which are donor funded, must run their course, in most cases. These constraints limit the changes which can be made to sectoral and sub sectoral allocations. The following planned composition of expenditure covers the period 2002 to 2004. In course of implementation monitoring will determine the ability to improve composition in support of poverty reduction and growth on the basis of the figures above. Limiting factors may include the ability to reduce overheads and inflexibility in the targeting of donor aid.

Classification of discretionary expenditure	2001*	2002* W/O HIPC	2003** W/O HIPC	2004** W/O HIPC
Administration	26.70%	17.10%	17.00%	17.00%
Economic Services	15.43%	17.99%	18.10%	18.40%
Infrastructure	17.09%	18.79%	18.80%	19.00%
Social Services	32.61%	36.02%	36.00%	36.00%
Public Safety	7.77%	9.47%	9.50%	9.00%
Contingency	0.39%	0.62%	0.60%	0.60%

*Source 2002 Budget Statement - These sector shares have been adjusted for General Government Services (GGS) and reallocations made between sectors after extracting social and infrastructure expenditures

** Projections by GPRS

4.5.2 Framework for Poverty Reduction and Growth

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

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

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

However, immediate and sustained action is required on a number of issues given below.

¹⁰ Appendix A, paragraph 3, Box 1

- Promote labour intensive methods in all appropriate building and engineering projects
- Vigorously support all programmes which lead to sustainable livelihoods
- Increase the proportion of government expenditure in support of the agricultural economy
- Promote competitiveness in regional and international markets
- Undertake re-forestation and rehabilitation of degraded lands
- Enforce tree planting regulations by timber firms
- Initiate community participation in national resource and environmental management, monitoring & evaluation
- Initiate and implement effective planning of human settlements in the interest of efficiency and amenity

4.5.2.3 Human Resources

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

4.5.2.4 Governance

- Enforce a palpable political commitment to the processes of reform and development and the agencies responsible for their implementation
- Define the role of the state and its relationship to the private business sector as the engine of growth
- Incorporate civil society, including local communities into the nation building and development planning processes
- Vigorously proceed with *de facto* decentralisation and devolution involving a positive role for Traditional Authority and communities as partners of the District Assemblies
- Urgently increase the capacity of an appropriately sized public service with radically improved conditions of service
- Define the role of the Central Management Agencies (CMA) requiring provision of a standing technical body for the coordination of national

strategies on financial management, human resource management and development policy

- Define the functions, locate and strengthen the planning agencies (NDPC/MEPRC/PPMED/RPCU/DPCU) to provide a service in which economic, social and political policies in space and time are analysed and formulated as a single integrated task in collaboration with civil society
- Rationalise the roles of and procedures for MTDP and MTEF
- Accelerate the programme of divestiture as a matter of urgency
- Complete the programme for subvented agencies during the plan period
- Use divestiture proceeds entirely for debt reduction
- Introduce reforms to the budget and public expenditure management system as a matter of urgency
- Exert pressure for a coordinated posture by the African Union in relation to the global economy, the WTO and G7
- Explore the potential for international development programmes within ECOWAS

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

4.5.3 Cross Cutting Issues

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

The following cross cutting issues will require an integrated, interdisciplinary and cross-sectoral approach by MDA. The lead Ministry or Agency is indicated against each.¹¹

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

¹¹ A full list of collaborating MDA is given in Appendix B

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

The need for an inter sectoral approach to cross-cutting issues is self evident. An inter sectoral approach is also necessary geographically. In the past the tendency has been for expenditure on development to be widely dispersed which results in a limited impact. It is important that investment and services in support of poverty reduction and growth are concentrated in specific locations of identified need and opportunity in an integrated and comprehensive manner to create a critical mass of mutually supportive activities and services. To this end NDPC and MEPRC will, in collaboration with MDA, identify locations for this purpose including locational priorities for Accelerated Agri Business Zones (AABZ). It is emphasised that the MTDP and its poverty reduction and growth component are open-ended rolling plans which are subject to monitoring, evaluation and revision as a continuous process. The same principle applies to sectoral and District Plans.

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

4.5.4 Poverty and Growth Targets

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

The table below illustrates targets for poverty reduction

	2000*	2004
Core Poverty Indicators		
Incidence of poverty	39%	32%
Incidence of extreme poverty	27%	21%
Real GDP growth rate	3.7%	5%
Real GDP per capita growth	1.4%	2.4%
Gross primary school enrolment rate		
Total	77.6%	82%
Girls	71%	80%
Under-five mortality rate	110/1000	95/1000
Maternal mortality rate	200/100,000	160/100,000
Children under-five underweight	25%	20%
Total Fertility Rate	4.6	4.2
Supplementary Indicators		
Incidence of poverty among food producers	59%	46%
Incidence of poverty in:		
Northern	69%	60%

Upper East	88%	75%
Upper West	84%	70%
Consumer price index (end year)	40%	5%
Agricultural growth rate	3.8%	5%
Infant Mortality Rate	56/1000	50/1000
Criterion Reference Test (mastery level) for public primary schools		
English	8.7%	11%
Math	4.0%	6.4%
Gross junior secondary school enrolment rate	60%	65%
Households with access to safe water		
Urban	70%	78%
Rural	40%	54%
HIV/AIDS behaviour indicator – condom use		
Female	6%	20%
Male	14%	30%

*or latest year.

4.5.5 Expenditure

Volume 2 comprises:

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

5.0 THE MACROECONOMY

5.1 AN OVERVIEW

5.1.1 MACROECONOMIC STABILITY AND POVERTY

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

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

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

In particular, domestic financing of the deficit through the sale of Treasury Bills and through the printing of money (i.e. debt monetization) by the Bank of Ghana, has contributed immensely to high interest rates and inflation¹². High interest rates have raised the cost of credit to the private sector, stifled investment and consequently, the growth of employment opportunities in the private sector. On the other hand, the relative attractiveness of Treasury Bills together with the minimal risk associated with such investments have subverted the intermediation role of financial institutions and undermined competition for savings mobilization within the banking sector. This in part explains the large spread between the lending and savings rate¹³.

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

In effect, macro-instability in Ghana has been characterized by investment stifling real interest rates (i.e., the nominal rate adjusted for inflation), double digit inflation, an

¹² This is not to deny the potentially inflationary impact of foreign inflows on the economy.

¹³ The large spread (over 20 percentage points) between the lending and the savings rate is further explained by the poor risk assessment capacity of banks and the fact that their inflationary expectations are "downward rigid".

exchange rate that is both overvalued and volatile, a low level of savings and balance of payments deficits stemming from excess domestic demand for imports.

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

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

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

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

5.1.2 THE MACRO ECONOMIC FRAMEWORK

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

In the short to medium term (i.e., 2001-2004), changes in the key macro indicators are expected to be modest. The real GDP is expected to rise to 5 percent between 2001

and 2004. However, agriculture is expected to play a progressive role in achieving this objective. Agricultural growth is expected to rise from 2.1 percent per annum in 2000 to 5 percent per annum by 2004. The service sector, which has consistently enjoyed the fastest growth, is expected to experience a slower growth rate in 2004 relative to 2000. Industry on the other hand, is projected to experience accelerated growth with the implementation of agro-processing initiatives proposed in the GPRS. The overall targets for the period 2001-2004 are provided below:

Table 5.1: Key Macro-Economic and Financial Targets: 2001-2004

	2001 [*]	2002 [*]	2003 [*]	2004 [*]
National Income	(Annual % change unless otherwise stated)			
Real GDP Growth	4.0	4.5	4.7	5.0
Real per capita growth	1.4	1.9	2.1	2.4
Sectors				
Agriculture	3.7	4.1	4.8	4.8
Industry	4.0	4.7	4.8	5.2
Services	4.3	4.7	5.0	5.1
Money and Credit				
Annual avg. CPI	33.0	15.9	10.2	6.5
End of Period CPI	25.0	13.0	8.0	5.0
Reserve money	27.4	18.7	11.9	8.5
Credit to government	10.8	-2.8	-16.4	-20.9
Broad money including foreign currency deposits	36.5	21.5	14.0	10.0
Government Budget	(In % GDP, unless otherwise stated)			
Domestic revenue (excl. grants)	17.4	19.6	19.5	19.9
Total expenditure ¹	30.6	28.8	27.1	25.7
Overall Balance (cash basis after arrears clearance)	-6.8	-6.9	-3.0	-2.1
Domestic primary balance	4.0	4.0	4.0	4.0
Domestic Debt stock	21.7 ²	17.7	12.0	6.7
Divestiture Receipts	1.0	0.0	0.0	0.0
Functional Distribution				
Administration	29.08	19.79	19.00	19.00
Economic Services	15.46	18.00	18.20	18.20
Infrastructure	16.23	17.19	17.50	17.50
Social Services	30.89	34.71	35.00	35.00
Public Safety	7.94	9.66	9.70	9.70
Contingency	0.39	0.62	0.60	0.60
External Sector³				
Current account balance ⁴	-4.0	-6.5	-5.1	-4.8
External debt outstanding	135.9	131.2	128.0	125.1
External debt service incl. Fund	10.4	7.6	7.1	7.1
(In % of exports)	20.6	15.3	14.5	14.5
(In % of government revenue)	46.3	31.7	30.5	30.6
Gross International Reserves (in months of imports)	1.2	2.0	2.4	2.8
Cocoa Exports				
Volume (1000 tons)	410	428	448	466
Price (in US\$/ton)	1,163	1166	1125	1219
Investment and Saving				
Gross investment	23.7	24.2	24.8	24.9
Private	12.5	12.7	13.7	13.9
Public	11.7	11.5	11.1	11.0
Gross national saving	17.2	19.9	19.9	20.1
Private	11.5	10.3	9.6	8.4
Public	5.7	9.6	10.3	11.7

*Projected unless otherwise stated

1/Including capital outlays financed through external project aid and transfers to the local authorities

2/Provisional figures

3/Reflects large cedi depreciation relative to dollar in 2000

4/excludes expected savings from HIPC

5/Functional shares for 2002-2004 exclude debt relief savings

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

	1995	1996	1997	1998	1999	2000	Avg.
Real GDP	4.0	4.6	4.2	4.7	4.4	3.7	4.3
Agriculture	3.7	5.2	4.3	5.1	3.9	2.1	4.1
(%of GDP)	36.3	36.5	36.6	36.7	36.5	36.5	36.5
Industry	4.1	4.7	6.4	3.2	4.9	3.8	4.5
(%of GDP)	24.9	24.9	25.4	25.1	25.2	25.2	25.1
Service	4.7	4.2	6.5	6	5	5.4	5.3
(%of GDP)	28.1	28.1	28.7	29.1	29.2	29.2	28.7

Source: 2000 Budget Statement

5.1.3 MACRO ECONOMIC TARGETS AND JUSTIFICATION

5.1.3.1 GDP Targets

The targeted GDP growth rate of 4 percent in 2001 rising gradually to 5 percent to 2004 is based on historical trends and the anticipated impact of the proposed growth and poverty reduction strategies on the overall growth rate. Over the six year period, 1995-2000, real GDP growth has averaged approximately 4.3 percent. During that period, the agricultural, service and industrial sectors experienced average growth rates of 4.0 percent, 5.3 percent and 4.5 percent respectively. The highest overall GDP growth rate during the period was 4.7 percent in 1998 and the lowest was 3.7 percent in 2000. The targeted growth rate of 4.5, 4.7, and 5 percent from 2002-2004 period takes into account the positive impact of the measures proposed in the GPRS document, primarily macro-stabilization and improved agricultural productivity and processing on production income and wealth generation. The effects of these measures will however, not be felt until the latter part of 2002.

In particular the anticipated boost in agricultural production, which currently makes the greatest contribution to the GDP, will be critical to the realization of the overall GDP targets. In 2000, the contribution of agriculture, industry and services to the GDP were 36.5, 25.2 and 29.2 percent respectively. Net indirect taxes accounted for the remaining 9.1 percent. The targets for the period 2001-2004 assume that the sectoral contributions will remain largely unchanged. Using the 2000 sectoral shares as a point of departure, the projected growth rate for agriculture, industry and services for the year 2004 are 4.8 percent, 5.2 percent and 5.1 percent respectively. Indirect taxes are estimated to grow at the rate achieved in 2000 (4.4 percent) and maintain their 2000 contribution to GDP of 9.1 percent. The targeted sectoral growth rates are consistent with the projected overall growth rate of 5 percent in 2004.

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

5.1.3.2 Agriculture Sector Targets

The agricultural sector growth rate is expected to rise modestly from 2.1 to 3.7 percent between 2000 and 2001 and achieve a 4.8 percent growth rate in 2004. The targeted agricultural growth rate of 4.8 percent is premised on the successful implementation of a proactive Agri-business strategy that focuses on improving access to land and promoting effective marketing, storage and transportation systems to reduce price volatility and minimize production risks particularly those stemming from post harvest losses.

5.1.3.3 Industry Targets

Industrial growth is projected to reach 5.2 percent in 2004 on account of increased agro-processing activities, lower transactions costs associated with production, lower real interest rates resulting from a decline in inflation and inflationary expectations and the adoption of cost recovery pricing of utilities.

5.1.3.4 Services Targets

The growth in the service sector is expected to decline marginally from 5.4 to 5.1 percent between 2000 and 2001 as agriculture and industry take centre stage in government priorities. In particular, government services, which accounts for approximately 10.7 percent of GDP is projected to decline as the private sector assumes a leading role in the development process. Furthermore, the relative growth of the service sector will decline as resources gravitate to the agricultural and industrial sectors of the economy in response to incentives that make such sectors relatively more attractive to investors. Moreover, the decline in the yield on Treasury Bills resulting from reduced government borrowing will in the short run have an adverse impact on profit growth in the financial sector which currently accounts for approximately 14 percent of total service sector output.

5.1.3.5 Functional Expenditure Targets

The functional distribution of expenditures is projected to change in conformity with the strategies outlined in the GPRS. The proposed allocations in the Table below are based on broad targets including donor funds.

a) Administration

Allocations to this sector are expected to decrease over the period due to efforts aimed at maximising efficiency in service delivery. While the allocation to this broad sector is expected to decline from 29 percent to 23 percent over the 2001-2004 period, the relative allocations to MDAs in this sector will however be maintained at the 2001 level. The share of administration in total expenditures is expected to decline further as the savings from HIPC come on stream.

b) Economic Services

The allocation to this sector will rise gradually over the three-year period. The relative allocations to MDAs in this broad sector will change as a result of Government of

Ghana (GoG) funds earmarked for the Ministry of Agriculture, which are expected to increase over the 2001-2004 period. This increase is on account of the emphasis and priority given to the agricultural sector in the GPRS. It is anticipated that the Ministry of Agriculture will devote greater resources to facilitating irrigation and storage construction and improving marketing and distribution channels. It is anticipated that in conformity with the GPRS priorities, the relative share of donor funds to this vital sector will increase accordingly.

c) Infrastructure

The allocation to this sector will increase gradually over the period because of the need to rehabilitate existing feeder roads and trunk roads. The rate of increase is gradual because of an expected improvement in efficiency with respect to road construction.

d) Social Services

The bulk of the savings from the HIPC Initiative will be devoted to social services. Hence, HIPC savings will be additional to the shares depicted in the table below. It is projected that after the HIPC savings are taken into account, the relative share of social services will rise to 31 percent. The increase in the relative share of resources devoted to the social sector reflects the major role that education, health and social welfare services is expected to play in the fight against poverty.

e) Public Safety

The allocation to this sector will increase slightly from 8.0% to 8.2% throughout the period though actual resources to the sector will increase due to growth in the economy. Efficiency gains are also expected which will increase resources available to help strengthen the enforcement of human rights particularly for vulnerable groups such as women and children. The increase in resources to the sector will also strengthen police service in fighting armed robbery and to involve the military in rapid response to national disasters.

f) Contingency/Shock Fund

The Contingency Fund is earmarked as a buffer for minimizing the effects of both external and internal shocks. The allocation for this fund will be 0.3% percent over the 2002-2004.

5.1.3.6 Inflation Targets

The year-on-year inflation rate is projected to decline from 40.5 percent in December 2000 to 25 percent in 2001 and to 5.0 percent by 2004. By September 2001, the rate was 28.3 percent. The target of 5 percent for 2004, is based on the assumption that the growth in both broad and reserve money will decline from 34.1 and 28.5 percent respectively in 2001 to 10 percent and 8.6 percent respectively in 2004. Credit to government is also targeted to decline from a growth rate of 10.8 percent to -20.9 percent between 2001 and 2004.

5.1.3.7 Underlying Assumptions

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

5.2 KEY ISSUES & POLICY AREAS

To achieve the broad objectives above, the following measures will be adopted. These measures can be disaggregated into three areas:

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

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

5.2.1 Fiscal Policy Management

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

The elements of the strategy to improve fiscal discipline are:

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

5.2.1.1 Promoting Effective Debt Management

Improving the nation's debt management capacity requires more effective mechanisms to monitor the debt stock, restructure the domestic debt to ensure a greater balance between short and long term debt instruments. It also focuses on measures to re-direct more resources to reducing the size of the domestic debt. Currently, the precise value of the stock of domestic debt including government guaranteed debt to State Owned Enterprises remains a mystery. However, such debts may be eligible for relief under the HIPC initiative if appropriately documented.

a) Monitoring the size of the domestic debt

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

b) Restructuring the Domestic Debt Stock

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

c) Reducing the Stock of Domestic Debt

Effective debt management also involves identifying opportunities to reduce the debt stock to manageable levels. The nation's decision to join the HIPC initiative will be of assistance in reducing the external debt to sustainable levels. The domestic debt however, still remains a problem for reasons cited above because even though the domestic debt stock is only a fraction of the external debt, the high interest rates and short term nature of the domestic debt imposes a higher debt service burden on government than the external debt. This in turn reduces the quantum of available funds for other government expenditures including expenditure on the social and economic sectors. In effect, expenditures on health, education, feeder roads, rural water and sanitation that directly benefit the poor, are effectively constrained as debt service payments increase. Indeed, development expenditures have borne the brunt of reduced government expenditures. To alleviate the fiscal constraints imposed by the domestic debt it is proposed that 10 percent of the savings from the HIPC Initiative and ninety percent of the proceeds from the implementation of the divestiture process to be applied to reducing the domestic debt stock. Furthermore, government must intensify its effort to retrieve all arrears owed to it. Given the recent acceleration in

inflation it is imperative that appropriate interest charges are levied on the outstanding amounts.

5.2.1.2 Improving Public Expenditure Management

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

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

To ensure that allocations for poverty related projects are not misapplied it is proposed that expenditures at all levels are prioritised in accordance with the Ghana Poverty Reduction Strategy. Furthermore, it is proposed that existing expenditure monitoring systems be refined to facilitate closer tracking of poverty related expenditures including those funded under the enhanced HIPC initiative.

Poverty focused expenditure priorities identified in the GPRS can only be implemented if they find expression in the annual budgets of the MDA. The Medium Term Expenditure Framework provides the budgetary framework for MDA to incorporate into their respective budget, aspects of the GPRS that are relevant to their mission. To ensure that MDA do indeed reflect the GPRS in their budgets, the Ministry of Finance and the relevant planning agencies (i.e., the Ministry of Economic Planning and Regional Cooperation the National Development Planning Commission) will work in close collaboration.

