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REPUBLIC OF GHANA

**DEVELOPMENT STRATEGY
FOR
POVERTY REDUCTION**

March 8, 2000

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Ministry of Finance
Government of Ghana
Accra, March 1, 2000

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LIST OF ABBREVIATIONS AND ACRONYMS

ADR	-	Alternative Dispute Resolution
AgSSIP	-	Agricultural Services Sector Investment Program
BOG	-	Bank of Ghana
BPEMS	-	Budget and Public Expenditure Management System
CCA	-	Common Country Assessment
CDF	-	Comprehensive Development Framework
CG	-	Consultative Group
CHRAJ	-	Commission on Human Rights and Administrative Justice
CPRP	-	Country Poverty Reduction Programme
CSOs	-	Civil Society Organisations
CSPGs	-	Cross-Sectoral Planning Groups
CWIQ	-	Core Welfare Indicators Questionnaire
CWSA	-	Community Water and Sanitation Agency
DACF	-	District Assemblies Common Fund
DAs	-	District Assemblies
DPCUs	-	District Planning Co-ordinating Units
ESOP	-	Employee Share Ownership Programme
GDHS	-	Ghana Demographic and Health Survey
GDP	-	Gross Domestic Product
GER	-	Gross Enrolment Ratio
GIPC	-	Ghana Investment Promotion Centre
GLSS	-	Ghana Living Standard Survey
GOG	-	Government of Ghana
GSS	-	Ghana Statistical Service
GWCL	-	Ghana Water Company Limited
IMCPR	-	Inter-Ministerial Committee on Poverty Reduction
IMF	-	International Monetary Fund
JSS	-	Junior Secondary School
LBCs	-	Licensed Buying Companies
MDAs	-	Ministries Departments and Agencies
MOE	-	Ministry of Education
MOFA	-	Ministry of Food and Agriculture
MTADP	-	Medium Term Agricultural Development Programme
MTEF	-	Medium Term Expenditure Framework
NCTE	-	National Council on Tertiary Education
NDPC	-	National Development Planning Commission
NGOs	-	Non-Governmental Organisations
NIC	-	National Insurance Commission
NIRP	-	National Institutional Renewal Programme
NPRP	-	National Poverty Reduction Programme
PIMES	-	Participatory Impact Monitoring and Evaluation System
PMM	-	Poverty Monitoring and Measurement
PPA	-	Participatory Poverty Assessment
PPMEDs	-	Policy, Planning, Monitoring and Evaluation Divisions
PRSP	-	Poverty Reduction Strategy Paper
PRU	-	Poverty Reduction Unit
PUFMARF	-	Public Financial Management Reform Programme
PURC	-	Public Utilities Regulatory Commission
PUSERMOS	-	Public Sector Reinvention and Modernisation Strategy
REPOs	-	Repurchase Agreements

SAP	-	Structural Adjustment Programme
SFO	-	Serious Fraud Office
SIF	-	Social Investment Fund
SOEs	-	State Owned Enterprises
SRC	-	Securities Regulatory Commission
SSS	-	Senior Secondary School
TCOP	-	Technical Committee on Poverty
UN	-	United Nations
UNDAF	-	United Nations Development Assistance Framework
VAT	-	Value Added Tax
VIP	-	Village Infrastructure Programme

A. Ghana's Development Strategy and Priorities

Strategic Policy Framework

1. The overriding aim of the GoG's economic development programme is the reduction of poverty and general improvement in the welfare of Ghanaians. Developed in 1995, the strategy for poverty reduction lays emphasis on economic growth, integrated rural development, the expansion of employment opportunities, and improved access by the rural and urban poor to basic public services such as education, health care, water and sanitation, and family planning services. Principal objectives of the strategy include attaining:

- a reduction in the incidence of poverty in both rural and urban areas;
- strengthened capabilities of the poor and vulnerable to earn income;
- reduced gender and geographical and socio-economic disparities; and
- a healthier, better educated and more productive population.

Box 1: Ghana - Vision 2020 (excerpts)

"The long-term vision for Ghana is that by the year 2020, Ghana will have achieved a balanced economy and a middle-income country status and standard of living. This will be realized by creating an open and liberal market economy, founded on competition, initiative and creativity, that employs science and technology in deriving maximum productivity from the use of all our human and natural resources and in optimizing the rate of economic and social development, with due regard to the protection of the environment and to equity in the distribution of the benefits of development.

Specifically, the vision of Ghana in the year 2020 - a generation hence! - is of a country in which:

- *Long, healthy and productive life for all individuals is the norm, with access to an enlarged range of choices for employment, shelter and leisure.*
- *The benefits of development are equitably distributed and gross deprivation and hard-core poverty are eliminated.*
- *National income is growing by at least 8% per annum, compared with the present average of 4-5%.*
- *Population growth is reduced from its present level of about 3% to 2% per annum, thereby allowing real income per head to rise to more than four times the 1995 level.*
- *Solutions to socio-cultural and economic problems of the individual, the community or the nation are recognized and sought within the domain of science and technology.*

2. Principal elements of the strategy to achieve these objectives include:

- accelerating economic growth through the balanced implementation of sound fiscal, monetary, and other macroeconomic policies;
- strengthening the agricultural sector to make it more productive through the use of more modern farming methods and marketing practices;

- broadening and deepening the manufacturing and services sectors in order to create new business opportunities as well as increase urban and rural employment opportunities;
- increasing investment in human resources through improving the quality of and access to nutrition, education, health, water and sanitation services;
- encouraging the development of an indigenous entrepreneurial class through improving access to training, financial services, credit and local and foreign markets; and
- reducing the isolation of poor communities through strengthening economic infrastructure such as roads and communications networks.