A substantial portion of expenditure mismanagement can be traced to the point of procurement. Hence, expenditure rationalization must involve measures to plug weaknesses in the procurement system. To this end, the procurement and contract system will be reviewed to develop clear guidelines for the purchase of supplies and the award of contracts respectively.

The tendency for government to accumulate substantial payment arrears suggests that recording expenditures on cash basis understates the total payment obligations of government. To paint a more accurate picture of government expenditures it is

proposed that expenditures must be recorded on the basis of government commitments (i.e., accrual basis), not on the basis of its actual outlays.

To ensure greater transparency in the use of Special Statutory Funds (e.g., DACF, Road Fund, Education Fund etc.), it is proposed that information on transfers into the fund and on the utilization of such Funds is published on a quarterly basis.

5.2.1.3 Improving Fiscal Resource Mobilization

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

a) Minimizing revenue leakages in all revenue collection agencies

Achieving this objective will require a review of the incentive structure for all revenue agencies. In addition, the mechanism for setting revenue targets must also be reviewed. To this end, it is proposed that revenue targets must be set in consultation with an independent body or research institute. This body will also be involved in a comprehensive assessment of the revenue generating potential of the economy. Furthermore, revenue targets must control for or take into account expected inflation and exchange rate changes.

Revenue leakages will also be minimized through more effective monitoring and control of bonded warehouses. The tendency for bonded commodities to be removed from the warehouses without the requisite payment of duty results in substantial revenue losses. To improve the monitoring of bonded warehouses, it is proposed that a programme of automation of all such warehouses be undertaken.

The granting of exemptions to specified institutions and categories of goods coupled with the CEPS Commissioner's scope for discretion in the granting of exemptions has created opportunities for evasion of customs duties and a loss of government revenue. A suggested measure to increase transparency in the process is for government to publicize the list of exempted items and institutions. To minimize the discretionary powers of the Commissioner, the range of product eligible for exemption must be reduced.

It is also proposed that a common taxpayer database for tax collection agencies be established to provide revenue-collecting agencies with a more accurate profile of eligible taxpayers.

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

The failure of most user fees, taxes and charges to reflect production costs has contributed to revenue shortfalls and consequently the growth in the deficit. In response to this problem it is suggested that energy and utility pricing be based on the principle of cost recovery. However, it is recognized that the indiscriminate

application of the principle particularly in the area of health and utility pricing will result in undue hardship to the poor and undermine the very basis of the GPRS. To avoid pricing the poor out of the market for such essential services, it is proposed that a system of cross-subsidization measures are enforced to mitigate the impact of cost-recovery on the poor.

c) Strengthening the revenue collecting institutions

Revenue collecting agencies must be institutionally strengthened to improve their effectiveness in increasing government revenues. In line with this objective a National Tax Audit Team to assist the revenue collection agencies will be created together with a National Revenue Agencies Board charged with the responsibility of coordinating the efforts of the various revenue agencies. As an incentive for increased revenue collection, it is proposed that a percentage of revenues collected by revenue agencies will be re-invested for institutional strengthening.

d) Strengthening District Assemblies for improved tax collection

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

5.2.2 Monetary Policy Management

Discipline on the part of the monetary authorities is a critical complement to the realization of fiscal discipline. In the context of this document, the key indicators of monetary discipline (i.e., effective monetary management) are:

- Low (single digit) inflation and stable exchange rates
- Competitive interest rates
- Reasonable spreads between the lending and savings rates
- Effective management (sterilization) of foreign exchange inflows
- A transparent central bank

The strategy is to improve the Bank of Ghana's effectiveness in achieving price stability and to ensure that the exchange rate is not only stable but also competitive. However, the independence of the BoG must be promoted to minimize political interference in the conduct of its duties. Hence, changes in the regulatory framework are proposed.

Ultimately, the expected outcome is a monetary policy framework that is consistent with fiscal austerity. Indicators of such outcomes include the accumulation of official foreign currency reserves to levels consistent with the convergence criteria of the Second Monetary Zone, stable yet competitive real exchange rates, a reduced level of

credit to government, and increased credit to the private sector through competitive real interest rates.

5.2.2.1 Achieving Price and Exchange Rate Stability

Price stability will be achieved by controlling inflation on three levels: (a) inflation stemming from debt monetization; (b) inflation emanating from capital inflows; and (c) inflation originating from real exchange rate depreciation. The effectiveness of the BoG in carrying out these policies will be strengthened through legal and regulatory reforms that are designed to enhance the Bank's autonomy and independence.

a) Reducing Inflation and minimizing exchange rate manipulation

The Bank of Ghana has traditionally accommodated government fiscal overruns by printing money to finance the deficit. The inflationary impact of debt monetization has contributed, not only to the depreciation of the nominal exchange rate, but also to its volatility. Suggested measures to reduce inflation include a moratorium by the Bank of Ghana, on debt monetization. If successfully implemented this measure will help reduce inflation and stabilize the exchange rate.

Market and non-market (administrative) interventions in the foreign exchange market eventually undermine currency stability and are unsustainable because such interventions cannot be supported by the low level of international reserves and also because the over-valuation of the domestic currency ultimately leads to a resurgence of parallel market activities and undermines exports. To address this issue it is proposed that administrative interventions in the foreign exchange market be minimised. To strengthen the inter-bank market for foreign exchange it is also suggested that direct sales of foreign exchange to parastatals be curtailed. Instead more foreign exchange should be channelled through the commercial banks.

b) Ensuring Competitive Interest Rates and Reducing the Interest Rate Spread

Ultimately, reducing inflation will result in a lower nominal interest rates. However, the spread between the lending and savings rate has remained over 20 percentage points. Likely reasons for this development include poor risk management capacity in the banking sector and limited competition among financial institutions to mobilize savings from the public. In particular, the attractiveness of Treasury bills has undermined the incentive for banks to perform their primary function of intermediation. Hence, improved fiscal discipline, resulting in diminished government borrowing through the sale of Treasury Bills will assist in reducing the spread between the lending and savings rates as financial institutions offer higher rates to entice the public to save in their respective banks. On the other hand, improved financial risk management on the part of financial institutions will ensure that the risk margin embedded in the lending rate is not unduly overstated.

c) Increasing Transparency of Bank of Ghana operations

Under the current monetary policy framework, it is not clear when the central bank is in the money market for the purpose of funding government or conducting open market operations. It is also not obvious whether the current downward drift in

interest rates is a true signal of monetary policy intentions. Greater transparency would ensure greater awareness by the public of the government's policy thrust. It would also ensure that the public does not act in ways that undermine the effectiveness of government policies. An example of such activities is speculative purchases of foreign currency in anticipation of a depreciation of the domestic currency. The GPRS also proposes that transparency of the Central Bank will be further enhanced if it is required to report to Parliament on a regular (quarterly) basis.

d) Developing a database for a credit information system

The establishment of a credit information system is vital component of an effective risk management system. It allows financial institutions access to a common database on the credit history of potential and actual clients. While the GPRS recognizes the difficulties in establishing a fully operational credit information system in the short run, the importance of such a system suggests the need to initiate steps to start the process as early as possible. To this end, the GPRS proposes the establishment of a legal framework for the operation of credit information agencies. It also proposes the government mandate the use of SSNIT number and TIN for all financial transactions and also set up a task force to develop and implement a national identification scheme.

e) Minimizing impact of foreign exchange flows on domestic monetary aggregates

Unsterilized foreign inflows influence the monetary aggregates of the economy by increasing the money supply. Without a corresponding increase in the supply of goods and services such inflows tend to be inflationary. It is also noteworthy that in a flexible exchange regime such as Ghana's, such inflows initially strengthen the domestic currency and thereby boost imports at the expense of exports. To limit the adverse effects of inflows on the domestic economy, such resources should largely be used for the purchase of import inputs, the servicing of the external debt and to finance development projects. The use of such funds to finance recurrent expenditure, particularly wages and salaries must be discouraged. A notable exception to this rule is where such funds are used to facilitate rationalization of the public sector. For instance, in the governance section of this document, it is proposed that as part of the public sector rationalization drive, government should secure a loan to improve the service conditions of public sector employees.

5.2.2.2 Improving Institutional, Legal And Regulatory Framework for Monetary Management

The prominent issues in this context relate to the need to give the BOG greater autonomy in the exercise of monetary policy. This is to be achieved through legislative changes.

a) Revising laws and procedures governing the banking sector

Several laws governing the operations of the banking sector need to be revisited to improve the effectiveness of monetary management. For instance, the Exchange Control Act (71) of 1961 has not been revised since its enactment. The Act, which

promote long-term savings and also on regulatory changes to promote competition in delivery of pension schemes.

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

Domestic money banks are not well suited for providing long term financing since their deposits are subject to withdrawal at short notice. Pension schemes like the Social Security and National Investment Trust SSNIT on the other hand are a potential source of funds for long term lending. Contributions to SSNIT are currently fixed at 17.5 percent of total compensation for all formal sector workers (i.e., those enterprises employing more than 20 persons). The GPRS recognizes that in spite of its potential as a source of long-term lending, SSNIT has serious financial and administrative problems, which threaten its medium term functioning. Low rates of return on investment (2.3 percent in 1999), high provision for bad and doubtful debts (20 percent of assets) and high administrative costs (up to 22 percent of collected contributions) constitute some of the key problem areas. In view of this, the GPRS proposes that the reform of SSNIT be intensified. In particular SSNIT must achieve better internal control and audit systems, its investment strategies must be better designed and implemented and a significant proportion of its investments must be in short term or inflation indexed government securities. As SSNIT's financial health improves it is proposed that the required percentage of SSNIT contributions be gradually reduced to free up funds for supplementary pension schemes. To encourage patronage of such schemes, tax deferrals should be granted for participation.

5.2.3 *International Trade*

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

5.2.3.1 *Improving Export Competitiveness*

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

a) Maintaining Competitive Real Exchange Rates

The acceleration in the rate of inflation together with external shocks have contributed largely to the currency volatility in Ghana. In a flexible exchange rate regime the observed (i.e. nominal) exchange rate will depreciate (in the absence of government interventions) if the domestic rate inflation is higher than the corresponding rate among Ghana's major trading partners. Maintaining stable and competitive exchange rates will therefore require discipline and a harmonization in the monetary and fiscal policies of government to reduce inflationary growth and stabilize the value of the

currency. Furthermore, it is proposed that both market and non-market interventions in the foreign exchange market be minimized. Non-market interventions distort the exchange rate by under-pricing the foreign currency. The resulting overvaluation of the exchange rate leads to a resurgence in parallel market activities and penalizes exports. Market interventions (i.e., the sale of foreign currency to reduce its value) on the other hand, are unsustainable especially because of the low level of the nation's foreign reserves.

b) Improving the Import/Export Regime

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

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

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

c) Minimizing the Incidence of "dumping"

Dumping is said to have occurred if a commodity is sold on the domestic market at a price that is less than the cost of production. Dumping constitutes unfair trade practice and unduly disadvantages import competing domestic firms. In recognition of the adverse effects of this practice, the World Trade Organization ruled that a country can initiate anti-dumping measures after it has established that (a) dumping exists (b) there is material injury or threat of material injury to the nation's domestic industry (c) there is a causal link between the dumping and the injury. To the extent that the above conditions hold, the ultimate remedial measure against dumping will be the imposition of an anti-dumping duty equivalent to the full margin of dumping or less.¹⁴

¹⁴ The maximum acceptable WTO margin for dumping is 2% of the export price. Likewise, dumping is deemed to have occurred if the volume of imports of a commodity exceeds 3% of the volume of a similar product in the importing country.

6.0 PRODUCTION AND EMPLOYMENT

6.1 AN OVERVIEW

6.1.1 Agricultural Development

The strategy for improving upon production and generating gainful employment is based on the creation by government of an enabling environment for improved private sector production. This will involve improvement of the capacity of the private sector to adopt an entrepreneurial approach to increase productivity and generate employment.

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

An analysis of the structural roles of women and men reveals that women are more active in agriculture than men, especially in food production. Men are predominant in cocoa farming, as this requires individualised land ownership, which is not easily accessible to women, though women also supply labour in cocoa farming¹⁵.

Crop production is largely rain-fed and traditional techniques of production tend to dominate. It is estimated that 6000 out of approximately 2,740,000 farm-households nation-wide used irrigation services in the period 1998/99. The estimates also reveal that 20% of the households use fertilisers and about a tenth purchase seeds for planting (Ghana Statistical Services, 2000). Fertiliser use is estimated at 8kg per hectare compared to an average for developing countries of 60 kg per hectare. Productivity in the crop sector is therefore quite low. Estimates of achievable yields, that is, yields that have been achieved in isolated cases due to more effective extension and other logistic support show that there is a wide gap between actual and potential yields.

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

¹⁵ Draft Ghana Country Gender Assessment, prepared by World Bank staff, August 2001

dairy products and live cattle and sheep is a reflection of the lack of concerted efforts aimed at increasing productivity in the livestock sub-sector.

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

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

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

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

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

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

6.1.2 Non-Traditional Export Development

Non-traditional export development is seen as one of the critical areas for poverty reduction efforts as well as for growth. The range of products designated as non-traditional is large. All agricultural products other than cocoa, timber products other

than logs and lumber, locally manufactured products including handicrafts and salt and processed gold constitute non-traditional exports when exported. Ghana can take advantage as a small country to increase production significantly. The broad strategy is to increase non-traditional exports by reducing transactions costs and increasing the productive capacity of exporters.

6.1.3 Manufacturing Industry

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

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

6.1.4 Employment

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

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

There have been other schemes aimed at improving upon production conditions, thus contributing to employment generation. Some of these are: Credit schemes for small-

scale enterprises and farmers; Enhancing Opportunities for Women in Development; Community Initiative Projects; and Ghana Regional Appropriate Technology Industrial Services, GRATIS, and the Intermediate Technology Transfer Units, ITTUs. A large section of the urban work force is self-employed in the informal sector. The sector is therefore very important to Ghana's economic progress. Its features are addressed to increase production and productivity.

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

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

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

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

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

6.1.5 Services Sector

The services sector is the fastest growing sector. Ghana has taken on the features of a present day industrialised country with a large services sector without having gone through the prior stage of developing the agriculture and industry base of the economy.

The tourism sector has emerged as an important earner of foreign exchange ranking third after gold and cocoa. The sector is expanding quite fast. Information provided by the Ghana Tourist Board on the purpose of visit shows that in the majority of instances the tourists come to Ghana to conduct business and or attend conventions (26.1%), for official reasons (10.7%), or to attend to family-related matters (31.7%). Ghana appears to have more success in attracting "conference" tourists rather than the traditional tourist. Less than a third of the tourist arrivals come to Ghana for a vacation. This is an area that must be explored and developed.

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

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

6.1.6 The Formal Sector

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

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

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

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

6.1.7 The Informal Sector

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

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

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

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

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

6.1.8 Inter-Ministerial Co-ordination

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

6.1.9 Environmental Protection

Increased production and gainful employment through enhancement of infrastructure (feeder roads, storage facilities, and irrigation development) and mining activities will be strongly supported by environmental impact assessments and audits. Concerns on deforestation, land degradation through mining and farming activities, loss of coastal ecosystems and fisheries will be seriously addressed together with those from manufacturing industries.

The empowerment of civil society including traditional authorities will be promoted to address issues on land degradation resulting from illegal mining, farming activities and chain saw operations. Laws on bush fires, illegal mining and chain saw operation will be reviewed and enforced. Fire plans must be integrated into large-scale agricultural projects.

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

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

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

6.1.10 Gender Equity for Increased Production

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

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

6.1.11 Information and Communication Technology (ICT)

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

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

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

6.1.12 Science and Technology Application

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

6.2 KEY ISSUES AND POLICY AREAS

Despite the fact that deprived areas have been identified for many years there has been no consistent attempt to allocate resources in such a way as to provide a comprehensive economic and social environment to assist seriously deprived areas and to stimulate the development of geographical areas with significant development potential.

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

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

Table 6.1: Production Growth Targets

	2001	2002	2003	2004
Sectors				
Agriculture	3.7	4.1	4.8	4.8
Industry	4.0	4.7	4.8	5.2
Services	4.3	4.7	5.0	5.1

6.2.1 The Rural Environment As A Catalyst For Economic Transformation

The rural environment, which is proportionally over 60% of the country, is seen as the point of leverage for national economic transformation. Transformation of the rural environment can be achieved through agro-based industrialization (i.e. agricultural processing), effective decentralization, private sector development and a changing role of the state. It will also require changing values for instance in relation to gender roles. Land reform is essential not only to rural transformation but for enhancing the production environment in general. The role of government in this strategy will comprise investment in transport infrastructure, concentrating in areas of high agricultural potential such as the Afram Plains and the onchocerciasis-controlled zone to make them attractive to formal private investment.

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

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

Table 6.2: Targets for Production

	Target date
Support establishment of 50 agro-processing plants in the northern and coastal savannah	2004
Delivery of service by ITTU increased by 50%	2004

Proportion of farmers with access to dugout water facilities in Northern Ghana increases to 15%	2004
Institute land administration reform	2004
Incentives to attract entrepreneurs into agriculture and agro-processing	2004
Extension agent/farmer ratio increases from 1/2500 to 1/1600	2004
Proportion of farmers with access to feeder roads increases to 40%	2004
Proportion of rural communities with access to electricity for domestic, commercial and industrial uses increases 15% to 20%	2004
Proportion of total renewable energy used by the poor increased by 10%	2004
A. L. A. Under Cultivation from 25% to 30%	2004
Total Area Under Irrigation (1994) increased from 0.04% to 0.12%	2004

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

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

A. Infrastructure

a) Irrigation Development

Total area under irrigation in Ghana is very limited - just about 0.04%. This low proportion prevails despite the real need in the northern and coastal savannah due to both erratic and insufficient rainfall. Existing viable irrigation facilities will be rehabilitated to attract private sector management. The private sector will be encouraged to use the nucleus-out-grower schemes with groups of small-scale farmers and co-operative societies. At least fifteen percent of communities in Upper East Region where rainfall fails more often must be provided with access to dugouts to alleviate such extreme situations.

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

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

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

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

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

One way to speed up the delivery of existing projects such as the Social Investment Fund (SIF) and the Village Infrastructure Programme, (VIP) is to accept labour and land as part of community contributions. This removes the constraint of monetary contributions, which poor communities cannot afford. It is recommended that communities be supported by NGOs and other micro-finance institutions to access funds such as those from the VIP and SIF.

b) Storage Facilities

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

Strategies for tackling post harvest losses will include:

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

c) Feeder Roads

An important objective of GPRS is that of increasing physical or spatial access to markets through feeder roads and other vital road networks. Currently there are about 22,700 kilometres of feeder roads and only 40% of this network is classified as good. Due to inadequate infrastructure and high transport costs, ninety percent of farm produce is head-loaded at the village level mainly by women and children. The general lack of farm-to-village access roads and limited access to intermediate (i.e. bicycles, push-carts etc.) means of transport imposes significant drudgery on rural populations and contributes significantly to post harvest losses. It is a key objective of the GPRS that not only will the existing network be maintained, but also that the total maintainable network be increased.

Feeder road improvement is the responsibility of the government and strategies to address this issue are outlined below. A major obstacle to road maintenance is that when a capital sum is entered for construction, no provision is made for recurrent maintenance costs. In the strategy, budgetary allocations will be made for feeder road maintenance. This is especially important since labour-based maintenance programmes are a potential source of employment for agricultural labour during the off-season. Women labour will be particularly used. Additional feeder roads particularly in productive areas of northern Ghana, Volta Region and the Brong Ahafo Region, will be constructed to link producers to marketing channels. Equally important, access to the accelerated agri-business zones will be ensured as part of efforts to facilitate investments by the private sector.

In addition:

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

c) Trunk and Urban Roads

A complimentary network of about 14000 kilometres of trunk and 3000 kilometres of urban roads will be rehabilitated and maintained alongside feeder road construction and maintenance. Trunk road network constitutes the main vertical and horizontal axes of the transportation system in Ghana. For effective distribution of resources to farms and production centres some key trunk roads will be targeted under the GPRS. Some important examples include the Afram Plains and Northern Volta Region. Also to be targeted are urban road networks that serve vital marketing and industrial centres as well as the ports for regional and internal trade. In addition, urban roads will be maintained as part of a programme to improve poor income areas.

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

B. Marketing

a) Marketing and Distribution of Farm Produce

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

- Providing farmers with adequate funding and other resources as well as access to marketing outlets to break the existing well-organised monopolistic marketing channels
- Reduction of the numerous taxes at roadblocks by the district assemblies, the GPRTU and others. These taxes get disproportionately transferred in the form of lower prices to producers and higher prices to consumers. The numerous taxes can be reduced by a regulation, which allows only originating districts to levy a district tax.
- Using local radio stations to generate popular discussions on the effects of monopolistically organised marketing channels. In addition, district assemblies in collaboration with local NGOs will disseminate market information locally and through community based organisations.

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

b) Standardization and Quality Control

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

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

Helping producers undertake the following will enhance product quality:

- Choosing excellent crop varieties to grow
- Applying effective production and management techniques
- Paying attention to the maturity stage at harvest
- Undertaking packaging and presentation
- Achieving desirable physical characteristics such as size, shape and colour, which are influenced by production and grading systems used.

C. Extension Services Provision

a) Performance-Oriented Extension Services

Effectiveness of extension services has been limited both by inadequate number of officers, lack of adequate mobility, and lack of commitment due to poor motivation. Currently there is one extension officer to 2500 farmers. The level of services is inadequate to advise farmers to sufficiently improve their production methods.

Performance-based extension service will be promoted to involve the use of extension officers who may be supervised by MOFA and in some cases by accredited bodies such as NGOs. Performance contracts will be signed with both supervisors and the extension staff. The target groups will have a role in the assessment of results of the implementation of planned activities.

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

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

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

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

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

b) Crops Development

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

- Development and multiplication of new improved varieties of seed and planting materials of selected crops including: maize, rice, sorghum, millet, plantain, cassava, yam, soybean, cowpea, tomato, pepper, exotic vegetables, cocoa, cashew, coconut cotton pineapple, pawpaw, mango, citrus etc.
- Crop improvement, adaptation and multiplication of introduced varieties
- Improved soil fertility and plant nutrition management as prescribed in the National Soil Fertility Management Practices
- Updating existing technological packages and promoting environmentally sustainable cropping practices in agro-forestry, land and water management in farming communities

- Using bio-technological applications to boost agriculture – these processes hold the promise of increasing food production, reduce costs, fight crop diseases and reduce environmental damage caused by traditional methods of production and the use of pesticides. Productivity and quality gains can be obtained for the production of food, feed and raw materials.
- Promotion of integrated pest management practices
- Control of Cocoa Swollen shoot virus diseases
- Improvement in farm level operations (cultural practices) and post-harvest handling

c) Livestock Development

The challenge to the GPRS is how to establish sufficient incentives and technological support to promote the development of improved breeds of livestock and sustainable control of animal diseases.

Under the GPRS, livestock development strategy will focus on:

- Production of improved breed
- Production of quality animal feed
- Meat and dairy development/processing
- Control of local animal diseases and prevention of introduction of external diseases through effective surveillance and quarantine procedures
- Improvement of husbandry practices
- Discouraging subsidised and cheap imports

Improved livestock production through mixed farming approaches in Ghana can meaningfully increase food security and reduce poverty in the country.

d) Fisheries Development

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

- The development of hatcheries, and production of finger-lings
- Construction of ponds, pens and cages
- Harvesting, control and distribution of water to the production facilities
- Fish husbandry and Health
- Harvesting and handling of fish
- Storage, processing and marketing

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

e) Development of Appropriate Technology

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

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

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

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

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

f) Formation of Farmer Based Organisations (FBOs)

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

g) National Strategic Buffer Stocks (NSBS)

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

6.2.1.2 Creating the right institutional environment for entrepreneurial development in agriculture

a) Accelerated Agri-Business Zones

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

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

The aim of establishing these zones is to speed up the process of agricultural modernization through the private sector. Reliance on the traditional farming systems and practices are responsible for the endemic low productivity and widespread poverty. Priority locations for such Accelerated Agri-Business Zones will be the existing irrigation sites, coastal savannah, oncho-controlled zone of the northern savannah and the Afram Plains. In the general the objective of land administration

reform, to bring land into the national economy and its value made accessible to the farmers will be implemented.

6.2.2 Production And Employment In Agro-Processing

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

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

Table 6.3 Targets on Agro-Processing up to 2004

	Target Date
Establish Small-Business Enterprise Zones with support infrastructure and ITTU advisory services in profitable locations in Tamale, Takoradi and Cape Coast	2002
Delivery of service by ITTU increased by 50%	2004

6.2.2.1 Increasing Production and Employment by Promoting Agro-processing

a) Employment Creation Opportunities

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

b) Small-Business Enterprise Zones

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

These zones will be legally acquired areas, which will be supplied with services and facilities. Acquisition of land within these zones will enable the entrepreneurs obtain legality of tenure and hence the collateral that will enable them seek for institutional credit support. Small enterprise zones will also eliminate the frequent harassment of

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

6.2.2.2 Improving Productivity In The Industrial And Service Sectors

a) Institutional Support for Industrial Productivity

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

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

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

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

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

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

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

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

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

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

6.2.3 Energy

The overall objective of the energy sector is to ensure a reliable supply of high quality energy services for all (both urban and rural) Ghanaian homes, businesses, industries and the transport sector while making significant contribution to the export earnings of the country. The intention is for the energy sector to provide the impetus for it to become a major contributor to economic growth. The need to secure future energy supplies is recognised as critical.

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

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

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

6.2.3.1 Improving energy provision for production in rural areas

Energy resources are very important in the production process. So far, the poor and rural communities rely heavily on biomass for their production energy needs. This is not sufficient in many cases and is environmentally harmful. In the first place, the financial viability of the Volta River Authority, the Electricity Company of Ghana, and the Northern Electrification Department will be strengthened to enable them expand services to poor, rural communities through the self-help electrification programme, SHEP. Part of this will be achieved by a more serious promotion of energy efficiency and conservation measures for domestic, commercial and industrial users.

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

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

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

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

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

6.2.3.2 Renewable Energy Technologies

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

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

6.2.4 Environmental And Natural Resource Management

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

In collaboration with the Ministry of Energy, the Ministry of Environment, Science and Technology and the Ministry of Local Government and Rural Development, the Ministry of Lands and Forestry is currently implementing a comprehensive ten-year sector investment programme, the Natural Resource Management Programme. This

programme is to protect, rehabilitate and sustainably manage the national land, forest and wildlife resources through collaborative management and aimed at increasing the incomes of rural communities who own these resources.

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

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

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

Table 6.4 Targets for Environmental Protection

	Target Dates*
Degradation related to crop and livestock production activities reduced by 20%	2004
Loss of forests through fire, logging, fuel-wood extraction forest encroachment etc. reduced by 10%	2004
Environmental resource degradation arising out of mining and manufacturing reduced by 20%	2004

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

Natural Resource Utilization

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

Current mining laws tend to disproportionately favour large scale mining enterprises. To address this apparent imbalance, measures will be put in place to expand the scope and increase the support to the small and medium scale sub-sector with the view to

making it the predominant means of exploiting minerals in the long term. These measures will include undertaking detailed geological field studies in identified areas that have been found to be unsuitable for large-scale mining operations and classifying areas as either suitable for either small, medium or large-scale mining operations on the basis of geological assurance.

b) Laws, Regulations and Programmes

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

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

c) Resource-Based Enterprise Development

Supplementary livelihoods can be promoted with information on the demand for natural resource based outputs. Technology introduction for production and market information will enable communities undertake these activities. A revolving fund to enable rural people partner with private investors. An effective legal framework that supports the sustainable use of resources must be instituted and enforced with leadership provided by the Ministry of Environment, Science and Technology, (MEST), and the Environmental Protection Agency (EPA). Community empowerment includes awareness creation on sustainability.

Targeted support for these activities including pottery, baskets, handicrafts, beads, cane products and others will be of immense benefit to women since they dominate in such activities.

d) Private Sector in Rural Natural Resource Enterprises

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

e) Access to Land

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

f) Reforestation of Degraded Lands

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

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

6.2.5 *Non-Traditional Export Development*

Ghana currently has a small export base of US\$1.6 billion relative to its huge potential. In 1993 and 1996, total exports grew 17% and 21% respectively. Thus an annual growth rate of 15% is feasible and great attention will be given as part of the strategy to achieve the required market access.

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

Table 6.5 Targets for NTE Development

	2001*	2004
Total value of NTEs increases	US\$404.4 million	US\$600 million.
Total value of Agricultural NTE increases	US\$84.2 million	US\$150 million.
Number of Agricultural NTEs increases	74	90
Total number of NTE exporters increases	1714	1800
Out-growers schemes established	-	60

* Or most immediate year

6.2.5.1 Increasing the Production and Exports of Non-Traditional Exports

a) An Enabling Environment

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

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

In order to promote expansion in NTE production, suitable entrepreneurs will be identified and supported. Especially to be targeted are activities that maximize both forward and backward linkages. At least two winners irrespective of gender must be supported from each district. In addition women will be considered separately and winners chosen in each district for support.

Availability of land for production of NTEs, especially agricultural must be ensured. Out-grower schemes can address this thorny issue in the short term. In the medium to long term land can be acquired by government and leased to individuals for NTE production.

b) Entrepreneurial Development in Tertiary Institutions

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

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

f) Regional Trade Barriers

There is a large potential in intra-West African trade which is currently not realized due to a lack of the implementation the regional trade agreements under ECOWAS. The Ministry of Economic Planning and Regional Co-operation in collaboration with the Ministry of Foreign Affairs must provide leadership towards the complete ratification of these agreements to open up trade within the region. To overcome barriers, the trans-coastal route and interconnecting roads from Aflao to Elubo and Accra to Paga must be completed. In addition, the number of checkpoints within country must be reduced to minimize delays and reduce cost to exporters. These will pave the way for increased production and trade in many products of the region including salt, kola, hides and skins, fuel and manufactured products.

6.2.6 *Increasing Employment Opportunities*

The former Ministry of Labour and Social Welfare is being re-focused into the Ministry of Manpower Development and Employment to produce a skilled motivated workforce. This Ministry will promote the development of manpower and sustainable employment opportunities for improved productivity, efficiency and equity in order to reduce poverty and ensure growth. Many of the provisions above already address

Table 6.6 Targets for Employment Creation

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

6.2.6.1 Increasing employment opportunities for poverty reduction.

a) Manpower Development Plan

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

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

Some important elements of the manpower development plan include:

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

Targets for Education are as follows:

	2000*	2004
% of total government spending on education	16.4%**	19.5%
% of total education spending on:		
- Primary	31.9%	36.0%
- Pre-school	6.6%	6.6%
- Junior secondary education	18.8%	19.8%
- Secondary education	15.1%	13.8%
- Technical and vocational education and training	1.1%	2.4%
- Teacher training	5.0%	4.0%
- Tertiary education	13.3%	10.3%
- Non formal education	1.3%	2.0%
- Special education	0.6%	0.6%
- Management	6.3%	5.0%
- O/w basic (pre-school, primary, JSS, non formal)	58.6%	64.4%
Gross primary school enrolment rate		
- Total	77.6%	82%
- Girls	71%	80%
Gross primary school enrolment for:		
- Northern region	45.8%	55.8%
- Upper East region	48.5%	58.5%
- Upper West region	50.7%	60.7%
Share of primary classrooms in each of three Northern regions increases to 30%	20%	30%
Gross junior secondary school enrolment rate	61%	65%
Gross secondary school enrolment rate	17%	25%
Primary school drop out rate at primary:		
- Girls	30%	20%
- Boys	20%	10%
P6 pass rates for Criterion Referenced Tests (CRT) at mastery level for public schools:		
- English	8.7%	11.0%
- Math	4.0%	6.4%
Transition rate from P6 to JSS1	96%	98%
Transition rate from JSS to SSS	35%	40%
Children reached by alternative education in: Accra, Kumasi, Three northern regions		100,000

* 2000 or most recent year

** Revised budget November 2001

The priority interventions under the GPRS are as follows:

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

7.2.1 School Improvements

7.2.1.1 Basic Education

At the basic level a school improvement programme will be developed by mid 2002. The programme will harmonise good practices of ongoing projects, particularly the *Whole School Development, Quality Improvement in Primary Schools, Child-School-Community and Science, Technology and Mathematics in Basic Education* projects.

To increase access and opportunities for training of Technical and Vocational Teachers for the effective delivery of education and training, the proposal is for the rehabilitation and strengthening of the University College of Education, Winneba and the Mampong Technical Teachers' College.

7.2.1.4 Adult literacy

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

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

The special emphasis on teachers by the GPRS is to step up improvements in educational outcomes. The programme will harmonise all ongoing in-service teacher development initiatives by mid 2002 to focus on quality, reduce duplication and optimise use of teachers' time. The system for school inspection will be strengthened and sanctions imposed for non-performing teachers. Teacher supervision will be reorganised at all levels and teachers who are currently occupying administrative posts will be redeployed to the classroom. There will also be the introduction of teacher rotation/redeployment system to supply remote rural areas with qualified teachers serving for a minimum of two years in these areas.

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

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

7.2.3 *Reformed management of the education sector*

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

For the achievement of higher results within the sector, donor coordination including the introduction of a sector wide approach will be advanced as part of the implementation of the GPRS. In addition, all approved and earmarked financial

resources to education would be required to be transferred to the MOE/GES on a timely and regular basis from the Ministry of Finance. Financial and management audit of all sections of the Ministry of Education to will be undertaken to significantly reduce wastage including investigation into the duplication of management responsibilities between GES and religious units.

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

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

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

7.2.4 Special partnership programmes with non-state actors

Special partnership programmes with civil society and private sector organisations will be developed by mid 2002. These will focus on areas where non-governmental and private sector organisations have historically been lead players, viz., early childhood development, alternative education and vocational and technical training.

7.2.4.1 Early childhood development

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

Government will stimulate direct service provision by the traditional providers, namely, nongovernmental and private organisations, through strengthening its own role in policy development, training of caregivers, regulation and co-funding through existing social investment projects. The Ministry of Education (MoE) will in this regard focus on the finalisation and adoption by cabinet the policy on early childhood development. Emphasis will be placed on the establishment or in cases where they already exist, strengthening community organisations to manage early childhood development centres. The training of caregivers will be decentralised to more effectively cover the total country. The GPRS also proposes the establishment of a system to regulate content of training and fees and to ensure timely supervision and monitoring. Existing social investment projects¹⁷, will be adapted to support community management of early childhood development.

7.2.4.2 Alternative education

Alternative learning will be promoted to provide basic education to out-of-school children as well as provide literacy and numeracy skills to adults. Like early

¹⁷ Including projects supported by Social Investment Fund, UNICEF, Catholic Relief Services, Action Aid etc.

childhood development, the role of government will be restricted to policy development, regulation and monitoring, while the traditional providers, nongovernmental and private organisations will directly provide services.

The MoE will in this regard focus on developing a framework for collaboration with nongovernmental organisations to support access programmes for out of school and drop out children, including shepherd schools and special instruction for street children. Guidelines will be developed with nongovernmental organisations to better integrate children from complementary/alternative education into formal sector, including the harmonisation of curricular for provision of alternative education.

Existing social investment projects¹⁸ will be adapted to include alternative education for out-of-school children and adult literacy programmes for especially women and junior youth.

7.2.4.3 Vocational and technical training

Priorities for developing vocational and technical training are discussed in detail under the section on *Skills and Entrepreneurship Development*.

7.3 SKILLS AND ENTREPRENEURIAL DEVELOPMENT FOR THE YOUTH

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

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

The Ministry of Manpower Development and Employment, with the support of the Ministry of Youth and Sports will lead the development of a *Skills and Entrepreneurial Development Programme*¹⁹ involving stakeholders to address constraints of the youth in acquiring skills for gainful employment. The Skills and Entrepreneurial Development Programme will build on good practices from past programmes. The framework of the programme is proposed by the GPRS. Detailed programme development is however expected to take place in the first half of 2002, adoption in the second half of 2002, with implementation starting in 2003.

The *Skills and Entrepreneurial Development Programme* is expected to adapt and coordinate all existing initiatives to achieve the objectives of the GPRS as well as

¹⁸ Including projects supported by the Social Investment Fund, UNICEF, Catholic Relief Services, Action Aid etc.

¹⁹ The section on *Education* outlines interventions to address constraints in access and quality at all levels of education.

mobilise new resources from government, nongovernmental and private sector organisations to support the youth in acquiring employable and entrepreneurial skills. The Programme will combine both formal and traditional forms of skill acquisition with a strong focus on entrepreneurial development. Institutions for skills training will be encouraged to operate production units to provide trainees with practical experience and also provide those institutions with additional sources of revenue.

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

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

7.3.1 Relevance & Coverage Of Vocational And Technical Training

Keeping up with technology and improving relevance are key to expanding vocational and technical training. In this regard, responsibility for all aspects of vocational and technical education/training will be placed in the MMDE. Government will provide support for the development of policy to stimulate and regulate vocational and technical training and for the revision of the curriculum of vocational and technical schools to increase their relevance to the labour market, particularly in relation to farm management, construction techniques and entrepreneurship. Measures will be put in place to improve the certification system to support training of on-the-job workers and traditional apprentices.

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

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

7.3.2 Establishing Community-Based Vocational Apprenticeship Schemes

Community-based apprenticeship scheme will target young people who are barely literate due to early drop out or inability to attend school. Government, in particular District Assemblies, will provide grants through ongoing programmes²⁰ to enable such young people acquire skills within their districts. Farm management and food processing apprenticeship schemes on successful commercial farms and agro processing units will be priorities in rural districts. Support will be provided to master craftsmen in technology upgrading training as well as advice on micro finance opportunities.

²⁰ Such as the Youth in Agriculture Programme and the JICA supported Integrated Human Development Programme

7.3.3 Entrepreneurial Development

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

7.4 HIV/AIDS

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

With the level of infection and very limited gains in behaviour change, a renewed focus on HIV/AIDS prevention is key to achieving sustainable poverty reduction, given the low costs relative to treatment. Resources will nevertheless be provided for care and support for those living with the disease and their families, to reduce exclusion and further enhance prevention. The draft National HIV/AIDS & STI Policy, the National HIV/AIDS Strategic Framework (2001-2005) and the GPRS consultations provide direction for the 2002-2004 period.