Political Developments

3. Ghana continues to have a high degree of political consensus on the broad direction of economic policy. In fact, consensus building on key policy issues on education, the economy and health, among others, by all stakeholders has been promoted by the Government, since 1996. Almost all the political parties are committed to implementing reforms that will accelerate growth and reduce poverty. The fundamental differences lie only in what policy options should be chosen in attaining the growth and development goals outlined in the *Ghana - Vision 2020* document.

4. Ghana's democratic process has been deepened since the last presidential and parliamentary elections in 1996. On the whole, Ghana has what it takes to make the democratic process more effective and efficient. The next elections are scheduled for December 2000 and all the political parties in the country are working towards full participation in the process. The voters register will be re-opened in April and all eligible voters are to be given photo voter identity cards. There is an active and unfettered media and the independence of the judiciary has not only been guaranteed by the constitution, but also remains a facet of Ghana's political order.

B. Poverty Trends in Ghana in the 1990s

5. The overall trend in poverty during the 1990s has been broadly favourable in Ghana. Taking the upper poverty line of $\text{¢}900,000$, the percentage of the Ghanaian population defined as poor has fallen from about 51 per cent in 1991-92 to about 43 per cent in 1998-99 (see Table 1 – the results are also illustrated in Figure 1). The decline, however, is not evenly distributed geographically, the poverty reductions being concentrated in Accra and the Rural Forest localities. In the remaining localities, both urban and rural, poverty fell only very modestly, apart from urban savannah, where the proportion of the population defined as poor has increased during the period.

6. In both periods, poverty is substantially higher in rural areas than in urban areas. Within both urban and rural areas, poverty is disproportionately concentrated in the savannah. This locality has benefited very little from the overall poverty reduction which has occurred in the country.

7. The sharp geographic variations in the pattern of poverty are even more marked with extreme poverty. In both periods, more than half of those in the Rural Savannah were classified as extremely poor. The incidence of extreme poverty in this locality actually increased slightly between 1991/92 and 1998/99 (in contrast to the observed decline in the incidence of poverty based on the higher poverty line). This tendency for the incidence of extreme poverty to rise where the incidence of poverty falls is also observed in the urban areas of the Coastal and

Forest zones. The reduction in poverty in these areas therefore seems to be predominantly among those close to the poverty line, with the very poorest not experiencing significant improvements in their standard of living. This suggests increases in the depth of poverty in these areas. The reduction in extreme poverty has occurred most sharply in Accra and the Rural Forest, which was also the case with the upper poverty line.

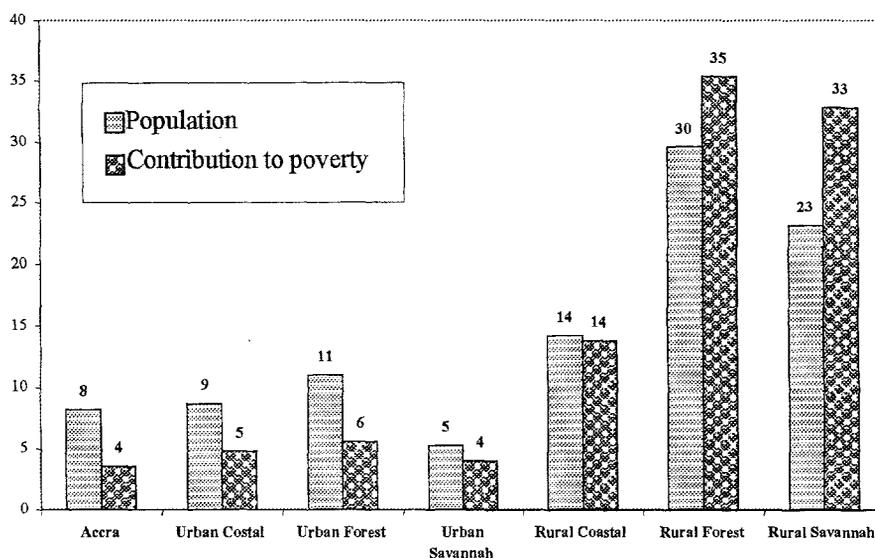
Table 1: Poverty incidence by location, 1991/92 and 1998/99 (per cent)

	Poverty line = ₵900,000		Poverty line = ₵700,000	
	Poverty incidence	Contribution to total poverty	Poverty incidence	Contribution to total poverty
GLSS3 – 1991/92				
Accra	22.4	3.6	11.6	2.7
Urban Coastal	28.3	4.8	14.9	3.6
Urban Forest	25.8	5.6	12.9	4.0
Urban Savannah	37.9	4.0	27.0	4.0
Rural Coastal	49.7	13.8	30.7	12.2
Rural Forest	60.8	35.4	45.1	37.4
Rural Savannah	72.1	32.8	55.9	36.2
Urban	27.5	18.0	15.3	14.2
Rural	62.4	82.0	45.8	85.8
All Ghana	50.8	100	35.7	100
GLSS4 – 1998/99				
Accra	4.7	0.9	2.4	0.6
Urban Coastal	26.8	5.3	17.1	5.1
Urban Forest	24.8	5.9	15.1	5.2
Urban Savannah	42.2	4.4	29.7	4.5
Rural Coastal	46.3	16.1	30.1	15.1
Rural Forest	41.4	31.6	24.4	26.9
Rural Savannah	70.5	35.6	58.2	42.6
Urban	22.8	16.7	14.5	15.4
Rural	51.6	83.3	36.2	84.6
All Ghana	42.6	100	29.4	100

Sources: GLSS3 and GLSS4

8. The income gap ratio, the proportion by which the average consumption level of poor households falls below the poverty line, gives some indication of just how intense poverty has been in Ghana. The average consumption among the poor in Ghana is around 30 per cent below the upper poverty line, this figure having increased marginally from 1991-92 to 1998-99. The corresponding shortfall for the extreme poor is about 35 per cent, and this also increased marginally over the period. This indicates the significant presence of the very poor despite the large overall decline in poverty. In summary, though the incidence of poverty has fallen, the depth of poverty for those who remain poor has increased marginally.

Figure 1: Population shares and contribution to poverty incidence by locality, 1998-99



Source: GLSS4

Poverty by region

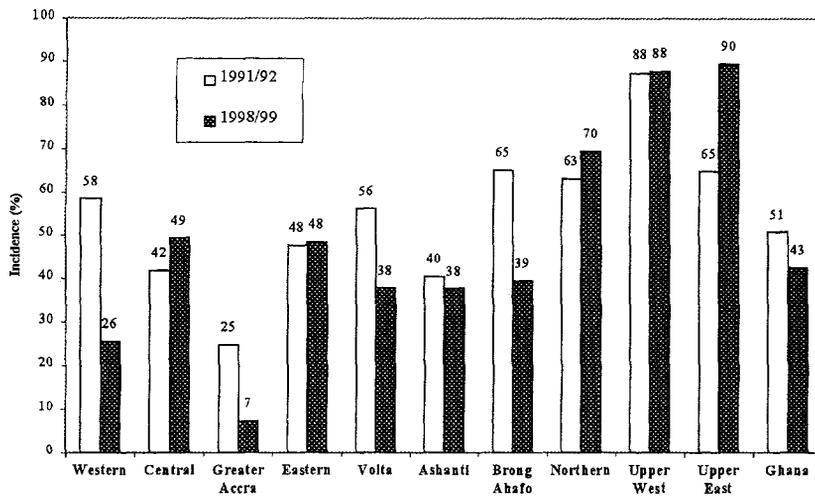
9. It is clear that both poverty itself, and the poverty reduction which has occurred, vary significantly by geographic area. An examination of the pattern of poverty in GLSS4 by region (Figure 2) reveals sharp differences in poverty levels even between geographically adjacent regions. Poverty is lowest by far in Greater Accra and highest in the North of the country (notably the Northern, Upper East and Upper West regions), with dramatic differences between the extremes. The remaining regions lie in between these extremes, but it is important to note that the Central and Eastern regions in the south of the country also registered a high incidence of poverty in 1998-99.

10. The pattern of change in poverty between 1991-92 and 1998-99 also varies substantially by region (Figure 2). The significant reductions in poverty at the national level have been concentrated in four regions: Western, Greater Accra, Volta and Brong Ahafo. Other regions (Central, Northern, Upper East) have experienced large increases in poverty between these two years, while the remaining regions show little change.

Poverty by main economic activity

11. Besides its geographic pattern, it is also important to relate poverty and trends in poverty to the economic activities in which households are engaged. Figure 3 presents the incidence of poverty by the main economic activity of the household. In 1998-99 in particular, poverty was highest by far among food crop farmers. Moreover, their contribution to the national incidence of poverty as indicated in the GLSS4 report by Ghana Statistical Service was far in excess of their population share. Indeed, at the national level almost 58 per cent of those identified as poor are from households for which food crop cultivation is the main activity.

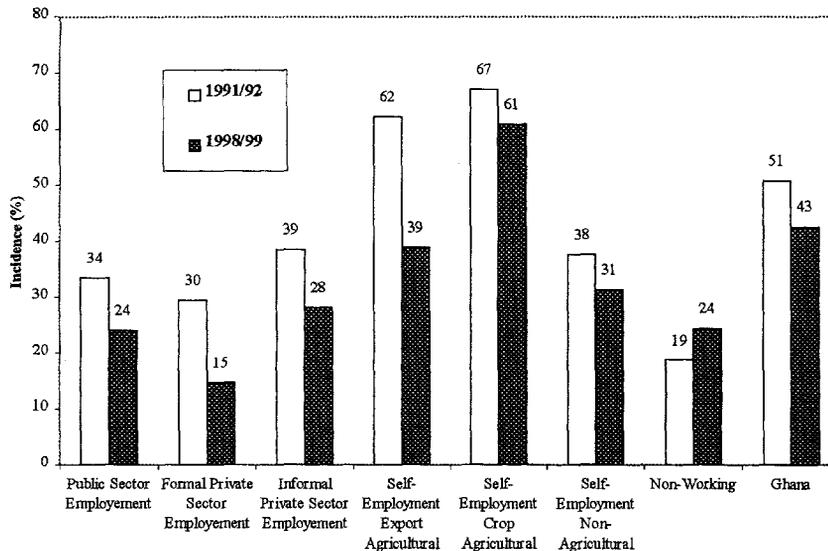
Figure 2: Poverty incidence by administrative region, 1991/92 and 1998/99



Sources: GLSS3 and GLSS4.

12. Other groups represent a smaller share of the poor at the national level than their share of the population. Nonetheless, the incidence of poverty is still quite high among export farmers, informal sector wage employees and the non-farm self-employed. The last group is large; in 1998/99 almost 24 per cent of the poor in Ghana were from households engaged primarily in non-agricultural self employment. Most groups have experienced reductions in poverty over this period, but to different degrees. Export farmers and wage employees in the private formal sector have experienced the largest reductions in poverty. Poverty has fallen among both wage employees in the public sector and the non-agricultural self employed.

Figure 3: Poverty incidence by main economic activity, 1991/92 and 1998/99



Sources: GLSS3 and GLSS4.