Targets for the period are as follows:

	2000*	2004
Reduction of new HIV infections among the 15-49 age group (2000 as base year)		24%
Condom use to avoid HIV/AIDS		
Women	5.8%	15%
Men	15.4%	25%
Health facilities with adequate arrangements to care for PLWHA		30%

* Data for 2000 or most recent year

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

unions, traditional leaders, religious bodies, the media and community based organisations.

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

Priority interventions will focus on three areas as follows:

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

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

7.4.1 Preventing new transmission of HIV

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

7.4.1.1 Improved direct service delivery

Improved direct service delivery, which will include strengthening the management of STDs, expanding facilities to prevent Mother-to-Child transmission, increasing the number and coverage of voluntary testing and counselling centres, ensuring safe blood transfusion, radically expanding access to female and male condoms and ensuring provision of drugs to HIV positive mothers and children.

7.4.1.2 Intensifying Behaviour Change Communication

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

7.4.1.3 Special programmes for high-risk groups

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

7.4.2 Provision of continuum of care for PLWHA and their families

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

7.4.2.1 Counselling and treatment of opportunistic infections

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

7.4.2.2 Access to STI care

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

7.4.2.3 Capacity building for organisations

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

7.4.2.4 Reducing Stigmatisation and Discrimination

Reducing stigmatisation and discrimination of PLWHA and their families will be undertaken through the capacity of the judicial system and human rights organisations such as Commission for Human Rights and Administrative Justice (CHRAJ), International Federation of Women Lawyers (FIDA), Legal Aid Board and civil society organisations.

7.4.3 Laying an effective institutional foundation

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

7.5 POPULATION MANAGEMENT

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

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

Targets are as follows:

	2000*	2004
Total fertility rate	4.6	4.2
Use of modern contraceptive methods:		
Women	13%	20%
Men	20%	35%
Electronic media exposure to family planning messages		
Women	32%	70%
Men	39%	80%

* Data for 2000 or most recent year

A two-pronged approach will be employed as follows:

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

7.5.1 Decentralisation of Counselling Services

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

7.5.2 Instituting a major national campaign on fertility regulation

Operational research on barriers to family planning will be undertaken as part of a major national campaign on regulating the fertility of the population. In addition, a comprehensive and systematic culturally-sensitive information, education and communication (IEC) on family planning will also be undertaken nation-wide, on the scale of current IEC on HIV/AIDS.

7.6 HEALTH

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

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

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

Jointly, interventions on *health care* and *safe water and environmental sanitation*²¹ (discussed in subsequent sections) are expected to result in the achievement of the following targets:

Targets are as follows:

	2000*	2004
Infant mortality rate	57/1000	50/1000
Under-five mortality rate for:		
Total country	110/1000	95/1000
Northern	171/1000	130/1000
Upper East	155/1000	116/1000
Upper West	156/1000	117/1000
Central	142/1000	107/1000
% Children under five malnourished (underweight)	25%	20%
Maternal mortality rate	200/100000	160/100000
Reported cases of guinea worm	3678	0

* Data for 2000 or most recent year

7.6.1 Health Care

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

Targets for 2004 are as follows:

	2000*	2004
% Total government expenditure on health	5.7%	7%
% Recurrent spending on districts and below	42%	44%
% Recurrent spending on sub districts	21%	30%
% Capital spending on sub districts	7%	15%
% Of recurrent spending on three northern and Central regions	32%	39%
Proportion of people consulting qualified health personnel when ill	30%	50%
At least 10% increase in amount budgeted for exemptions from fees	€12bn	€13.2bn

²¹ Responsibility for *Health Care* lies with the Ministry of Health, while that for *Safe Water and Environmental Sanitation* lies with a multiplicity of agencies, including Community Water & Sanitation Agency, Ghana Water Company Ltd., Ministry of Local Government & Rural development and District Assemblies

Per capita OPD attendance at public facilities	0.49	0.55
Uptake of antenatal care	96%	98%
Post-natal care coverage	52%	58%
DPT 3 coverage	75%	90%
Proportion of supervised deliveries	49%	55%
Ratio of population per nurse in Northern: Greater Accra	4:1	3:1
Ratio of population per doctor in Northern: Greater Accra	5:1	4:1

* Data for 2000 or most recent year

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

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

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

In order to bridge the equity gaps in health care, the following will direct the interventions to be made. Resource allocation criteria and a facility distribution plan will be developed to improve targeting of poor groups and geographical areas. In addition, there will be redistribution of health workers in favour of deprived areas. Provision of outreach services and clinics in deprived rural and peri-urban areas, especially in northern Ghana, will be priority for the period.

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

The GPRS recognises the importance of ensuring quality of care for the poor, including building skills and systems that respond more effectively to the needs of the poor, including engaging poor communities in addressing barriers to access. Due to the debilitating nature of the effects of malaria, the GPRS emphasises its prevention. For the effective treatment of malaria, the strategy will include ensuring availability and use of insecticide-treated bed nets.

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

7.6.1.2 Ensuring sustainable financing arrangements that protect the poor

As the basis of reaching the poor in the short term, measures will be put in place for improvement of the exemption policy to ensure coverage of obstetric emergencies and

life-threatening pregnancy related conditions, mortality due to childhood diseases and effective ways of reaching poor elderly citizens. In the medium term, exemption policy will be harmonised with the proposed health insurance scheme to protect the poor. A low acceptable rate of payment will be fixed for out-patients and in-patients at the sub-district and district level in the Central and the three northern regions.

Government's share of the budget for providers of basic services for the poor, especially at the district level and below will be increased and the institutional, legal and financial framework established for effective partnership with *not-for profit* and private providers.

7.6.1.3 Enhancing efficiency in service delivery

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

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

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

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

7.7 SAFE WATER AND ENVIRONMENTAL SANITATION

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

- Acceleration of rural water provision, with emphasis on guinea worm endemic communities and regions that have least benefited from new investments in the past decade

- Effective management of urban systems
- Safe liquid and solid waste management
- Capacity building for environmental health

Targets are as follows:

	2000*	2004
Rural population with access to safe water	40%	54%
Rural population with household latrines	15%	25%
Urban population with access to safe water	70%	78%
Urban population with household latrines	34%	45%
Population with unsafe method of solid waste disposal (dumping)	91%	75%

7.7.1 Safe Water In Rural Districts

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

7.7.2 Effective Management Of Urban Water Systems

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

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

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

7.7.3 Safe Liquid And Solid Waste Management

For effective and safe liquid and solid waste management, District Assemblies will be directed to undertake certain critical measures including rationalizing and updating bye-laws to ensure safe management of liquid and human waste at the household level. District Assemblies will also be required to embark on aggressive marketing of the construction and use of domestic latrines, enforcing laws on provision of

sanitation facilities by landlords. The construction of public latrines will be restricted to public places. Information dissemination on safe sanitation practices will be intensified, especially in urban slums, rural savannah and rural coastal areas

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

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

7.7.4 Capacity Building For Environmental Sanitation

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

8.0 SPECIAL PROGRAMMES FOR THE VULNERABLE AND EXCLUDED

8.1 AN OVERVIEW

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

Cross-sectional surveys and social assessments further indicate the continued existence of a long "hungry" season in northern Ghana, when most families can barely afford a decent meal in a day. A subsequent policy issue is how deep extreme poverty is in Ghana. The income gap ratio²² gives an indication of the depth of (extreme) poverty. The depth of extreme poverty increased marginally in the total country in the 1990s, with significant increases in the rural savannah, urban coastal, urban forest and rural forest areas.

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

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

8.1.1 *Who are the Vulnerable and Excluded*

GLSS 4 and participatory poverty assessments define segments of the Ghanaian society who constitute the extreme poor or vulnerable and the excluded. These include the following:

- i. **Rural agricultural producers**, particularly migrant farm hands, settlers and traditional fishermen. About 45% food crop farmers in the country are extreme

²² Or the proportion by which the average consumption level of (extreme) poor households fall below the poverty line.

- poor. In addition, food crop farmers contribute nearly two-thirds of total extreme poverty; almost double its share of the total population.
- ii. **Children in difficult circumstances**, including the quarter of children under five who are malnourished, victims of child labour, street children, about a quarter of children of school going age who are not in school, about a fifth of boys and a third of girls who have dropped out of primary school, children living in institutions and children orphaned by HIV/AIDS.
 - iii. **People living with HIV/AIDS**, including infected persons and families of people living with HIV/AIDS.
 - iv. **Displaced communities**, particularly those subjected to periodic flooding/drought, negative effects of mining and tourism and ethnic conflicts.
 - v. **Disadvantaged women**, particularly single mothers, malnourished rural pregnant and nursing mothers, teenage mothers, *Kayayei* and commercial sex workers.
 - vi. **Residents of urban slums**, including groups negatively affected by reform programmes of the 1980s and 1990s, particularly redeployed workers and unemployed youth, and areas affected by relocation/decline of economic activities, including indigenous low-income neighbourhoods.
 - vii. **The elderly** who have no access to family care and pension.
 - viii. **Physically-challenged persons**, particularly those with no employable skills.
 - ix. **People suffering from chronic diseases**, including victims of debilitating diseases such as tuberculosis, buruli ulcer, guineaworm, trachoma, bilharzia and breast cancer.
 - x. **Drug Addicts**
 - xi. **Victims of abuse**, particularly children and women suffering from sexual abuse and battery.
 - xii. **Victims of harmful traditional practices**, especially victims of harmful widowhood rites, early marriage, servitude, fosterage and perceived witchcraft.
 - xiii. **Unemployed**, especially unskilled retrenched workers and the unemployed youth.

8.1.3 Development constraints faced by the vulnerable and excluded and key issues for policy

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

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

A summary of key issues to be addressed by macro and sector policies in preceding sections of the GPRS include such issues as the extremely low and fluctuating profits

made by the average farmer/ fisherman, particularly in the northern savannah and coastal belt, lack of viable alternative economic activities in rural areas; particularly the northern savannah, the limited impact of economic policies on gainful employment generation for the poor and the limited opportunities for improved apprenticeship, vocational & technical training.

Compounding this situation are the high levels of malnutrition, particularly among children and rural pregnant and nursing mothers; inadequate supplementary feeding programmes; inadequate education on nutrition and maternal care in the rural areas, Prevalence of debilitating diseases, particularly buruli ulcer, guinea worm and tuberculosis, trachoma, bilharzia and breast cancer and the decreasing medical consultation by sick people. There are also increasing levels of drug abuse.

In addition, the low school enrolment especially of girls, poor quality of education and poor performance of those enrolled and high levels of school dropout increases the vulnerability of the poor and marginalized groups. The limited coverage of safety nets, unsatisfactory conflict resolution mechanisms – for especially ethnic conflicts and those emerging from chieftaincy and land disputes and the weak focus of public policy on the deprived northern sector.

Special programmes for the vulnerable and excluded will establish systems and provide resources to ameliorate conditions of extreme poverty and social deprivation. The focus will be on interventions that have not been mainstreamed in the other sections of the GPRS.

Targets for 2004 include the following:

	2000*	2004
Increase in number of workers covered by social security schemes	800,000	900,000
New street children reintegrated into mainstream society	-	10,000
New number of <i>trokosi</i> victims reintegrated into mainstream society	-	2,000
Residents of urban slums covered by redevelopment programmes	-	500,000
Regions with an adequately equipped rapid response unit for disaster management	0	10

8.2 PROGRAMMES FOR THE VULNERABLE AND EXCLUDED

Programmes for the vulnerable and excluded will seek to:

- Expand the coverage of and the effectiveness of essential services for poorest groups and geographical areas
- Develop systems that enforces rights on protection, especially for children and women
- Prevent disasters and mitigating their impact on the poor

Nongovernmental organisations have a strong comparative advantage in responding effectively to the needs of the vulnerable and excluded. Direct government support will therefore focus on areas where there is a marked gap in service delivery, including regulation of social security schemes, provision of investment for slum upgrading, prevention and management of disasters and coordination of service delivery. Nevertheless, policy development support will be provided and special funds

from ongoing projects opened up for implementation of the remaining priorities, directly by nongovernmental organisations or in partnerships with government agencies. Interventions are therefore structured according to the following two broad areas:

- Direct state interventions for the vulnerable and excluded
- Partnership programmes with nongovernmental organisations

8.2.1 Direct State Interventions For The Vulnerable And Excluded

8.2.1.1 Expansion of social security schemes

The GPRS proposes the expansion of social security schemes by 100,000 workers through increasing the effectiveness of the Social Security and National Insurance Trust (SSNIT). SSNIT will be mandated to introduce a mutual health insurance scheme to cover at least 500,000 workers. In addition, the provision of a regulatory framework for operation of private social security schemes and the public marketing of social security schemes will be intensified especially to the informal sector.

8.2.1.2 Slum Upgrading

Uncontrolled human settlement development has led to chaotic urban sprawl and the development of slums. Slum upgrading, including classification of slum areas according to extent of deprivation, will be undertaken. Participatory development methods will be used in the implementation of upgrading schemes. The programme for slum upgrading will start in old neighbourhoods with high population densities. Ongoing interventions to upgrade old Accra will be intensified in this regard.

The GPRS focuses on strengthening physical planning and the development and enforcement of planning schemes. District Assemblies are required to acquire lands to be earmarked for public use such as sites for schools, markets, parks etc.

8.2.1.3 Disaster Management

Natural and man-made disasters have been more frequent in recent years, working strongly against sustaining poverty reduction, especially in northern Ghana. Preventing disasters and mitigating their impact on the poor is a priority under the GPRS. The programme on disaster prevention and management will therefore aim at significant reduction of disruptions in all its forms that are caused by natural and man-made. This will be achieved through the establishment of rapid response units for disaster management at the regional level including the military, and the development of predictive early warning systems.

The GPRS will also focus on the development of the capacity of agencies involved in the management of disasters, especially in methods for establishing the nature, form and scale of a disaster and subsequent remedies. Effective means of communication between disaster prone areas and Accra will also be established.

8.2.1.4 Coordinating service delivery

Capacity support for coordinated service delivery will be built through policy development and adoption to protect vulnerable groups, particularly the disabled, street children and excluded women and children; and to promote the development of the NGOs sector. Other measures include protecting the budget for running costs of the Department of Social Welfare and of Community Development, strengthening of CHRAJ, Women, Juvenile Units (WAJU), regional offices of Ghana National Commission on Children (GNCC) and the National Council on Women and Development (NCWD), the Departments of Community Development and of Social Welfare.

The legal system will be streamlining to more effectively address gender-based violence, violation of freedoms and to protect property rights of spouses and protection of children, the elderly and the disabled. In addition, the repeal laws that are discriminatory against women will be undertaken.

8.2.2 Partnership Programmes With Nongovernmental Organisations

Partnership programmes with NGOs will include special programmes for community based rehabilitation and education for physically and mentally challenged persons, the provision of facilities and basic material support for schools for the blind and deaf and orphanages and community-based programmes for the elderly.

Other programmes include the intensification of advocacy against child betrothals and abuse of children, intensification of awareness on the Convention on the Rights of the Child and the Children's Act, especially provisions against child labour and the enforcement of legislation on *trokosi*, female genital mutilation (FGM), and other laws on protection. The design and implementation of elements of International Programme on Elimination of Child labour (IPEC) in major towns will be undertaken. Law enforcement agencies will be sensitised on gender issues.

For programmes on alternative education for out-of-school children, see section on Education. Special support programmes for people living with HIV/AIDS are included in the section HIV/AIDS.

9.0 GOVERNANCE

9.1 AN OVERVIEW

9.1.1 *The Concept of Governance*

Governance, that is the act of governing, denotes the responsive relations between the state, the private business sector and civil society such that societal well being, social justice and equity are attained and maintained in an environment of sustained economic growth, freedom, rule of law and respect for human rights

Government, as an institution, comprises the political leadership and the public service. There must be a symbiotic relationship between these two levels for effective governance. Civil society comprises community and pressure groups, non government organisations, civil society organizations, professional associations, labour movements, the media and other associations representing social and occupational groups, including the poor, vulnerable and excluded.

Good governance is dependent upon the efficient and decentralized management of public policy in which people are empowered to participate in and influence the process of poverty reduction and the sustainable growth of the economy. First and foremost is the need for legal, regulatory and institutional frameworks, which promote and sustain the accountability of government business and government machinery by the public at large and civil society organisations.

9.1.2 *Public and Private Sectors*

Arrangements in the allocation of power within and without government and the values inherent in such apportionment must be built around the concept that the public and private sectors have complementary roles in which each does what it does best. They must act together as the *change agent* for the transformation of the economy and society. Such an approach necessitates a change in attitudes and roles at a political and official level. New mechanisms will be required to ensure collaboration between public and private sectors. At a political level government needs to embrace civil society in terms of its ability to provide an input into issues of economic, financial, industrial and commercial policy. MDA generally restrict their policies and plans to those related to government expenditure. However effective governance demands that government development plans at all levels provide for an approach in which an enabling environment is provided for the private sector and public and private sector development is integrated into mutually supportive programmes.

9.1.3 *Capacity Of The Public Service*

The capacity of the public service remains low through a combination of factors. The three most important are probably the lack of effective institutional structures, roles and procedures, lack of enforcement and the unacceptably poor conditions of service. Significant improvements to the latter represent a component without which the government reform programmes and the Ghana Poverty Reduction Strategy are unlikely to succeed. Lack of clarity in and enforcement of public sector structures, roles and procedures leads to unpredictable decisions and activities. Institutional

restructuring, particularly of the Central Management Agencies (CMA), has been disappointingly slow and ineffective and needs to be revisited. At least in one case the proposals suggest a lack of knowledge of the technical and administrative processes involved. It would appear that additional expertise on institutional reorganisation and job evaluation would be an advantage²³. Slow progress has been exacerbated by a reluctance of institutions to embrace reform but this must be a requirement of the public service and enforced. In this context ownership of the reform process by the target institution is essential for success. Effective restructuring of the public service is essential for increased capacity

9.1.4 Public Sector Reforms

The recent process of overall reform of the machinery of government, decentralization and decomposition of power was commenced in the early 1980^s. The Economic Recovery Programme (ERP) and the Structure Adjustment Programme (SAP) brought about fiscal discipline but they could not and were not intended to achieve the necessary structural changes to the economy. They widened the gap between rich and poor. The Programme of Action to Mitigate the Social Cost of Adjustment (PAMSCAD) served an immediate purpose as an ameliorative measure but was belated and not sustained. Wide-ranging proposals by the Public Administration Restructuring and Decentralization Implementation Committee (PARDIC) were only partially implemented.

The National Institutional Renewal Programme (NIRP) was commenced in 1994 and comprises three main elements, viz.

- Public Sector Management Reform Programme (PSMRP)
- Public Finance Management Reform Programme (PUFMARP)
- Civil Service Performance Improvement Programme (CSPIP)

These elements represent a comprehensive and impressive package for which the NIRP management team and the OHCS have worked assiduously to achieve momentum. Despite a number of significant improvements empirical observation suggests that the public service overall has no more capacity and is no more effective than five years ago. Four policy objectives were set out in 1999. These were the achievement of good governance, accelerated growth and equitable social development, a core compact public service and enhanced public private partnership. Contributory factors to the failure to achieve these objectives appear to include:

- A lack of sustained political commitment to the reforms and to the institutions responsible for carrying out the reforms
- Lack of strong leadership in the public service
- Failure to enforce rules, regulations and instructions
- Lack of delegation of responsibility to Director level and below
- Dysfunctional relationship between political and public service decision makers

²³ It may be advantageous to obtain assistance from, e.g., the USA Office of Personnel or the UK Treasury

- Failures to enforce the effective implementation of agreed policies and programmes
- Lack of clear, unequivocal institutional structures, roles and procedures in the public sector.
- Lack of observance of existing rules and regulations
- Apparent lack of institutional ownership of reforms
- Inadequate resources and provision of funds in a timely fashion
- Absence of MDA procedural and operational manuals
- Lack of performance related terms of reference
- Unacceptably poor conditions of service

It would appear that the totality of the public sector reform programme might be beyond the capacity of available human and financial resources to plan and implement

Provision of a National Oversight Committee (NOC) is sound and represents an essential provision. Large committees tend to turn themselves into *talking shops* and frequently lack teeth. A smaller committee with appropriate civil society representation would provide a better *pressure group* responsible to political authority. Despite the above comments a considerable amount of work has been undertaken by NIRP and OHCS. However the reform process cannot proceed effectively without sustained and palpable political commitment, the enforcement of agreed proposals for reform from a political and official level and provision of adequate resources.

9.1.5 *The Role of the Private Sector In Poverty Reduction*

The GPRS identifies programmes and projects for implementation by the public and private sectors. It is an accepted fact that the development of any nation depends on the active participation of the private sector. To this end the GPRS proposes policy changes needed to create an enabling environment for the effective private sector-led growth. These policy measures are in the area of macro-economic stability, creation of new institutions and the re-structuring of existing ones to make them more responsive to the needs of the private sector and promulgating or enforcing laws and regulations relating to production and employment.

In terms of macro-economic stability, the GPRS ensures that appropriate policy measures are in place to reduce inflation, reduce interest rates and stabilise the foreign exchange rate to facilitate investment and reduce the financial cost of doing business. Institutions such as the Customs, Excise and Preventive Service (CEPS) will be rejuvenated to enhance efficiency and reduce *red-tapeism* and time lost in import and export transactions. Anti-business laws and regulations that impede the efficiency of the private sector will be reviewed.

The newly established Private sector Development Ministry will be developed to ensure coordination of sectoral efforts aimed at eliminating bureaucratic restrictions and impediments and promote positive attitudes towards entrepreneurs. It will also and explore linkages and synergies between sectors for a greater impact the growth enhancing and poverty reduction measures proposed. Furthermore, proposals in the GPRS forge the development of a partnership between public and private sectors such

as the outsourcing some of the management of public facilities to private sector operations.

On the research front, the GPRS will encourage partnership between research institutions such as the institutes of the Council for Scientific and Industrial Research and the private sector to ensure that these institutions develop appropriate technologies for adoption by the private sector. Tax incentives will be provided for private sector research and development as well as tax incentives for investment in social programmes with low returns.

9.1.6 Devolution Of Power

Proposals for decentralization and the devolution of power to the District level were originally made in the 1980^s. Progress has been extremely slow due to reluctance within the public service and a lack of sustained political commitment. Lack of resources has imposed limitations on the ability of District Assemblies to undertake the tasks demanded of them by decentralization. The relationship between District and Region remains unclear. There appears to remain a difference of opinion as to whether Regional departments are part of central or local government. Clarity is demanded here. Regions can play a very important role as the second tier of government and as a link between local and central government. The role of RPCU needs clear definition. They have an important responsibility in assisting and advising Districts in the preparation of development plans, policies, programmes and projects. A Regional development framework integrating national and local policies and priorities is an essential tool and should be prepared by RPCU.

Decentralization is pivotal to the provision of democratic governance, transparency, the greater involvement of communities in poverty reduction, growth and the surveillance of central and local government machinery. A major programme to strengthen the capacity of District Assemblies is essential. This must be phased in with the completion of *de facto* decentralisation, including fiscal decentralization, establishment of District Assemblies as District Education Authorities and with greater responsibilities over health matters. Establishment of a Local Government Service is a necessary component to decentralisation. These steps must be associated with a willingness at the local level to take responsibility and to use it with sound judgement and discretion. Funding must be provided to enable District level staff to do so. The Local Government Service Bill needs review to ensure that, ultimately, provision is made for full control over District business by Assemblies, including staff matters.

9.1.7 Accountability And Rights Protection

It is a characteristic of bureaucracies, at both political and official level, to hoard and manipulate information. Information on money matters remains very difficult of access. Access to government information is inhibited by entrenched attitudes and exacerbated by official secrets legislation dating back to the colonial era. The need for a *Freedom of Information* law is paramount. Providing meaningful public access to information on government business requires fundamental changes in political and bureaucratic culture. The public service requires training in the requirement of openness in line with the civil service code of conduct and the proposed *Freedom of*

Information legislation. Provision of legislation is not enough. Strong and close oversight mechanisms are essential at national and local level. These should comprise government and civil society membership with proactive powers on access to and delivery of information and enforcement. Agreement is required between government and civil society on information to be made available to the public. This information should be made available on a website and through the media in a timely fashion. Transparency and accountability is of particular importance in all financial matters. Public accounts and other financial instruments must be opened up to the public at large. Civil society must be enabled to debate budget proposals at national and local level. The identification of civil society with government policies and with nation building is, *inter alia*, a product of the openness of government. Openness is ensured by rules and practices on the access of citizens to information. A statement of principles backed up by legislation and a legal framework to provide for efficiency and probity in public office is essential.

9.1.8 *The Legal Sector*

The entrenchment of the rule of law is government's overriding consideration in the exercise of public policy. Particular problems occur over a wide spectrum of human rights issues and protection of access to assets and contracts. Weak legal provision, lack of information and failure to enforce existing regulations and legal provisions conspire to exacerbate the position of the vulnerable and excluded, including women. Laws regarding the enforcement of contracts are inadequate.

Poverty reduction, protection of the vulnerable and excluded and sustainable growth require the formulation and implementation of new justice sector strategies. What is required is a systematic improvement in performance by providing an important link in forging a conducive investment climate. It must also ensure that safeguards are provided in support of fundamental human rights, particularly in respect of the poor, the vulnerable and excluded.

9.1.9 *Land Administration Reform*

Reform of land administration systems is urgently required. Insecurity of tenure is endemic and has bearing upon both poverty reduction and economic growth. Failure to provide for the protection of land rights and prevention of abuse of traditional and institutional procedures place the poor, the illiterate and women most at risk. Compulsory acquisition procedures tend to exacerbate the situation. Failure to provide legal security of tenure ensures that promotion of the agricultural sector from near subsistence farming and a way of life into a dynamic entrepreneurial activity is inhibited if not prevented altogether. On the one hand action is required to protect the rights of the poor, vulnerable and excluded. On the other hand action is needed to ensure land becomes a tradable asset. Security of land tenure is pivotal to the development of the rural environment, which is the catalyst for the transformation of the national economy. Solutions to these two issues can give rise to conflicts. Land tenure reform must be accompanied by close monitoring to detect adverse effects upon the poor for which safety nets may be required.

The GPRS proposes the provision of protection of land rights and prevention of abuse of traditional and institutional procedures, which place the poor, the illiterate and

women at the most risk. It is proposed that land tenure reforms be accompanied by close monitoring to detect adverse effects upon the poor for which safety nets will be provided. The strategy recognises that streamlining the legal definitions of stool and family lands will facilitate rational land management for investment.

The provision of legal security of tenure will promote the transformation of the agricultural sector from near subsistence farming and a way of life into a dynamic and profitable entrepreneurial activity. The issue of land as a tradable asset will be promoted to ensure that traditional authorities and landowners obtain the maximum benefits from land.

Government will facilitate the streamlining of land administration in the country as part of its long-term commitment to reduce poverty and enhance socio-economic growth of rural communities.

9.2 KEY ISSUES AND POLICY AREAS

The fundamental principles upon which responsive governance rests include:

- Timely access to justice
- Transparency of government decision making
- Accountability in both public and private sectors
- Public participation in decision making, decentralization of responsibilities and devolution of power
- Observance of both rights and responsibilities
- Discipline and observance of laws, rules and regulations in both public and private sectors

The application of these principles to reduce human deprivation, promote human rights and achieve sustainable growth requires close, determined and sustained political commitment and a dedicated public service of high capacity.

In the process of empirical study and consultations the following key issues in relation to poverty reduction and growth have emerged.

Capacity and role of the state

- Political commitment
- Proactive parliamentary participation
- Definition of role of the state
- Rationalization of policy making and implementation roles
- Institutional capacity for reform
- Distribution of power between national and sub national levels
- Role of civil society
- Role of Traditional Authority related to the poor, vulnerable and excluded
- Alignment of resource allocations with poverty reduction and growth

Resource generation, allocation and management

- Mechanisms and procedures for accountability and control of public spending
- Public participation in budgeting
- Oversight role of civil society

- Weak poverty focused skills in budget development
- Excessive allocations on general administration
- Weak resource generation and allocation skills at local level.

Equity and redistribution

- Gender discrimination
- Geographical imbalances in distribution
- Weak capacity for poverty targeted planning and implementation
- Failure of poverty targeted programmes to reach the vulnerable and excluded
- Inadequate public participation, particularly representing the poor, in policy making and implementation
- Redistribution measures not incorporated in planning and budget processes.

Oversight and rights protection

- Definition of responsibilities in monitoring governance and poverty issues
- Oversight role of civil society
- Capacity of civil society to advocate reforms
- Implementation and observance of laws and regulations protecting the poor, vulnerable and excluded
- Representation of the poor on oversight bodies
- Capacity to undertake research on poverty, on poverty monitoring and human rights
- Reform of land administration

These issues will be approached under the following main headings:

- Public Policy Management
- Decentralization
- Public Expenditure, Procurement and Asset Management
- Transparency and Accountability

9.2.1 PUBLIC POLICY MANAGEMENT

Targets for 2002 to 2004 are as follows.

Activities which should be commenced as soon as practicable but which will probably be completed after the plan period are included in the annexe to this section

	Target date
Cabinet committee on poverty reduction established	2002
Parliamentary Committee on poverty reduction established	2002
Parliamentary Committee and sub committees on Public Finance and Budget strengthened	2002
Monthly reporting to Parliament on the implementation of the GPRS established	2002
Government and civil society agreed on priority mechanisms and activities for anti-corruption measures	2002
Responsibilities and relationships between CMA defined, published and enforced	2002
Technical body, with TORs, provided by CMA for coordination of strategies of financial management, human resource management and development policy	2002
Roles of NDPC, MEPRC and MOF rationalised, defined and enforced	2002
Responsibilities for long and medium term plans for long and medium term	2002

plans and expenditure forecasts determined and enforced	
Interim system for monitoring poverty reduction and growth established	2002
PPMEDs located as secretariat to Chief Director	2002
Alternative Employment Programme operational	2002
SA Reform bill passed into law	2002
Coordination between Judiciary, Ministry of Justice, Police and Prisons service achieved	2002
Procedural hand books for all MDA published	2003
Performance related TORs for all public service staff introduced and enforced	2003
Mechanism for permanent dialogue between Government and Civil society established and implemented	2003
Roles and procedures for Sectoral, Regional and District Planning units defined and enforced	2003
Forty year loan for five year programme for upgraded public service salaries and right sizing negotiated	2003
Legal review completed	2003
Community Tribunal system abolished	2003
District Courts established country-wide	2003
Backlog of pending cases before the courts reduced and remand sections in the prisons decongested	2003
Training in basic prosecution skills for police prosecutors provided	2003
Legal Aid Board strengthened	2003
Alternative Dispute Resolution (ADR) promoted	2003
More efficient mechanisms to ensure accountability of magistrates promoted	2003
Mechanisms, including NADMO and military & police service, to ensure effective action against life threatening events established	2004
National and local departments of Social Welfare and Community Development strengthened	2004
Negotiations on land reform completed	2004
Legislation on land reform passed into law	2004
Separation of policy and implementation roles of MOH/GHS and MOE/GHS and other MDA achieved	2004
Small Claims Courts established in all District Magistrates Courts	2004
Juvenile and Family Courts at the District level reconstituted	2004
Libraries for lower courts and logistical support for Registrars and Bailiffs extended and provided	2004

9.2.1.1 Deepening effective Political involvement in support of Poverty Reduction and Growth

Effective political involvement and commitment is essential to the progressive implementation of measures for poverty reduction and sustainable economic growth. The role of Parliament is critical. Political involvement must also encompass relationships with civil society and Traditional Authority and on issues of good governance and the fight against corruption. There is the need to bring parliament closer to the people.

a) Political Oversight

In the last analysis effective governance for poverty reduction and sustainable economic growth is dependent upon the will of Parliament and the Executive. In the

requires a total commitment to public sector reform, the enforcement of standards effective delegation of power to Directors and below and appropriate conditions of service.

a) Service Size and Compensation

Action is required progressively to improve conditions of service for the public sector up to standards of the 1960s. This must be accompanied by job evaluations²⁴ in all MDA to facilitate right sizing and the matching of skills with tasks and a basis for future recruitment. An appropriately sized and adequately compensated public service represents an essential and priority component without which the reform programmes, poverty reduction and sustainable economic growth cannot effectively be implemented. Reform of the public sector pay policy is urgently required. Improved conditions of service cannot, at present or in the near future, be funded out of revenue. It is proposed that a forty-year loan be negotiated for a five to ten year programme of right sizing and improved service conditions. At the end of the loan period the economy must be able to support these conditions out of revenue, as in the past. Loan funds would also need to cover enhanced and attractive end of service benefits, particularly for those proceeding on early retirement voluntarily or as a result of the right sizing exercise. Right sizing requires very careful and skilful analysis of workloads and capacities; a percentage reduction of staff across the board would not be meaningful. Staff needs will vary MDA by MDA. In some cases it is possible that divisions, departments and agencies may require staff supplements. The phasing of right sizing and improved conditions of service requires to be worked out with great care and exactitude. Assumptions on the development of an economy to support the financial implications of improved conditions and rightsizing must be established and monitored for continuing relevance and achievement. The Alternative Employment Programme (AEP) should be reviewed as to its suitability as a component in the exercise on service size and compensation.

Future recruitment into the public service must observe the principle of relative gender equity, a principle which should also be observed in promotion exercises. Both of these activities should strictly observe provision of certificates, experience and references appropriate to task and post. This demands the provision of performance related terms of reference. Standards may be difficult to achieve in the future. The current scholastic standards for university entry would appear to create problems for quality tertiary education at the under graduate level. Alternative strategies to overcome this apparent problem must be devised at an early date.

b) Public Sector Management Reform

The impressive and comprehensive public sector reforms planned in the 1990s under the National Institutional Renewal Programme (NIRP) and the Civil Service Performance Improvement Programme (CSPIP) have been noted. Reasons for the limited progress and success, despite all efforts, have also been noted, (ibid). It would appear that at present these programmes are beyond the capacity of the public service and available consultancies for effective planning implementation in terms of human

²⁴ It may be advantageous to obtain assistance from, e.g., the U.S.A Office of Personnel or the U.K. Treasury

By 2003 it is intended that procedural and operational manuals on the development planning process from national to local level, will be made available by NDPC. RPCU personnel will need instruction in their role of providing a framework of Regional data within which District Assemblies will plan and in their coordinating role to facilitate provision of Regionally coordinated District plans and the distribution of expenditure. RPCU and Regional departments should also be used for training at District level for which *Training of Trainers* courses would be required, arranged by NDPC in the case of RPCU staff and MDA for others.

e) Social Welfare and Community Development

The activities of the Social Welfare and Community Development Departments are relevant to development and important to poverty reduction and growth. The full potential of these departments has not been used over the past two decades. They exist at both national level and as departments of the District Assembly. In the latter case Social Welfare and Community Development services are within one institution. At national level the services are within separate Ministries. These departments should be strengthened at both levels and their role in relation to poverty reduction and growth identified, strengthened and actively pursued.

9.2.1.5 Rationalising the Role of the State

The concept of involving all human resources in the development process and nation building necessitates an understanding of the separate but complementary roles of government and the private business sector

a) Public and Private Sectors

The role of public and private sectors must be understood by all. The responsibilities of government include:

- Accomplishing creative and close management of the economy
- Adopting a dynamic governance style
- Ensuring sound management of government in line with available human, physical and financial resources
- Safeguarding the assets of the state and ensuring their efficient utilization
- Ensuring the equitable distribution of economic and social infrastructure and services
- Protecting the rights of all citizens including the poor, vulnerable and excluded
- Extirpating corrupt practices and fraud in the public and private sectors
- Promoting & ensuring fair competition
- Providing security of all contracts
- Ensuring timely justice

The complementary role of the private sector incorporates

- Originating creative and innovative business concepts
- Perpetuating profitable industrial, financial and commercial activities in support of the economy and growth
- Creating viable enterprises using all available human and physical resources
- Maximising profit in a socially responsible manner
- Developing and sustaining a capacity for enterprise and credible risk taking.

Assembly men and staff commenced	
Courses for RPCU and other Regional departments on planning, budgeting and monitoring commenced	2003
Community participation, including PPA, instituted and commenced in pilot Districts	2003
District Poverty Profiles prepared	2003
Initiate process of changing the Constitution to get District Chief Executives elected	2004
Initiate process to get all Assembly members elected	2004
Capacity of District Assemblies to formulate basic development plans, programmes and projects achieved	2004
Responsibility for establishing intra-sectoral composition of expenditure for all District programmes and projects vested in District Assemblies	2004
Composite budget introduced in pilot Districts	2004
Instructional courses to MDA on the LGS and role of District Assemblies completed	2004
Mechanism for working partnerships with NGOs and private business sector established	2004
Community participation, including annual participatory poverty analysis at Unit Level, established in all Districts	2004

9.2.2.1 Strengthening Leadership and Capacity of District Assemblies

Decentralization and the strengthening of District Assemblies goes beyond decongestion of public sector activities and the decomposition of power. The focus on decentralization represents an opportunity to involve more people and more institutions in the formulation and delivery of development policy for poverty reduction and growth. Decentralization maximises the use of human resources, optimises equity and provides a basis for accountability and transparency.

a) District Assembly Elections

The current constitutional provisions require District Chief Executives and up to thirty percent of the Assemblymen to be appointed by the President. District Assemblies have been in place now for thirteen years. Consideration needs to be given to the desirability of having all Assemblymen, including the District Chief Executive elected in the interests of the democratic electoral process. The process of changing the Constitution to get District functionaries elected will be initiated by 2004.

b) Traditional Authority

Traditional Authorities command the respect of large numbers of people and communities particularly in the rural areas. Authorities dedicated to the development of their traditional areas and the education and enlightenment of their people offer a positive contribution to economic and social transformation. As such they should be seen as part of the decentralization process. The formation of District House of Chiefs to work with District Assemblies in partnership would provide a mechanism for consultation and cooperation and could strengthen the role of Assemblies.