13. In summary, the declines in poverty have been concentrated most in Western, Greater Accra, Volta and Brong Ahafo. Some regions (Central, Northern, Upper East) have experienced increases. Export farmers and wage employees in private employment enjoyed the greatest gains in their standard of living, while food farmers, where poverty is the greatest, experienced the least gains.

Poverty Measuring and Monitoring

14. Recognising that monitoring is fundamental to effective targeting and programming, the GoG is committed to establishing a continuous poverty monitoring system. The system has been designed within the framework of the decentralised planning system, and emphasises district and community involvement and participation in decision making. Within this system, poverty monitoring is conducted at the national, regional and district levels.

15. The main GoG instruments for monitoring poverty and social conditions are the Ghana Living Standards Survey (GLSS), the Ghana Demographic and Health Survey (GDHS) and the Core Welfare Indicators Questionnaire (CWIQ). The GLSS was launched in 1987 as an integral part of the Structural Adjustment Programme (SAP). It is now conducted once every five years and measures the impact of economic policies on social conditions including levels of poverty. The CWIQ measures poverty levels on an annual basis using selected indicators. It is a simple data collection instrument capable of providing timely annual indicators on living standards for policy decisions.

16. The GLSS and CWIQ provide data on the living standards of the population on continuous basis reflecting changes over time. They provide data sets and information on different population groups at regional and national levels. The results cover demographic, economic, social and household indicators. It provides details on the size of households, migration, household data on income and consumption, sources and levels of income, food share in total household expenditure etc. Also covered are social characteristics such as literacy levels, net primary school enrolment, access to health facilities, and levels of nutritional well being among young children.

17. The third instrument for measuring and monitoring poverty is the Ghana Demographic and Health Survey (GDHS). It provides reliable information on fertility and family planning behaviour, infant and child mortality, children's nutritional status, and the utilisation of maternal and child health services. Additionally, it provides data and information on HIV/AIDS. There have been three surveys so far: the first survey in 1988, the second in 1993 and the third in 1998.

18. Development of capabilities to monitor poverty at the district and community levels is ongoing. As part of these efforts, implementation of a district-based poverty monitoring system on pilot basis (the poverty monitoring and measurement, PMM, component of the CPRP) will start early 2000. This initiative focuses on the collection, analysis and utilisation of data on poverty at the community and district levels, using existing District Assembly structures.

19. An innovative feature of the project is that it will involve communities in the identification of specific indicators that reflect local-specific poverty conditions. In addition, Participatory Poverty Assessments (PPA) and beneficiary or stakeholder consultations will be held. These will provide information on communities' perceptions of poverty conditions and the impact of

various policies and targeted interventions on these conditions. Another dimension of PPAs is that they also provide information on community development priorities.

Box 2: Coordination of Poverty Reduction Initiatives

The Government of Ghana (GOG) after the Consultative Group Meeting on Ghana held in Paris/France in 1995 established the institutional framework for coordinating poverty reduction initiatives countrywide as a way of avoiding duplication and reducing waste.

Established in 1995, the Inter-Ministerial Committee on Poverty Reduction (IMCPR) is the highest policy making organ on all issues relating to poverty reduction in Ghana. The IMCPR comprises all Ministers responsible for the social sector (including Health, Education, Employment and Social Welfare, Local Government and Rural Development, Agriculture and Infrastructure. In addition the Heads of National Council for Women and Development and the National Development Planning Commission (NDPC) are also members of the IMCPR. The Minister of Finance is the Chairman of the IMCPR.

The IMCPR is served by an inter-agency and multi-sectoral Technical Committee on Poverty (TCOP) which provides the IMCPR with the requisite technical backstopping for ensuring effective coordination of poverty reduction oriented activities. The Poverty Reduction Unit (PRU) located at the NDPC is the Secretariat. The Director-General of NDPC chairs the TCOP.

As part of its coordinating mechanisms, the TCOP in 1996 prepared the Policy Focus on Poverty Reduction Document outlining the policy thrusts and strategies of the Government. The TCOP also employs the Working Group concept in promoting coordination and harmonisation of ideas on poverty reduction. Already three Working Groups on Nutrition and Food Security, Street Children and Poverty Measurement and Monitoring have been established. Membership of the Working Groups is open-ended.

At the district and sector levels, the District Planning Coordinating Units (DPCUs) of the District Assemblies (DAs) and Policy, Planning, Monitoring and Evaluation Divisions (PPMEDs) of Ministries, Departments and Agencies (MDAs) have the responsibility for coordinating poverty activities and technically mainstreaming poverty reduction into policies and plans. Following a directive of the IMCPR in May 1998, DAs and MDAs have appointed Poverty Desk Officers who serve as focal persons and link with the Poverty Reduction Unit of NDPC.

20. Other useful elements of the monitoring system are the evaluations provided by targeted interventions such as the National Poverty Reduction Programme (NPRP), the Social Investment Fund (SIF) and the Village Infrastructure Programme (VIP). These programmes use participatory and consultative evaluation methods. An example of this approach is the participatory impact monitoring and evaluation system (PIMES) of the SIF.

C. Recent Developments and Economic Outlook

21. Ghana's economy for the past five years has generally followed the path that would lead to a sustainable growth and a stable macroeconomics environment. The growth rate for that period averaged about 4.4 percent with a sustained effort at poverty reduction.

22. However, recent and persistent declines in the world prices of cocoa and gold coupled with the sharp increase in the prices of oil slowed the country's progress to achieve her macroeconomic and budget targets.