PAC meetings open to public	2003
Universal Chart of Accounts introduced and harmonised with BPEMS	2003
Operational handbook for preparation of <i>National Development Policy Framework</i> and <i>Medium Term Development Plans</i> introduced and enforced	2003
Fully costed MTDP prepared with full programme and project documentation	2004
Mechanisms for regular review of legislation and standards for increased resources to PAC, including research capability, achieved	2004
Responsibility for ICA-GH transferred to MOF	2004
Office of Registrar General reorganized and strengthened	2004

9.2.3.1 Increasing the Cost Effectiveness of Development Expenditure

Expenditure on general administration is high in relation to development costs. Development expenditure tends to be dominated by costs dedicated to goods and services. What is needed is a better balance between administration and development costs, a greater proportion of development expenditure spent directly in support of the poor, sustainable livelihoods and growth and a more equitable distribution geographically. Provision for a better distribution of expenditure is made in Appendix A of the GPRS. Such a strategy must also find expression in the national perspective plan²⁵ and the MTDP.

a) Management of Programmes and Projects

Documentation for the management of programmes and projects by MDA and Districts is inadequate or non-existent. Operational manuals are required for the advice of MDA and District Assemblies on the management of programmes and projects and on the preparation of appropriate documentation. This is necessary to ensure accountability in terms of expenditures, outputs, inputs and outcomes. The information required should comprise:

- Programme/project title and purpose
- Main outcomes anticipated
- Geographical coverage
- Programme/project objectives,
- Major activity components
- Beneficiaries
- Principal partners, areas of collaboration and roles
- Time schedule from commencement to completion
- Management arrangements
- Monitoring and evaluation scheme; objectively verifiable indicators, frequency of observation, source of information for each objective.
- Costs source of funding

The NDPC is responsible for the preparation of programme and project management manuals. The above activities represent the costed programmes and projects within a MTDP which comprises the current medium term phase of the perspective plan.

²⁵ The National Development Policy Framework, 1995-2020 (a.k.a. Vision 2020). The framework was due for the quinquennial review in 1999.

b) Public Expenditure Management

The whole Budget and Public Expenditure Management system requires revising coordinating and revitalizing as a matter of urgency. The annual budget as a public expenditure management and planning tool must be considerably strengthened at all levels. Comprehensive reporting formats and upgraded operational manuals on financial control processes should be introduced and strictly enforced. Appropriate legislation should be updated. Actual expenditure requires much closer monitoring by MDA and must be more rigorously overseen by CAGD. The classification, recording and analysis of government transactions suffer from excessive and unacceptable delays resulting in weak and inadequate financial management. These processes must be discharged promptly and appropriate action taken in cases of non-compliance.

Both external and internal audit services are inadequate and lack resources. The External Audit Board needs strengthening. An independent internal audit regulatory body is essential. It would assist in establishing the continuous monitoring and evaluation of CMA and MDA. The internal audit service requires strengthening to enable it to perform the functions required of it by law. In this regard it is of particular importance for it to be extended from simply financial audit to performance audit for which additional expertise is required. Current legislation does not provide adequate guidance on internal auditing functions. Legislation must be provided to ensure effective accountability over public funds and to improve the efficiency of operations. A common General Ledger System and a more comprehensive Chart of Accounts should be introduced as early as possible.

c) Procurement and Fixed Asset Management

Procedures and methods of recording procurement and asset management are inadequate and ineffective. A fixed asset management module is required for BPEMS providing a permanent system for tracking and recording assets. Regulations, requiring asset depreciation to be calculated and recorded and an assets register, maintained promptly, must immediately be enforced. Implementation of the comprehensive procurement reform should be speeded up and the draft Procurement Bill passed into law as soon as possible. An oversight body must be established to lay down standards for public procurement practices and to monitor compliance.

9.2.4 TRANSPARENCY AND ACCOUNTABILITY

Targets for 2002-2004 are given below. Activities, which will occur outside the plan period, will be derived from the review of the three-year programme.

	Target date
Civil society membership of small National Oversight Committee established	2002
Government and civil society jointly agree on information to be made freely available to the public at national and local level	2002
Mechanisms for the dissemination of information agreed between government and civil society through the NED	2002
Economic dialogue established as permanent feature for civil society consultation with government; rules and procedures drawn	2002
Machinery for empowerment, other consultation and collaboration established jointly by government and civil society through the NED	2002
Public Accounts Committee open to the public	2002

Progress on Ghana Anti Corruption Coalition action Plan reviewed; corrupt practices for immediate attention identified	2002
Freedom of information legislation passed into law after consultation with civil society	2003
Arrangements instituted for special surveillance of corrupt practices for immediate attention. e.g. construction contracts, land leases	2003
Public right of access to information fully published	2003
Joint government and civil society oversight body established with power to enforce access to information and information delivery	2003
Mechanisms for joint monitoring of poverty, growth and development agreed by government and civil society through the NED and established at national and local level	2003
Standing cross sectoral planning groups with civil society representation established as permanent feature for long and medium term development planning	2003
Code of conduct for the public sector strengthened and enforced	2003
Accessible government information, agreed with civil society, entered on a web site	2004
Development and publication of service delivery standards by MDA	2004
Legislation and consolidated regulations legitimising civil society collaboration and consultation established	2004
Progress of Ghana Anti-Corruption Coalition Action Plan reviewed. Effectiveness of all measures related to transparency and accountability established	2004
Code of conduct for corporate and non-profit making bodies established and enforced	2004
Code of conduct for Traditional Authorities established and enforced.	2004

9.2.4.1 Institutionalising Public Access to Government Business

The willingness of government at political and official level to provide ready access to information is an indication of openness and dedication to involving civil society in a partnership. Community and public participation have several levels; from active dissemination of information to empowerment. All levels are important to the implementation of transparency and accountability. Transparency facilitates accountability. What is then required are mechanisms to institutionalise accountability to the public at large. Discussions between government and civil society on the availability and dissemination of information could appropriately be handled through the vehicle of the National Economic Dialogue.

a) Access to Information

First and foremost public access to information on national and local government business must be enforced by *Freedom of Information* legislation. A draft Bill has been prepared by the Institute of Economic Affairs. This should be brought before government as a matter of urgency, reviewed in consultation with representative groups of civil society, including those representing the poor, the vulnerable and excluded and passed into law. Government and civil society should identify government information, which should be shared by the public in the interests of accountability and transparency, jointly. Public right of access to government information and the information, which the public have the right to know, should be

fully published in all modes of the media including web-based forms by Ministries, Departments and Agencies, from time to time.

b) Mechanisms for the Perpetual Dissemination of Government Information

Access to information and the dissemination of such information must be institutionalised. Mechanisms at national and local level should be agreed between representatives of civil society and the government. Access to information should include, for example, access to the Public Accounts Committee and similar meetings. At national level information can be broadcast through the medium and on a website. At local level information should be posted at Unit Committee, Zonal Council and District Assembly Offices. Local radio stations can be used where they exist. Promotion of local radio networks is an important function for provision of news and information generally. It represents a task which civil society and NGOs should be encouraged to undertake. An independent joint civil society and government watchdog is required to be set up. Oversight functions should include powers to enforce access to information and information delivery. This could be a subject for consideration by the National Economic Dialogue.

c) Transparency and Accountability through the Development Planning Process

The main access for civil society to government policy is the National Economic Dialogue the output from which will inform, *inter alia*, the development planning process. Provision is also made for civil society to contribute to the planning process through membership of the NDPC Cross Sectoral Planning Groups. These standing groups with a membership representing MDA, NGOs and civil society appear to have fallen into disuse. They should be re-established for purposes of the quinquennial review of the National Development Policy Framework (the 25 years perspective plan) and the second MTDP. Consultation workshops at national level for a wider participation by interest groups, MDA and civil society as organized for the GPRS are also required to punctuate the planning process. These should include workshops parallel to the combined MTDP/MTEF and budget processes. Reference has already been made to consultations between communities and District departments under decentralization. Consultation workshops for District departments communities, civil society and NGOs are required as a permanent feature of District policy, District Development Plan formulation and the budgeting process. Administrative arrangements for these workshops should be agreed between Districts and civil society with the guidance of the Ministry of Local Government and Rural Development. Civil society must have right of access to the development monitoring and evaluation system and its output.

Activities which should be commenced as soon as practicably possible but which will probably be completed after the plan period.

Public Policy Management

- Existing five management services type institutions amalgamated and located in PSC as executive arm of NIRP and in OHCS
- Mechanism for permanent dialogue between government and Traditional Authority established
- Rules, regulation and codes on corruption published, strengthened and enforced
- Laws related to anti-corruption activities strengthened and enforced
- Ghana Anti Corruption Action Plan completed and implemented
- CMA restructuring completed
- MDA restructuring completed
- PSMARP reviewed and next stages planned for implementation
- CSPIP reviewed and next stages planned for implementation
- NDPC/MEPRC progressively strengthened
- Sectoral, Regional and District Planning Units progressively strengthened
- Management Services Unit created in Chief Directors office of MDA
- Comprehensive MIS, monitoring and evaluation system for development, poverty reduction and growth tracking established and enforced
- Fully costed plan for reform of SA prepared and enforced
- Divestiture programme reviewed, revised, strengthened and enforced.
- Upgraded conditions of service and principles for right sizing of public service established and progressively enforced
- Joint NDPC/MEPRC/MOF mechanism to scrutinize donor aid established and made operational.
- Legal revision of legislation related to development, growth and poverty reduction completed
- Legislation to provide for lease hold ownership of all land prepared and progressively implemented
- Information Technology systems provided for all higher and lower courts

Decentralization

- Non traditional roles for District Assemblies progressively introduced
- Administrative arrangements for recruitment, promotion and discipline of local government service staff completed
- LGS bill passed into law
- Local level staff transferred to District Assemblies
- Fiscal decentralization complete
- Composite budget introduced in all Districts
- Relative gender equity achieved in staffing and public participation at District level.
- Capacity and up grading courses for Regional and District staff established as permanent feature
- Staff recruitment and control progressively passed to District Assemblies within LGS administrative arrangements

APPENDIX A

A BASIS FOR SOME SECTORAL, SUB-SECTORAL AND LOCATIONAL EXPENDITURE PRIORITIES

1. PURPOSE

The purpose of this section is to provide assistance to MDA on determining

- investment priorities in relation to the three levels of poverty reduction and growth measures
- sub sectoral allocations of investment
- locational criteria for investment
- distribution of expenditure by Region.

The figures given are for guidance. They should not be considered as exact targets.

The objective of the following methodology is to:

- increase the proportion of expenditure dedicated to poverty reduction and growth
- provide a better balance between direct *grass roots* targeted expenditure for poverty reduction and growth and expenditure in support of indirect intervention
- provide a better balance between general administration costs and investment in development
- promote more effective utilization of expenditure

Three inter related methodologies are provided for the guidance of MDA

Box 1 indicates three levels of poverty reduction and growth measures and the percentages of investment which should be attributable to each. Over the past decades there has been an overemphasis on general administrative costs and expenditure in goods and services. Though such expenditures are necessary there must be a balance between these costs and investment which is directly productive or provides a direct social service or other benefit to the community. The three levels of investment in poverty reduction and growth measures and the percentage investment given against each are for the purpose of achieving balance and the more effective utilisation of investment.

Box 2 deals with locational priorities and ranks Regions by level of deprivation. On the basis of parameters within the following:

- Consumption
- Health
- Social Infrastructure
- Education
- Economic Infrastructure
- Household Budget

Box 3 and the appendix gives additional data which MDA can be used for guidance in relation to located expenditure by service or facility. For example, in the Appendix,

under HEALTH it would appear that a programme for the full immunisation of children is required in Central Region. The part on ECONOMIC INFRASTRUCTURE shows that Brong Ahafo and Northern Regions suffer from poor access to major roads in relation to distribution of population. It is also abundantly clear that the three northern Regions are lacking in practically all facilities and services and suffer far worse deprivation than other Regions.

2. BUDGETARY ALLOCATIONS

Budgetary allocations will be made to MDA by MOF as approved by cabinet.

3. EXPENDITURE ON POVERTY REDUCTION AND GROWTH

The intention is for MDA to achieve expenditure on poverty reduction and growth equal to 50% of the totality of discretionary expenditure less PE. This figure is indicative and a target at which to aim. MDA within the functional budget classification of *administration* will in most cases be unable to reach this figure, other than the Ministry of Local Government and Rural Development. MDA classified as *Public Safety* will be less constrained. Most of the MDA in the classification of *Social and Economic Services and Infrastructure* should be able to achieve the target figure.

Expenditure on Poverty reduction and growth should be distributed between three levels representing; first, expenditure directed at identified beneficiaries; second, expenditure which assists the poor indirectly and third, expenditure which will improve the policy environment in support of the poor. These levels are described below and the percentage of expenditure attributable to each indicated. **These percentages represent a three-year average and are not necessarily to be achieved within each year.** In the first year of a programme levels 2 and 3 will be more heavily loaded but in the second and third year level 1 should predominate. For example, if the plan is to build rural clinics then the first year will be devoted to planning and design, construction occurring in the second year and third years.

PE should not be included as part of the expenditure dedicated to poverty reduction and growth at this stage.

Box 1

Level 1

Targeted Poverty and Growth Reduction Measures: 50%

Criteria: expenditure must be directed at the poor as a specific, identifiable target group and the intervention must lead to poverty reduction by provision of social protection or to growth by increased production, productivity or increased incomes or assets. Examples of poverty reduction expenditure at this level are: construction of schools, clinics, District hospitals, water supply, sewerage, social housing including other buildings as part of the above provisions and ancillary expenditures on the above; rehabilitation of the above; provision of medicines and drugs. Examples of growth expenditure are: experimental farms, dugouts and other irrigation systems, feeder roads and connection of feeder roads to the main road grid, additions to the main road grid to serve as links between producer areas and markets; costs connected with informal and small scale industries including agro-industries; buildings as part of the above provisions and ancillary expenditure on the above.

In both expenditure on growth and poverty reduction equipment and vehicles essential for those providing a direct service may be included at this level.

Level 2

Poverty and Growth Focused Measures: 30%

Criteria: expenditure which will benefit the poor indirectly leading to poverty reduction or growth. For example, training for health workers, teachers, agricultural or small scale industry extension officers, cost of workshops, equipment and materials connected with such training; proposals for improved community participation including participatory poverty analysis, proposals for improved local level planning systems and procedures; including programme and project management; research into ways and means of identifying or achieving specific, practical, targeted poverty reduction and growth at the *grass roots*; buildings as part of the above provisions including housing for those providing a direct service in remote rural areas where housing is not available; ancillary expenditures on the above; rehabilitation of the above

Level 3

Improvement to the Policy Environment for Poverty Reduction and Growth: 20%

Criteria: expenditure on improving the administrative capacity of an MDA to formulate policies on poverty reduction and growth including research; training, workshops, preparation of manuals on operational procedures in support of poverty reduction and growth, equipment and infrastructure related to this activity; other activities attributable to this level cover reorganization and strengthening of PPMED, study for and preparation and promulgation of legislation concerned with any aspect of poverty reduction and growth including legislation on land reform, human rights, security of contracts, child protection, welfare provision; ancillary costs to the above.

Personal emoluments for staff engaged in any of the activities for levels 1 to 3 should not be included in the figures above. They should be recorded separately on the MTEF form at the appropriate level.

It should be noted that the percentages given are experimental and will be amended if necessary on the basis of practical experience. It is important that MDA assist in this classification of expenditure to ensure provision for a better and more cost effective balance in future.

4. REGIONAL VARIATIONS IN LEVEL OF DEPRIVATION

Variations in levels of deprivation are indicated by the scores based upon twenty-seven parameters indicated below in Box 2.

Method

Locational priorities in this section are based upon quantified measures of consumption and quantified factors leading to or exacerbating poverty. Twenty-seven parameters have been used and are shown on the matrix overleaf. A simple scoring system was used as follows

- 1 = Region scores national average or better on a positive indicator
- 1 = Region achieves reduction in poverty
- 0 = Region scores less than national average on a negative indicator
- 0 = Region suffers increase in poverty

Seven areas related to poverty are depicted. Priorities are defined by less favourable conditions. The subject areas are as follows:

- Consumption
- Health
- Social Infrastructure
- Education
- Economic Infrastructure
- Household Budget

Box 3

Consumption

In 1999 39.5% and 26.0% of people in Ghana were below the Upper Poverty Line (UPL) and Lower Poverty Line (LPL) respectively. The following Regions were worse off than the national average.

Region	UPL %	LPL %
UPPER EAST	88.2	79.6
UPPER WEST	83.9	68.3
NORTHERN	69.2	57.4
CENTRAL	48.4	31.5
EASTERN	43.7	30.4

The level of poverty increased between 1992 and 1999 in three Regions by the percentage points indicated

Region	UPL	LPL
UPPER EAST	21.0	26.0
NORTHERN	5.8	3.3
CENTRAL	4.1	7.4

Further studies are required to determine the reasons for an increase in poverty in Central Region; a mature Region with relatively good provision of infrastructure

The following represent the ranking of Regions in relation to each parameter. The higher the score the better the provision of services.

Health

Analysis of the relative inequalities in health by Region was made on the basis of seven parameters shown in the attached matrix. The Regions recorded the scores shown

Region	Score out of 7
NORTHERN	0
UPPER EAST & UPPER WEST	1
CENTRAL	3
VOLTA & WESTERN	4
BRONG AHAFO	5
ASHANTI & EASTERN	6
GREATER ACCRA	7

Social Infrastructure

Four quantified parameters were available for the assessment of the adequacy of social infrastructure. Though incomplete the analysis appeared to record a situation endorsed by empirical observation. On the basis of the parameters indicated in the attached matrix the following Regions recorded the scores indicated.

Region	Scores out of 4
NORTHERN	0
UPPER EAST, UPPER WEST & BRONG AHAFO	1

VOLTA & WESTERN	2
ASHANTI & EASTERN	3
CENTRAL & GREATER ACCRA	4
Education	
Seven parameters were identified as a means of establishing inequalities in support of education and educational facilities. See the matrix following the appendix.	
Region	Scores out of 7
NORTHERN, UPPER EAST & UPPER WEST	0
ASHANTI, CENTRAL & WESTERN	6
ACCRA, BRONG AHAFO, EASTERN & VOLTA	7
Economic Infrastructure	
Five parameters have been used to identify relative levels of infrastructure by Regions. Regional scores were as follows.	
Region	Score out of 5
NORTHERN	0
ASHANTI, UPPER EAST & UPPER WEST	1
BRONG AHAFO	2
VOLTA	3
EASTERN	4
GREATER ACCRA, CENTRAL & WESTERN	5
Further information is given regarding the parameters used in achieving the scores above in the Appendix. Detailed scores for all parameters in relation to all Regions are given in the matrix following the Appendix	

6. CALCULATING EXPENDITURE IN SUPPORT OF POVERTY REDUCTION AND GROWTH

Step 1

MOF indicates budget ceilings for discretionary expenditure to MDA

Step 2

MDA calculate the amount to be spent on poverty reduction and growth measures
 $= 50\% \text{ of TDE less PE}$

Step 3

MDA calculate the amount to be spent by Region using Box 2
 $50\% \text{ of TDE less PE} \times \text{group weight.} = \text{monetary allocation per group.}$

Step 4

MDA calculate population ratios within groups

Step 5

MDA calculate monetary allocation per Region = Group monetary allocation X population ratios within group

Step 6

MDA use indicative percentages in Box 1 achieve a balance pattern of expenditure and to optimise allocations in relation to objectives & outputs.