23. The reintroduction of the value added tax (VAT) and the introduction of a Medium Term Expenditure Framework (MTEF) had contributed to efforts to improve budget management. However, in the face of current adversity, reducing the overall budget deficit has become more difficult and is projected to worsen in the year 2000. The rate of inflation reversed its downward decline in mid 1999 and averaged 12.5 per cent for the year. Gross international reserves are at the low level of 1.5 months of imports. The Government's target is to gradually raise the level of international reserves to 3 months of imports in the medium term. The external current account deficit is projected to remain around 7-9 per cent of GDP in the medium term.

24. The economic outlook and prospects for the years 2000-2002 are challenging. Government's fiscal position, the overall balance of payments, inflation and employment are all likely to be adversely impacted by the exogenous international developments. These developments call for even tighter measures and a revision of our growth targets in the short and medium term.

25. Government recognises its role in addressing this difficult situation and has accordingly instituted measures to address it. To respond to the shortfall in revenues, a number of fiscal measures are being pursued:

- measures to tighten revenue collection in areas of shortfall, notably in the Customs and its bonded warehouses;
- vigorous pursuit of VAT collections, including prosecutions of late or fraudulent payers;
- review of rates of taxation, including an increase in the VAT from 10 per cent to 12.5 per cent;
- postponement of non-essential capital works.

26. Over the medium term, the Government is committed to reducing its stock of domestic debt in order to bring down interest payments and rates and freeing up credit for the private sector. The Government hopes to accelerate privatization, notably in the financial sector and in the public utilities, to increase divestiture receipts. Government will continue to pursue tight monetary stance aimed at controlling inflation.

Table 2: Key Macroeconomic Targets

	1999	2000	2001	2002
	Annual per cent change			
Real GDP growth	4.5	5.0	5.3	6.0
Inflation /b	13.8	12.5	11.0	8.0
	As per cent of GDP			
Total revenue and grants	18.0	22.7	22.2	19.8
Total expenditures	28.3	34.9	29.6	24.0
Overall budget deficit (cash basis)/a	-6.5	-6.1	-4.2	-1.6
Net domestic financing	-5.4	-2.2	-1.3	-0.8

a/ including divestiture receipts

b/ end of period

Source: Budget Statement 2000

27. The terms of trade shocks will continue to exert severe pressure on the balance of payments and on the exchange rate. However, Government will maintain its policy of letting the

market determine the exchange rate freely, while keeping domestic liquidity tight to contribute to a gradual return to greater exchange rate stability.

28. The projected macroeconomic targets for the medium term (2000-2002) are (a) an average annual real GDP growth of around 5 per cent; (b) single digit inflation; and (c) raising the level of gross international reserves to 2 months.

D. Strategies for Poverty Reduction

29. This Development Strategy for Poverty Reduction has been prepared by the Government of Ghana and will be the basis for further consultations with all social and development partners. It provides a clear statement of our development strategy and intentions on reducing poverty in Ghana. It is based on *Ghana - Vision 2020* for which Ghanaians will devise the *Second Step (2001-2005) Plan* during the course of this year. It draws upon the Comprehensive Development Framework that was prepared for the Tenth Consultative Group meeting in Accra in November 1999. This document provides the framework for the World Bank's new Country Assistance Strategy for Ghana, and provides the basis for the preparation of an Interim Poverty Reduction Strategy Paper for the upcoming review of the IMF's Poverty Reduction and Growth Facility to Ghana. It is our intention that this strategy document should form the basis on which our development partners will formulate their programmes of assistance to Ghana.

The Comprehensive Development Framework (CDF)

30. A number of changes have been made to the development planning and coordination process in Ghana. These include the "Mini-CG" process¹ and the hosting in Accra of the Tenth full Consultative Group (CG) meeting to enable the delegations from the countries of our development partners to see for themselves the ongoing development activities in Ghana and also for them to have a real feel and appreciation of local conditions and environment. In addition, the Comprehensive Development Framework (CDF) was introduced in Ghana to strengthen collaboration across all the development partners.

31. The main CG document focuses on the economic situation and development strategy woven around the theme: "Reducing Poverty through Improved Agriculture" and is a very clear statement of our development strategy and intentions. It is complemented by fourteen sector issues papers which were prepared in collaboration with our development partners. The overall objective of the sectoral analyses is to increase the efficiency of the allocation of local and external resources and enhance their impact on poverty reduction. It is to be emphasised that this is a first draft of the CDF and that it will continue to be developed as a "living document".

32. Under the UN umbrella, a Common Country Assessment of the human development situation in Ghana was prepared as a complement to the CDF, with the participation from a broad cross-section of development partners, under the leadership of the Government. The CCA also provides an important input to the United Nations Development Assistance Framework (UNDAF) which is the common development strategy of the UN agencies in Ghana.

¹ The "Mini-CG" is a quarterly meeting of the Government with its development partners, chaired by the Government. It reviews recent developments, Government-donor issues, and follows up on CG decisions. It is also the umbrella group for the CDF and the various sector partner groups.

E. Poverty Reduction Agenda for 2000-2002

33. The challenges of poverty reduction are quite considerable. There is the need to deepen access to basic social services and infrastructure available to the poor. Increased support will be given to basic education, increasing the supply of teaching and learning materials and ensuring that all teachers are well trained. Specific priorities are to reduce gender disparity in enrolments, targeting deprived areas for the provision of educational infrastructure including housing for teachers, and to enhance community participation in education.