Under five stunted

The highest levels of stunted children under five years old occurred in the following Regions

NORTHERN
UPPER EAST
UPPER WEST

EDUCATION

Primary School Expenditure Per Child

Four Regions had below national average (70) Primary School expenditure ('000 Cedis) as follows:

Region	Expenditure
UPPER EAST	40
NORTHERN	42
UPPER WEST	43
CENTRAL	53

JSS Expenditure Per Child

Four Regions were also recorded as below the national average (99) for expenditure ('000 Cedis) for JSS as follows:

Region	Expenditure
NORTHERN	41
UPPER EAST	60
UPPER WEST	62
WESTERN	80

Primary School Age Children per Teacher

Three Regions had above national average pupil/teacher ratios (43)

Region	Ratio
UPPER EAST	86 per teacher
UPPER WEST	62
NORTHERN	58

JSS Age Children per Teacher

Three Regions recorded above national average pupil/teacher ratios (32)

Region	Ratio
UPPER EAST	74 per teacher
NORTHERN	73
UPPER WEST	47

Primary School Age Children per Classroom

Three Regions recorded above national average class size (46)

Region	Ratio
UPPER EAST	120 per classroom

3. Provide lessons to guide the preparation of subsequent medium-term development policy framework and plans
4. Offer a tool to facilitate budgeting and spending
5. Provide a frame of reference to guide project formulation and establish a comprehensive project list by MDA and districts
6. Support project implementation units to structure, undertake and monitor projects

Specifically for the GPRS, the national M&E system will be required to facilitate monitoring and evaluation of:

1. Implementation of policies and measures in the GPRS
2. Outcomes and outputs as defined in the Medium Term Expenditure Framework (MTEF) and the Budget using the GPRS as the main guideline.
3. Impact of policies and programmes on levels of poverty in Ghana.

1.2 POVERTY MONITORING AND EVALUATION

A key subject for monitoring and evaluation in the GPRS is the poverty profile and changes within that profile. The changing poverty profile represents the foundation for a respondent rolling programme of poverty reduction and growth measures. In addition, output and outcome monitoring is required for all poverty reduction and growth programmes and projects including.

Although the Ghana Statistical Service (GSS) has a welfare monitoring system in place it is currently limited to national and regional data collection and analysis. However, the challenge for the planning units at national and local is to monitor development outcomes generally at national and district levels and poverty levels, in order to identify appropriate interventions suited to specific localities. The GSS intention to begin district level data collection on poverty this year and to make it a routine activity is timely.

Additionally, a Community Based Poverty Measurement and Monitoring System will shortly be tested in three Districts. This system will utilise data routine sector data collection sources and also participatory assessments. Once this system has been fully tested it will be expanded and linked up with the national development planning monitoring and evaluation system.

1.3 M&E FOR FUNDING FROM HIPC RESOURCES

The development of a capacity to track poverty reduction expenditures down to the grass roots is of particular importance. That is expenditure directed at the poor and vulnerable as a specific target group. Such interventions must lead to poverty reduction through improved quality of life, actual promotion of sustainable livelihoods or growth in support of the poor. At present neither MDA documentation nor the public financial management system provide for the effective tracking of expenditure and the proper accounting of programmes and projects at any level. This unsatisfactory situation cannot be rectified at a stroke. A transitory system for the specific monitoring of poverty reduction and growth funded from HIPC resources will

Revenues, expenditures, public finance data	Revenues, budget & actual expenditure records	MOF, GSS, MDA, CAGD, IRS
Production	Production surveys, reports	MDA responsible for production
Consumer and producer prices	Prices and wages surveys	GSS, BOG
Economic indicators	Planning and administrative functions	NDPC, MEPRC, MOF, MDA
Social indicators	Planning and administrative functions	NDPC, MDA
Environmental indicators	Planning and administrative functions, national land use plan, surveys	MDA responsible for environment & production
Climate, rainfall, temperatures, seismic events	Measurements	Meteorological Services Division & Geological Survey
Sub National Level		
Availability of economic & social infrastructure	Planning & administrative functions, surveys, qualitative and quantitative studies	District Assemblies, MDA
Availability of economic & social services	Planning & administrative functions, surveys, qualitative and quantitative studies	District Assemblies, MDA
Utilisation of economic & social services	Household surveys, special studies, planning & administrative functions	GSS, District Assemblies, MDA
Household consumption, income & living conditions	Household surveys, special studies, planning & administrative functions	GSS, District Assemblies, MDA
Household living standards	GLSS, CWIQ, GDHS, special studies, household surveys	GSS, District Assemblies, MDA

2.1 DISSAGGREGATION OF DATA

Aggregate data displayed at national level and national indicators give an overall picture of conditions. This is useful for charting national phenomena or for purposes of comparison with other countries. Aggregate data and indicators do not, however, reveal differences within a country whether in terms of geographical areas or social groups, for example. For purpose of analysis it is advantageous to disaggregate data as much as possible. Data and indicators should generally be disaggregated to a level appropriate for the tracking of emerging situations and conditions. This is essential in order to design appropriate policies to meet specific needs and to ensure relative equity country wide, in terms of development for poverty reduction and growth. The following types of disaggregation will be undertaken wherever as appropriate.

a) Gender

There are significant differences, which are revealed by disaggregation under gender. Women suffer disadvantages in relation to access to land, credit etc. Disaggregating data by gender reveals such disparities, which will be an input the design, and review of poverty reduction measures and in the interests of equity. Wherever possible, data collected for monitoring the implementation of the GPRS and development generally will be disaggregated by gender.

b) Administrative Units

Disaggregation of much data is possible down to regional level. However, the output of most national surveys or reports cannot be disaggregated down to the District. A

considerable amount of data, the product of administrative function of district departments is available at that level and is in most cases unutilised or under-utilised. This will be captured to provide important additional information for development planning purposes at local and national level.

c) Urban-Rural

Display and analysis of data separately for urban and rural environments is important for purposes of comparison and for achieving a better balance in conditions between town and countryside. A more sophisticated disaggregation is by towns and villages of a range of sizes and a range of functions. It will also be useful to compare data between the capital city and other urban centres or primate centres and the rest.

d) Geo-Climatic Zones

Ghana has a number of specific and different climatic zones e.g. Urban Forest, Rural Forest, Urban Coastal, Rural Coastal, Coastal Savannah, Urban Northern Savannah, Rural Northern Savannah and Transitional Zone. Different geo-climatic zones tend to be characterised by differing farming practices, levels of surface access, settlement patterns and social practices. These variations may determine differing strategies for poverty reduction and growth.

e) Consumption level

A simple disaggregating under consumption is poor/non-poor or those in poverty, extreme poverty and the non-poor. There are frequently significant differences between differing levels of poverty and these should be identified for purpose of disaggregation where possible and appropriate. Disaggregation by quintile or decile would be appropriate

3.0 PROCESS, INSTITUTIONAL ROLES AND INFORMATION FLOW

3.1 District Planning Coordinating Units (DPCU)

The districts will receive the Planning Framework from their respective regions to orient their project planning. Every project will have to fit into one of the programme activities to which it will contribute. It is necessary that the DPCU establish a comprehensive district planning covering all projects to be executed in the district. Examples are District Assembly projects (financed through the Common Fund or through self generated revenues), projects of the decentralized departments, and development or investment projects funded by development partners and NGOs. All collated information (data on projects/programmes progress and indicator achievement) will be submitted to the RPCU after being validated and verified.

3.2 Regional Planning Coordinating Units (RPCU)

RPCU have the responsibility for monitoring and liaising with districts in the implementation and monitoring of national programmes and projects. For the national M&E system, the region will act as a clearinghouse that validates and verifies information on projects and indicator achievements from the district level before forwarding it to NDPC.

3.3 Policy Planning Monitoring and Evaluation Divisions (PPMEDs)

The PPMED is functional within each ministry or agency to plan and to follow up on the objectives and timely implementation of the strategies developed within the sector. It also has to assess the suitability of interventions planned and executed at the ministry or agency to evaluate the appropriateness of administrative procedures and to deal with further related issues. All collated information (data on projects/programmes progress and indicator achievement) will be submitted to the NDPC after validating sector targets for all relevant objectives.

3.4 Information Flow

Information resulting from the implementation of policies, programmes and projects must also be entered into the data bank.

Top-down Information Flow

- Nationally collected data, as in Table 1, disaggregated as much as possible and entered by the appropriate agency.
- NDPC/MEPRC provides National Development Policy Framework (25year perspective with five-yearly reviews)
- NDPC/MEPRC provides Medium Term Development Plan (3-5 years rolling plan with fully costed programmes and projects)
- NDPC/MEPRC provides objectives, outputs and targets related to the MTDP for the advice of MDA
- MDA provide data from planned sectoral programmes and projects and the output from M&E of the latter
- MDA provide OVI for sectoral and Regional programmes and projects
- RCCs (RPCU) provide a Regional Development Policy Framework comprising Regional programmes and projects and Regional development data for the advice of District Assemblies.

Bottom-up Information Flow

- District Assemblies (DPCU) provide and enter District profile data
- District Assemblies (DPCU) provide OVI for District projects including NGO projects
- District Assemblies (DPCU) provide data from planned District programmes and project and the output from M&E
- Districts send District data to RCCs
- RCCs (RPCU) aggregate District data and transmit to NDPC.
- RCCs (RPCU) provide data from planned Regional programmes and progress and the output from M&E of the latter
- RCCs (RPCU) provide Regional data collected at that level in the first instance.
- RCCs (RPCU) submit Regional Coordinated District Plans to NDPC

NDPC/MEPRC receives all data from lower administrative levels in aggregated and disaggregated form.

4.0 MONITORING OUTCOMES AND IMPACT

Assessing results from goods and services produced by the projects and programmes are best achieved through household surveys and participatory methods. To determine any significant success towards poverty reduction, targets have been established in the GPRS with indicators selected to measure progress in key areas. All the targets established for the Core Poverty Indicators in the GPRS will be monitored and evaluated using survey data from the GSS Welfare Monitoring System. This may be supplemented by specific community surveys carried out by the M&E group to evaluate the success of certain interventions not captured by the GSS monitoring system.

5.0 MONITORING THE IMPLEMENTATION OF NATIONAL FORUM RECOMMENDATIONS FOR POVERTY REDUCTION

The indicators and targets projected in the GPRS cannot be achieved without the implementation of the recommendations proposed for adoption by government and other stakeholders. The Planning Authorities will break each recommendation into an action plan with responsibilities assigned for implementation by due dates. There will be a continuous review of implementation status with all stakeholders and task forces formed to achieve action on the recommendations. The Planning Authorities will monitor the accomplishment of these proposals and policies within the context of the implementation of the NED recommendations by key policy makers. The means of attaining equitable economic growth and accelerated poverty reductions as defined in the GPRS are also captured under the broad recommendations to be pursued.

6.0 MONITORING THE PHYSICAL ENVIRONMENT

Poverty reduction strategies should not lead to damaging the environment of the poor or beneficiaries of projects/programmes. Since environmental conditions have serious consequences on the health, opportunities and security of poor people, all project and programme consequences will be monitored through focus groups, and beneficiary surveys to capture conditions that can also negatively impact the poor. Examples of such environmental conditions include natural disasters, water supply, wastewater disposal, solid waste removal, air pollution, land degradation, deforestation and loss of coastal ecosystems. Environmental impact monitoring will not be limited to only institutional statistics as the Environmental Protection Agency but to all MDA responsible for sectoral programmes/projects.

7.0 IMPACT EVALUATION ON LIVING STANDARDS

An evaluation provides information on the effectiveness of particular poverty reduction interventions (programmes/projects/policies). It is basically a stock taking activity that complements poverty monitoring by providing valuable information on which programmes/projects are effective or not to policy makers and the public at large. There are different types of evaluations, but the M&E group will focus primarily on impact evaluation or the effect of poverty reduction programmes/projects/policies on the well-being of beneficiaries. The M&E group will use the CWIQ, the GLSS, and GDHS surveys as the main tools for impact evaluation. The Planning Authorities will be responsible for evaluating all the data

and analysis collected for periodic and comparative analysis on government development projects, donor funded projects, and interventions including those initiated through the Emergency Social Relief Programme (ESRP), a component of the GPRS. Since impact evaluations can be demanding in terms of resources and analytical capacity, evaluation will be done selectively to assess the impact on poverty of specific interventions that are not components of the GPRS through informal surveys or focus group of beneficiaries.

When required, other surveys will be conducted to determine the impact of specific interventions. The M&E evaluation strategy would be based on well-conceived and well-designed analysis to provide insights into how programmes/projects and interventions under the GPRS are working, the extent to which intended beneficiaries are being served, cost-effectiveness and future direction.

8.0 REPORTING AND PARTICIPATION

Relevant information will be produced for decision-making, set priorities, guide resource allocation, facilitate modification and refinement of programme structures and activities, whilst providing warning signals for personnel and resource redeployment.

There will be dissemination of monitoring and evaluation reports to specific groups and stakeholders on a timely basis. The interests of report recipients are not necessary identical, and therefore all presentations will be designed for the targeted audience. Stakeholders' (including district level groups) feedback will be sought to increase transparency, and to improve reporting, monitoring, and evaluation designs. Evaluations will be guided by reaching consensus with stakeholders on the following considerations:

9.0 REVIEW OF INDICATORS

All indicators used by the GSS and the NDPC systems will be reviewed periodically to determine their relevancy in measuring poverty reduction with both stakeholders' input and beneficiaries' assessment of well-being. Indicators would also be differentiated as to which ones are outside the control of policy makers, and programme/project administrators.

Appendix D:

1.0 FINANCING THE GPRS

Traditionally, Ghana has largely relied on public savings (or resources) and foreign loans, and grants (including technical assistance) to fund its development programmes. Under the regime of the First Republic, for instance, the government relied initially on its foreign currency reserves and subsequently on short-term suppliers' credit sourced from abroad, to finance its seven-year development plan. Similarly, in the 1990's, largely public borrowing either from domestic or foreign sources financed the nation's Medium Term Development Plan. Overlooked in all these financing endeavours has been the potential direct financing input from both the private sector and non-profit institutions (i.e., civil society, NGOs and CBOs). The financing strategy of the GRPS addresses this glaring omission by identifying innovative financing mechanisms that embrace the latter groups through a system of structured incentives and strategic partnerships.

In addition, the strategy takes cognisance of the fact that, besides the quantity of funds, the quality of the funds does matter. Specifically, financing of the GPRS must neither be inflationary nor lead to an unsustainable debt overhang. Furthermore, it should not crowd-out the private sector by increasing the cost of credit or generate distortions in the macro-economy.

1.1 BROAD GUIDELINES

To ensure that the financing of the strategy is consistent with macro-economic stability, the following broad guidelines are suggested:

- Not less than 80 percent of the foreign financing of the GPRS should comprise grants and concessionary loans
- Domestic public financing of the GPRS must be consistent with the macro-economic framework. In effect, such financing must not fuel inflation or drive up real interest rates;
- The private sector and non-profit institutions must be provided with incentives to fill the financing gap. The contributions of the latter bodies can be either pecuniary or non-pecuniary (i.e., in-kind goods and services)

The strategy for financing the GPRS will focus not only on increasing the level of resources derived from traditional funding sources but also on exploring options for generating additional funds from non-traditional sources (i.e., private sector and non-profit organizations).

1.2 TRADITIONAL FINANCING STRATEGIES

Traditionally, programmes geared towards poverty reduction are financed through some combination of the following:

1. General government tax and non-tax revenues
2. Domestic borrowing
3. Multilateral and bilateral sources

20 percent and also to apply the majority of such resources to finance GPRS-related projects and initiatives. Savings from the HIPC initiative will be placed in a separate account and devoted to poverty reduction programmes after a portion has been set aside for reducing the domestic debt stock.

Action Plan

Give priority to concessionary public financing from external sources

- HIPC savings applied mainly to funding GPRS projects including domestic debt reduction
- Not less than 80 percent of external financing for GPRS is concessionary

Link FDI (Foreign Direct Investment) Tax Holidays to GPRS-related outputs

- Tax laws on foreign investment revised to reward consistency with GPRS

1.3 NON-TRADITIONAL FINANCING SOURCES

The primary agents for increasing non-traditional sources of funds are the private sector and non-profit organizations. Partnerships between the public and private sector will be fostered to facilitate cost sharing. However, successful private-public sector collaboration will require greater access by the private sector to long-term savings at competitive interest rates and incentives to undertake projects that may not otherwise be financially rewarding.

Furthermore, the private sector's contribution to the financing of the GPRS will also be achieved by creating an institutional mechanism and appropriate incentives for channelling resources from existing private sector funding institutions into projects that are consistent with the broad objectives of the GPRS.

Effective civil society involvement in the financing of the GPRS will be achieved by creating a mechanism for ensuring that the goals objectives and outputs of non-profit organizations are consistent with the GPRS. To this end, a mutually reinforcing package of rewards and sanctions enforced by government is required.

In effect, the strategy for generating non-traditional financial resources covers three broad groups:

1. The Private sector
2. Non-profit institutions (i.e., Civil Society, Community Based Organizations, NGO's)
3. Public-Private partnerships

1.3.1 Increasing Funding from the Domestic Private Sector

Three measures are proposed for sourcing funds from the private sector. The first measure will rely on fiscal incentives to induce private sector participation the second will be mandatory, while the third will rely on moral suasion to induce voluntary contributions from the sector.