Box 3: MONITORING INDICATORS

Core Indicators /a	Actual 1999 /b	Provisional targets 2003
1. Extreme poverty head count ratio	29%	25%
2. Extreme poverty gap	31%	27%
3. GDP growth rate	4.5%	7%
4. Female Literacy	36%	45%
5. Rural child malnutrition	28%	24%
6. Infant mortality rate	57%	52%
Supplementary Indicators		
7. Under 5 mortality rate	108%	95%
8. HIV/AIDS behavior indicator – condom use		
Female	6%	10%
Male	15%	25%
9. Public sector borrowing requirement	5%	3%
10. Domestic primary surplus	2.4%	3.5%
11. Agricultural growth rate	4%	5-6%
12. Percentage of roads in good condition	35%	59%
13. Share of rural population with access to improved water services	66%	75%
14. Basic education female and male enrollment rates		
Girls	82.4%	93%
Boys	85.5%	93%
15. Criteria Reference Test scores for primary and secondary education		
English	34%	50%
Math	30%	45%
16. Number of public sector employees (excluding SOEs) as a proportion of total population	1.8%	1.5%

a/ The core indicators have been based on the targets set by the Copenhagen Declaration (1995).

b/ Data refer to 1999 or most recent year.

34. Promoting accelerated growth in agriculture will constitute a priority and critical component of the overall poverty reduction strategy. Particular attention will be on the establishment of food security programmes and improvement in access to markets through the provision of improved infrastructure. Mechanisms will be put in place to project the agriculture sector as an attractive sector for investment. We propose to enhance productivity by promoting access to improved technology and financial services which will be designed to meet the specific needs of the sector.

35. There is the need to improve the productivity and technical proficiency of the poor and to increase their exposure to improved production and marketing technologies. The training system will therefore be reformed and developed to increase access for the poor especially in training for off-farm employment opportunities and to provide the poor with a problem-solving orientation with a view to developing their entrepreneurial skills.

36. Coverage of, and access to, primary health care facilities and potable water are still inadequate. Programmes to increase access to primary health care facilities and potable water will be strengthened. Linkages with other sectors to reduce the rate of population growth and to improve nutrition are proposed. Substantial proportions of the population, especially children and women in rural areas, are disadvantaged and vulnerable to malnutrition. In response to this, programmes such as AgSSIP will address these issues. Special needs of women will also be addressed.

37. Coordination of poverty reduction activities will be pursued by strengthening the existing collaborative framework. The Technical Committee on Poverty (the technical level arm of the Inter-Ministerial Committee on Poverty Reduction) will be further activated to work with the Ghana's development partners and civil society using existing institutional mechanisms such as the TCOP Working Groups and the Thematic Working Group on Poverty Reduction. Efforts will be made to establish linkages with groups on other thematic areas to avoid waste and promote efficiency in the use of resources.

(i) Social Sector Policies and Expenditures

Social Sector Expenditure

38. In implementing the macroeconomic programme, care will be taken to protect those expenditures that are of key interest to the poor. Government has, over the years, spent resources on improving the social well-being of Ghanaians through economic and social policies targeting the poor and vulnerable groups in society. These expenditures have had positive impacts on a number of social indicators. Government will therefore continue to support the social sector by allocating more resources for this sector in the national budget.

39. Allocations to the Social Services are projected to increase from 17.4 per cent in 2000 to 22.5 per cent of total expenditures in 2002, with approximately two-thirds allocated to Education and over one-quarter to Health. Economic Services and Administration are also programmed to decline in shares of discretionary expenditures.

40. In addition, the recent poverty analysis makes rural policies and rural growth a major concern. Government will, therefore, accelerate its efforts to focus on the rural sector, and overcome the constraints to rural growth.

Table 3: MTEF Functional Shares of Total Expenditures (per cent)

	1999 /b	2000	2001	2002
Statutory Payments	38.3	32.6	30.0	29.5
External Debt	17.6	17.7	13.9	12.7
Domestic Interest	14.9	10.6	10.9	10.8
District Assemblies Common Fund	2.8	2.4	2.9	3.5
Other	3.0	1.9	2.3	2.4
Discretionary Expenditures /a /b	61.7	67.4	70.0	70.5
Social Services	17.4	19.4	20.3	22.5
Education	11.4	14.3	14.4	15.5
Health	4.8	3.9	4.8	5.9
Infrastructure	12.1	11.0	15.9	19.6
Economic Services	5.9	7.2	7.2	6.1
General Administration	15.4	23.5	20.2	14.9
Public Safety	5.8	5.9	6.0	6.8
Judicial, Legal and Human Rights	0.6	0.8	1.0	1.2
Defense and Police	5.2	5.2	5.0	5.6

/a including contingency, Education Trust Fund and Road Fund

/b 1999 out-turn, except for breakdown of Discretionary Expenditures which are as budgeted.

Source: Budget Statements, 1999 and 2000

41. Within the poverty strategy, the social sector is defined to include basic education, primary health care, rural water, rural housing, feeder roads, rural electrification, poverty-focused agriculture, social welfare and population management. Table 2 shows how much of the share of public expenditures is allocated to each of the social sectors. As a whole, poverty-targeted expenditure is expected to increase from 16.7 per cent of total expenditure in 1999 to 21.2 per cent in 2001.

Table 4: Projected Poverty-Related Shares of Public Sector Expenditures

Poverty related expenditures on:	as a share of:	1999	2000	2001
Basic Education	Ministry of Education	63.5	69.3	73.5
Primary Health Care	Ministry of Health	69.3	59.9	69.0
Rural Water	Ministry of Works & Housing	11.2	10.6	11.5
Feeder Roads	Ministry of Roads & Transport	18.5	15.5	17.4
Rural Electrification	Ministry of Mines & Energy	78.5	80.1	86.3
Poverty-Focused Agriculture	Ministry of Agriculture	67.7	66.6	74.0
Other poverty exp., including Social Welfare and Pop. Management	Total Expenditures	3.5	3.9	4.3
Poverty Reduction	Total Expenditure	16.7	18.1	21.2

a/ Based on MTEF 1999-2001 and will be updated to MTEF 2000-2002 when available.

Education

42. Compared to other sectors, the GLSS 4 results indicate that substantial progress has been made in Education but more remains to be done. Net primary (6-11 years) enrollment has been increasing slowly. The results indicate that the gender gap is closing but there is still a significant gap in primary school enrollment between urban and rural areas. Government will continue to take measures to increase the effectiveness and efficiency of education expenditures. The increase in adult (15+) literacy rate is smaller than expected and what is more the rate for males at 64 per cent is almost double that for females at 37 per cent. For this

reason, the new Non Formal Education programme is focusing its efforts on women in the 15-45 age group.

43. The Ministry is beset with the following problems which militate against its efficiency:

- lack of agreement between the MOE and the development partners on acceptable mechanisms and appropriate procedures for managing donor-funded educational programmes and activities;
- lack of critical mass of personnel particularly in the Deputy Director and Assistant Director I grades to provide the necessary support to the line Directors in the crucial areas of Policy Formulation, Analysis and Planning;
- the situation is exacerbated by the tendency on the part of some development partners to ignore the coordinating and monitoring role of the MOE, preferring to deal directly with sector agencies and institutions. The need for MOE's sufficient involvement in all donor-funded activities and programmes in the sector cannot be over-emphasised; and
- monitoring and evaluation system which needs to be resourced and strengthened in terms of equipment, vehicles and personnel.

44. The gross enrolment ratio (GER) in basic education is 76.6 per cent. This implies that about 24 per cent of the eligible school going population are not receiving formal education at the primary level. At the Junior Secondary level, the rate is 58.6 per cent. Programmes are in place to address the key issues of quality of education, low admission rates, disparities in educational provision and participation with significant differences existing between the three northern regions and the rest of the country, disparities in gender participation, teacher absenteeism, poor examination results, and poor school infrastructure.

45. Senior Secondary Schools provide three years of further education to eligible Junior Secondary pupils with the purpose of equipping them with skills and knowledge either for direct entry into the world of work or for further education. There are 504 Senior Secondary Schools, with 456 of them in the public sector. The total enrolment of this sub-sector is 194,785, which represents a transition rate of 35 per cent from the Junior Secondary School. Challenges and problems of the sub-sector include poor residential accommodation for teachers, lack of qualified teachers in rural community schools, and high unit costs.

46. The National Council on Tertiary Education (NCTE) was created in 1996. Its purpose is to coordinate the development of tertiary institutions in the country, which include the polytechnics and universities. There are currently eight polytechnics in the tertiary sub-sector with a total enrolment in 1997/98 academic year of 15,179. There are currently five universities in the public system with a total enrolment of 23,126 (1997/98). Access into university is particularly constrained, as only about 40 per cent of total qualified applicants are granted admission each year. Gender balance in participation is heavily skewed in favour of males. The main challenges and problems of the tertiary sub-sector include insufficient financing, and inadequate infrastructure.

Health

47. Poverty alleviation remains one of the central themes of policies and strategies in the health sector. Considerable progress has been made over the years to improve the health status of Ghanaians. This is mainly in the area of physical access to health care delivery

facilities and improving quality of health care throughout the country. Life expectancy has therefore improved while the infant mortality rate has also dropped.

48. However, some of our health indicators remain far below the expected international standards. The underlying causes include high population growth rate, high illiteracy rate and prevalence of poverty. About 60-70 per cent of the country's health problems relate to communicable and preventable diseases including epidemics. Emerging diseases such as HIV/AIDS, which can be found mainly among the youth, poses a major threat to the country's labour base. Severe malnutrition and micro nutrient deficiency among children and pregnant women are also prevalent. Non-availability of essential supplies, non-functioning equipment, poor physical infrastructure and lack of technical skills in some specialised areas have also contributed to the low quality of health services in the country.

49. To address some of these problems, a number of reforms and programmes have been designed to enable the sector to meet its objectives under *Ghana - Vision 2020*. The current five year programme of work seeks to address five main systemic challenges:

- (i) limited access to services;
- (ii) inadequate service quality;
- (iii) inefficiency and wastage;
- (iv) poor collaboration between the private and public health sectors, between the health sector and local communities and between the health sector and other sectors of the economy; and
- (v) inadequate funding of health services and inefficient resource allocation.

50. Specialist outreach programmes have been introduced to facilitate the use of available specialists. The sector is also increasing its network of facilities throughout the country with more emphasis on provision of basic infrastructure in rural communities and expansion of some of the existing ones. Rehabilitation and re-equipping of a considerable number of hospitals at the national, regional and district levels are being carried out.

51. The exemption policy has also been reviewed to cater for the vulnerable. Measures are also in place to ensure that drugs and other medical items are available in adequate quantities. To ensure successful implementation of these programmes at the facility level, quality assurance teams have been set up in all hospitals. In addition, inspectorate units and medical audits have been established at all regional levels to ensure quality of health care delivery.

52. Utilization of clinical services are targeted to increase from a current 0.36 per capita outpatient attendance to 0.5 in 2001. Coverage of health services is also expected to rise over this period. The share of deliveries that are supervised is projected to increase from 40.6 per cent to 50 per cent in 2001, contraceptive prevalence from 13 per cent to 16 per cent, and the share of children who are fully immunised from 63 per cent to 70 percent over the same period.