STAKEHOLDER CATEGORY	ACTIVITIES TOWARDS ACHIEVEMENT OF POVERTY REDUCTION			
	FORMULATION	IMPLEMENTATION		
	Formulation	Direct Implementation Activities	Financing	Monitoring and Evaluation
	validate of proposed strategies; identify priorities for poverty reduction.	implementation of aspects of strategy; undertake preparation of costed activities; ensure inclusion of activities in MTEF and annual budget; continue implementation of on-going projects that address poverty reduction issues; refocus on-going projects for poverty reduction ; develop new projects for poverty reduction	Realign ongoing projects for poverty reduction.	evaluation of programmes under each MDA supervision; provide information for evaluation by the NDPC; provide information for other external and independent evaluators
Development partners	Participate in initial stages of formulation; support for GPRS process; contribute to the identification of priorities; raise concerns about vulnerable group situations; raise concerns about macro-economic and global issues	Assess and endorse GPRS; Re-align existing programmes; initiation of new programmes; common GPRS programme support	Gave financial support for GPRS formulation process; Ensure flow of HIPC relief funds; redirect current funds to GPRS; respond to new financing opportunities; expand existing programmes for poverty reduction	Undertake independent M&E of GPRS or components of interest
District Assemblies	Collaborate on selection of communities for PPA, validate priorities, problems identified, and coping strategies identified by communities	Co-ordinate of implementation of GPRS at the local level; develop partnership with NGOs, CBOs and the private sector for implementation of GPRS	Use of DACF; use of IGF; NGO budget complementation; take advantage private sector investment in partnership	Undertake internal M&E; make data available for MEPRC, NDPC and external M&E; undertake participatory M&E with communities

STAKEHOLDER CATEGORY	ACTIVITIES TOWARDS ACHIEVEMENT OF POVERTY REDUCTION			
	FORMULATION	IMPLEMENTATION		
	Formulation	Direct Implementation Activities	Financing	Monitoring and Evaluation
	coping strategies, constraints and priorities for poverty reduction.	of some poverty reduction projects.	reduction activities.	
Non-governmental organisations	Concerns about environment; vulnerable groups; participation	Mobilise community members for activities; undertake implementation of some poverty reduction projects	Source funds from development partners for specific aspects of the strategy; use of DACF; use of new and ongoing project funds;	Conduct participatory monitoring and evaluation with communities
Civil society organisations	Advocate for inclusion of socially important provisions in strategy; validate provisions in the GPRS	Implement aspects relevant to CSOs.	Advocate generally for increased spending on poverty reduction	Undertake independent M&E
The Private Sector	Contribute to GPRS formulation; seek inclusion of measures that are promotive of private sector investment;	Implement aspects relevant and attractive to private sector; go into partnerships with government, DAs and NGOs; monitor and insist implementation of relevant government policies; develop entrepreneurial approach to production.	Use own financial resources; go into partnerships with government, DAs and NGOs; use of credit facilities; undertake social investment and ask for tax breaks	Monitor the implementation of government policies; assess of changes in policies; umbrella organisations to ensure activities of members are consistent with provisions of GPRS.
The Media	Contribute to GPRS formulation; Publish the process of formulation;	Undertake continuous commentary on the progress of implementation	Help maintain the flow of financial resources with responsible publications	Provide continuous publication of activities on poverty reduction; publish in simple terms

<u>STAKEHOLDER CATEGORY</u>	ACTIVITIES TOWARDS ACHIEVEMENT OF POVERTY REDUCTION			
	FORMULATION	IMPLEMENTATION		
	Formulation	Direct Implementation Activities	Financing	Monitoring and Evaluation
				progress or the lack of it in implementation of poverty reduction activities
Religious Organisations	Direct participation	Propagation of important messages for example HIV/AIDS; pre-school facilities and activities; primary, JSS and SSS facilities and staff; vocational training; direct production activities	Own funds; support from development partners; government sources; partnership with local governments (MMDA).	M&E on aspects of interest to them
Trade unions	Assessment of the role of organised labour; assessment of effects on employment levels; concerns on incomes.	Counselling members	None	M&E of effects on paid incomes, employment levels.
Vulnerable group organisations (For Women, Children, Girl-Child, Disabled)	Identification and ensuring the of special needs; development of effective and acceptable strategies	None	None	Monitor effects on vulnerable groups.
Training and research institutions	Indicate relevant areas	Undertake research in identified priority areas		M&E on research product utilization
Regional Planning Co-ordinating Unit	Participation in two-day regional validation workshops; inputs into the GPRS process.			M&E of

- Establish rural vacation centres for JSS pupils
- Establish adult literacy programmes particularly aimed at women and junior youth
- Provide of school lunches and uniforms in the most deprived communities especially in Northern Ghana
- Expansion of vocational and technical training
-

1.2.5 Special programmes for the vulnerable and excluded

- Provision of day care centres for the elderly expanded
- Special programmes for community based rehabilitation and education for physically and mentally challenged youth developed and implemented
- Provide alternative education for out of school children and youth
- Increase awareness on the Convention on the Rights of the Child and the Children's Act, especially provisions against child abuse and right to education
- Support enforcement of legislation on *trokosi*, female genital mutilation (FGM), and other laws on protection
- Day care centres for mentally disabled
-

2.0 PROPOSED ACTIONS FOR IMPLEMENTATION BY CIVIL SOCIETY AND OTHER STAKEHOLDERS

Civil society organisations are encouraged to raise funds to implement activities under this category. They should however work within the development plans of District Assemblies and ministries to avoid duplication. They should also provide information on their activities in this category to their umbrella associations and relevant District Assemblies and ministries.

Proposed actions include the following:

2.1 Macro economy

Advocacy on:

- Monitoring poverty related expenditures including those funded under the enhanced HIPC initiative
- Monitoring disbursement and utilization of Special Statutory Funds (e.g., DACF, Road Fund, Education Fund etc.)
- Impact monitoring of projects
- ...

2.2 Production and gainful employment

- Construction of dugouts and other small irrigation facilities for dry season farming, especially in the three northern regions, coastal belt and remote regions of the forest area
- Support for communities to access funds from targeted projects, e.g. VIP and SIF funds
- Construction of household and community storage facilities
- Support radio shows on the effects of the monopoly of market queens

2.3 Health

- Sale/ distribution of Insecticide-treated bednets (ITNs)
- Promotion of community-based vector control against malaria
- Public education preventive health
- Direct provision of health services – clinics, hospitals, laboratories, nutrition centres, etc.
- Promote consumption of iodated salt
- Promote community-based health insurance schemes
- ...

2.4 HIV/AIDS

- Prevention campaigns, including peer education and moral education
- Provision of counselling services
- Sale of condoms in remote, especially in remote areas
- ...

2.5 Education

- Local provision of water and toilet facilities in schools
- Establish vocational and technical training centres, especially in rural districts
- Investment in tertiary education
- ...

2.6 Water and sanitation in rural and peri-urban areas

- Water provision in guinea worm endemic communities and remote areas
- Aggressive marketing of domestic latrines
- Introduce technological options to the KVIP in poor areas with unfavourable terrain
- Intensify information dissemination on safe sanitation practices, especially in urban slums, rural savannah and rural coastal areas
- ...

2.7 Special Programmes for the Vulnerable and Excluded

- Institutional facilities and ensure basic material provision for schools for the blind and deaf improved
- Environmental upgrading schemes in low income urban areas
- Institutional facilities and provision for schooling and training for the mentally disabled
- Food aid in support of food-for-work programmes

2.8 Governance

- Support anti-corruption initiatives at national and local levels
- Establish regular planning and programming with District Assemblies
- Support community-based approaches to poverty reduction
- Establish independent joint civil society and Government organisation to enforce access to information and information delivery
- Support democracy and democratic institutions
- Support advocacy on behalf of the poor

Appendix G:

1.0 EMERGENCY SOCIAL RELIEF MEASURES FOR POVERTY REDUCTION

1.1 The Government of Ghana outlined activities to be implemented for economic and social development in 2001 in the Annual Budget and Economic Statement. Budgetary constraints and accumulated debt stock pointed to the need to mobilise additional resources to provide social relief to the poor in 2001, while taking the necessary steps to improve the macro economic framework in the country.

1.2 Rationale for Relief Measures

The social relief programme is necessitated by the realities of a difficult macro economic situation and results from various nation-wide poverty reduction studies, including recent participatory poverty assessments. The programme is also informed by the country's experience with the Structural Adjustment and Economic Recovery Programmes. The difficult macro economic situation is characterised by:

- Double-digit inflation, reflected in sharp increases in the price of staples and other basic consumer items.
- Depreciation of the nominal value of the cedi
- Debt overhang as the legacy of persistent deficit financing and which absorbs up to 30% of government revenues and 40% of export earnings.
- The negative effect on poor households of the recent sharp increases in the prices of fuel and public utilities

Results from various nation-wide poverty reduction studies, indicate significant deprivation in specific locations and among groups. Evidence from the GLSS 4, GDHS 3 and recent participatory poverty assessments indicate that families in the three northern regions, Central and Eastern regions need emergency actions to prevent further decline of their poverty status. Studies also showed that food crop farmers received a less than proportionate share in poverty reduction. In addition, street children and teenage female porters from deprived areas who live under precarious conditions in cities have increased in numbers.

2.0 REQUIRED RELIEF MEASURES

Relief measures will target deprived geographical areas and groups. Specifically, these are the three northern regions, Central and Eastern regions and food crop farmers. Other vulnerable groups include the rural pregnant and nursing mothers, street children and those infected with HIV/AIDS. Budgetary allocations and other sources of funds must enable these measures to be actually implemented in the target regions and for the target groups. These measures were started to begin in the second half of 2001 and will be continued to the year 2004.

2.1 The Three Northern Regions

The three northern regions (Upper East, Upper West and Northern) are targets for a comprehensive relief package due to the widespread and endemic poverty. The incidences of poverty are 88%, 84% and 70% respectively in these regions. Under-five mortality is three times as high as in the best region, Greater Accra.

Community, district and regional level consultations have identified the following as urgent relief requirements for the three regions:

- Support for provision of basic agriculture infrastructure, particularly small dams, storage facilities and feeder roads in the rural food producing areas of the regions.
- Provision of marketing support, including formation of marketing co-operatives for food producers
- Urgent social protection through targeted programmes for skill development and credit delivery
- Support implementation of compulsory basic education, particularly provision of school infrastructure, learning material and the attraction and retention of teachers
- Supply of basic obstetric care equipment to all public health centres and clinics
- Provision of potable water to all guinea-worm endemic communities
- Targeted support activities to bring down malaria, diarrhoea, malnutrition and to expand immunisation.

2.2 Central Region

The Central Region recorded an increase in the incidence of poverty and extreme poverty from 44% to 48% and 24% to 32% respectively. In addition, the region has the highest infant mortality rate of 84 deaths per 1000 live births in the country.

The following specific programmes will be implemented in the Central Region:

- Support for small scale processing of agricultural produce during the immediate post harvest period, especially for fish and cassava and rehabilitation of feeder roads in the food crop growing areas of the region.
- Support for expanded production of non-traditional exports by smallholders.
- Targeted support activities to bring down malaria, diarrhoea and to expand immunisation.
- Support implementation of compulsory basic education, particularly provision of school infrastructure, learning material and the attraction and retention of teachers.

2.3 Eastern Region

Incidence of poverty and extreme poverty in the Eastern Region are above the national average despite relatively favourable weather conditions for agricultural production.

Target interventions will focus mainly on:

- Support for small scale processing of agricultural produce during the immediate post harvest period, especially for oil palm and cassava and the rehabilitation of feeder roads in the food crop growing areas of the region.
- Support for expanded production of non-traditional exports by smallholders in mango, pineapples, and banana
- Targeted support activities to bring down malaria, diarrhoea and to expand immunisation.
- Support implementation of compulsory basic education, particularly provision of school infrastructure, learning material and the attraction and retention of teachers.

2.4 Food Crop Growing Areas

- Support for provision of basic agriculture infrastructure, particularly small dams, storage facilities and feeder roads in the rural food producing areas of the regions.
- Provision of marketing support, including formation of marketing co-operatives for food producers
- Urgent social protection through targeted programmes for skill development and credit delivery
- Provision of potable water to all guinea-worm endemic communities
- Targeted support activities to bring down malaria, diarrhoea, malnutrition and to expand immunisation

2.4 Nation-wide

A number of key relief measures will also be implemented to address urgent poverty Issues nation-wide. These include:

- Increasing awareness and coverage of treatment services for HIV/AIDS
- Financing implementation of the health user fee exemption policy and attraction and retention of health workers
- Pre-school education as priority action area for attention
- Expansion of health user fee exemption policy to cover treatment of malaria, guinea worm, tuberculosis, and free services for antenatal care, deliveries under-fives and all immunisation services.
- Expansion of services on fertility management
- Expansion of services for street children and teenage female porters including training centres and integration of street children into the normal school system where applicable.

Appendix H**AN ANALYSIS OF COMMENTS OFFERED ON VARIOUS DRAFTS OF THE GPRS**

Comment	Response
A section on comments and the NDPC response would be useful	Here they are.
The level of inflation proposed (5%) may not be achievable	Noted, the figure is based on WB calculations
There appears to be a negative attitude to aid	Not intended. Situation clarified in later drafts
Little on specific measures to improve environment for private sector led growth	This has now been expanded
No explicit definition of poverty	Included in later drafts including perceptions of poverty by communities
Further disaggregation of poverty trends by occupation groups required	Statistical information on this not available at the present time
Roles of government and civil society should be identified	Elaborated in later draft
No analysis of why people are poor	This is now dealt with in the definition of poverty
The role of political government and civil society should be identified	Role of Parliament, Cabinet and civil society fully articulated in later draft
Description of the GPRS process required	Included in section on process of preparing the GPRS
Need to build capacity in focal Regions	Regional & activity priorities established in Appendix A. integrated development approach proposed in selected locations
Need to link feeder road system with trunk road network to link markets, ports, industrial centres with producer areas	Included in later draft
Increasing access of the urban poor to safe water should be included	Suggestion incorporated
Improvement of natural resource management for sustainable production is essential	Principles absorbed into text and objectives
A link is necessary with budgetary process Creation of special HIPC fund required	GPRS/MTEF and budget process integrated and administered jointly by NDPC/MoF. HIPC relief will be deposited in special BoG a/c.

Comment	Response
delivery standards by MDA	
Should PPMED be located in the office of the Chief Director	The point is that the PPMED has the duty of coordinating the activities of line Divisions; an important planning function. In practice a line Division cannot impinge on the work of other line Division. By placing the PPMED and its Director in the office of the CD enables it to exercise the role of a staff office of the CD. This should not result in lack of delegation
Reproduction health information and services should be provided as part of livelihood skills training	Incorporated
Increasing accessibility to energy should include extension and expansion of national grid	Incorporated
Include Rural Kerosene Distribution Programme and LPG transportation and compensation package in access to energy	These two schemes are fully endorsed. However these are <i>activities</i> which should find expressions in MDAs MTEF output
The number of objectives are too numerous to be achieved in the three year plan period	Agreed, the number has been reduced in later drafts. Priorities for the three years are established during the GPRS/MTEF/Budget process
There is need to ensure the participation of small holders within the strategy for agriculture	This is agreed. Reference is made to protection and support of small scale farmers and to out growing schemes.
It is important to provide small scale irrigation schemes, access to land, credit and implementation in support of farmers	These provisions have been incorporated in the GPRS
Improved governance is the key to a disciplined, democratic society. Implementation of decentralization would assist in developing good government	The issue of political commitment, discipline, and decentralization as a means of increasing capacity, transparency and accountability has been fully stressed.
Regions and Districts have an important role in land allocation	Proposals for land reform includes the decentralization of machinery for land administration and the role of Districts, Traditional Authority and Communities
Government must implement some form of pricing policy for selected items	The concern is understood. However this is a controversial issue which requires further examination before a workable and acceptable strategy can be identified

Comment	Response
Costing & funding needs expression	The three years of costed programmes to be funded by GoG will be dealt with in Volume II. An approach on funding the GPRS through other means has now been added as an Appendix
GPRS does not explain linkages to existing MOFA programmes	Now incorporated in text
Objectives of GPRS not stated	Now elaborated in the background statement at the beginning of the report
Policies which indirectly promote unfair competition should be adjusted	Agreed. Reference has been made to this issue
Revitalizing existing storage facilities may not be appropriate	Noted
Private sector/NGO partnership requires a programme platform	Mechanisms for incorporating private sector/NGO participation into, particularly, District level development policies have been included. This is to facilitate programme partnerships
Promotion of agriculture should be distinctly pro poor and acknowledge non farm re spending to fuel growth	Agreed. This issue has been approached, directly and indirectly, in later drafts
The need for a clearly defined role of the public sector	The role of private and public sectors have been identified in the text under governance
Investment required in research & extension in agriculture	The use out grower schemes has been stressed and the use of labour intensive techniques
Let markets work	This has been stressed in various sections of the report with limited reservations in some cases
Protection of contracts an important role of government	Agreed, this has been included in the text
Need to develop private/public sector partnership	This has been fully articulated in the report
Improvement to the macro fiscal sector requires reforms in the public sector	These are dealt with in the governance section of the GPRS
Monitorable short term targets will have to be developed in relation to investment from HIPC relief	These are currently being sharpened in connection with HIPC triggers. Twenty percent of HIPC relief will be devoted to debt repayment, it is anticipated, the remainder will support the social sector
The decentralization process should be underpinned by effective	Financial management controls have been incorporated in the

Comment	Response
policy	
Provision of MSU and PPMED in Chief Directors office may not solve management problems	Agreed. Effective management requires commitment, leadership, discipline and clear and enforced structures, roles and procedures. However, experience suggests that PPMED are not usually qualified to deal with O&M issues which is a specialized subject. The MSU would provide a link between the government reform process and individual MDA. Location in the CDs office gives greater authority. It should not detract from delegation. It is not enough to strengthen PPMED. Their role must be defined and recorded in each MDA procedural manual and enforced
Need for coordinating committee for government policies	Agreed. Proposals are made for the CMA to provide a technical committee for the coordination of financial management, human resource management and development policy
Traditional Authorities should be part of the decentralization process	Agreed and acknowledged
Need to identify why the public sector reforms have not progressed satisfactorily	This has been elaborated in the latest draft in the governance section
Projects that target specific Regions may not be as successful as national programmes to target poorer Regions	Noted. Both approaches are anticipated and appropriate
Revisit proposal to rationalise the relative roles of the Ministry of Education and the Ministry for Manpower Development & Employment	Noted, to be discussed and Cabinet decision taken.
Need for land reform	Legislation on land reform to be passed into law by 2004
Recognise the primacy of indigenous land management institutions	Noted.
Insecurity of tenure – a cause of poverty	GPRS proposes Small Business Enterprise Zones with security of tenure. Other aspects will be undertaken under land reform by 2004
Compensation for agricultural villages affected by surface	Noted

Comment	Response
mining rights within mining concessions.	
Surface mining rights resulting in displacement of villages from their homes, farms, grazing lands, contamination of water sources etc. Legal contradictions to be appreciated by legislators, mining companies and policymakers	Noted
Quest for land by local communities to meet basic needs in face of limited land supplies	Legislation on land reform to be passed into law by 2004 Alternative livelihood sources actively promoted in text.
Statistical data in document not gender sensitive	Gender disaggregated data wherever possible
Each sector Ministry to empower women's desk officers to ensure reflection of gender sensitivity in sector policies	Noted. Reflected in current draft
Strategy must address gender inequality and promote women's advancement	Current draft shows stronger focus on this
Need to monitor implementation of commitments by Government on international conventions on gender	Responsibility of MOWAC and document reflects this
How to promote micro enterprises in the face of foreign competition by foreign manufacturers – either through tariff barriers on selected goods or assisting local producers to reduce cost of production	WTO does not allow discriminatory application of tariff barriers. GPRS promotes linking research to industry to strengthen MSMEs production and to reduce costs
Highlight role of traditional authorities in socio-economic development, in land acquisitions and in furtherance of investment drive etc.	Role of traditional authorities highlighted in Governance section Detailed role in land acquisition to be land reform measures
Expand membership of Regional Committees for ESRP to include Regional Economic Planning Officers (REPOs)	Noted
Information and Communication Technology (ICT) is crucial in development and accelerated private sector led economic growth and needs to be emphasized.	Noted, section on ICT included in current draft
Include newly established Micro finance fund for women	Reflected in current draft in section on production and gainful employment
Need for firms and industries with potential to damage	Reflected in current draft