Water

53. The water sector has benefited tremendously in terms of policy and funding during the period of Economic Recovery and Structural Adjustment Programmes. All the sub-sectors namely, Community Water and Sanitation, Urban Water Supply and Water Resources Management benefited from the injection of capital, new institutional framework and management strategy which are transforming the sector and making it more efficient.

54. Several problems and challenges still face the sector. These include low coverage of water supply and sanitation facilities, high financial demands of projects, and lack of required manpower. Government and development partners have put in place programmes and strategies to address most of the problems and challenges.

55. To facilitate the production and distribution of rural water, Government established the Community Water and Sanitation Agency (CWSA) to provide rural communities with potable water. The Community Water and Sanitation strategy requires communities to own and manage their water supply systems, contribute 5-7 per cent of capital cost and be fully responsible for operation and maintenance. To this end, communities have the choice of which technology to install, whether small piped systems/borehole/wells, etc. District Assemblies and the CWSA are being strengthened to provide support to the Community management, operation and maintenance of these systems.

56. Government intends to accelerate the coverage of water and sanitation facilities to catch up and exceed population growth, with special attention being paid to deprived areas. The current targets are to achieve rural access to safe water of 60 per cent of the population by 2001 and 83 per cent by 2008.

57. In the urban water sector, the Ghana Water and Sewerage Corporation has been restructured into a limited liability company - Ghana Water Company (GWC). A programme to increase tariffs in order to safeguard the financial viability of the utility is underway and takes into account ability to pay of poor households. The GWC has a target to cover 100 per cent of the urban population by 2015. Government intends to lease existing urban water production and distribution systems to investors to attract much need capital to ensure their long-term sustainability.

(ii) The Accelerated Agriculture Growth And Development Strategy

58. The Medium Term Agricultural Development Programme (MTADP), which was initiated in 1988, guided and informed government policies and programmes for agricultural development during the 1990s. In addition, the Ministry of Food and Agriculture (MOFA) has formulated an Accelerated Agricultural Growth and Development Strategy designed to increase the sector's annual growth rate from the current 2-3 per cent (1990-96) to 5-6 per cent as programmed for in *Ghana - Vision 2020*. The strategy covers all agriculture including crops, livestock, fisheries, forestry and cocoa. It is consistent with two basic orientations of government. First, by the reliance on the private sector to lead investment and economic growth and second, the devolution of significant responsibilities from central government to District Assemblies.

59. The policies and programmes designed to achieve the objective of the Accelerated Agricultural Growth and Development Strategy are based on five major elements:

- Promotion of selected products through improved access to markets
- Development and improved access to technology for sustainable natural resource management
- Improved access to agricultural financial services
- Improved rural infrastructure
- Enhanced human resource and institutional capacity

60. The ***Agriculture Services Sector Investment Programme (AgSSIP)*** is the vehicle for implementing this strategy. It is aimed at helping to reduce poverty and improve food security

by providing essential public services for sustainable and equitable growth. As most of the rural population earns their livelihood from farming, AgSSIP will contribute to broad-based poverty reduction in the country. It will do so by supporting technological changes and innovation in crop, livestock, fishery and forestry production and in agro-processing, thereby improving returns to all factors of production.

61. The programme is a long-term one that is aimed at supporting the Government's agricultural development goals by rationalising the sectoral public expenditure and the role of MOFA and other Ministries, Departments and Agencies (MDAs) closely related to agricultural development. According to the AgSSIP approach, all projects and programs in the sector are to be incorporated under the same umbrella and follow unified procedures as far as possible.

62. The capacities to advance development will be enhanced at all levels of the agricultural sector both private and public. AgSSIP will invest in social capital, strengthening grassroots organizations capacity to negotiate with actors and institutions that regulate access to services, the markets and production. Empowering grassroots organizations is a social instrument for rural people to draw themselves out of poverty.

63. Strengthened producer organizations, such as cooperatives and farmer groups will be able to provide better services to their members to facilitate technology adoption, by improving access to input and facilitating marketing. The participatory approach and fine-tuning of technical recommendations will help address the needs of the poorest farmers, many of whom are women. Indeed, rural women make up over 60 per cent of the farming population and are often the major providers for their families. Thus, increased incomes for women will improve household food security and well being, as women spend most of their earnings on their families, especially on their children.

(iii) Cocoa Sector Strategy

64. In 1998, Government established a task force comprising representatives across the cocoa sector to prepare a comprehensive report with recommendations on production, marketing, pricing, infrastructure, and financial arrangements within the cocoa sector. The report was discussed at a national workshop in January 1999 and served as the basis for the formulation of the Cocoa Sector Development Strategy. The main elements of the strategy include:

- Raising the producer price to 65 per cent of the fob price in 1999/2000 and to 70 per cent by the year 2004/5.
- Reducing the cocoa export tax to 15 per cent of the fob export price by the year 2004/5.
- Allowing qualified licensed buying companies (LBCs) to export 30 per cent of their domestic purchases starting with the 2000/2001 crop season.
- Deepening competition in the internal marketing of cocoa by giving all LBCs equal access to Cocobod's warehousing and crop financing facilities.
- Maintaining quality control as the responsibility of a public institution.

65. As a result of the above measures, cocoa production, currently estimated at about 400,000 metric tonnes, is expected to reach 500,000 metric tonnes by 2004/5. To ensure the successful implementation of the strategy, a Steering Committee made up of the major stakeholders in the industry was established and is supported by a Reform Secretariat. The Government is currently reviewing proposed regulatory changes that will allow private buying companies to export cocoa directly during the 2000/2001 crop season.

(iv) Improving Infrastructure Linkages

66. A major element of the poverty reduction strategy is to reduce the isolation of poor communities through strengthening economic infrastructure such as roads and communications networks. The Roads and Transport Sector faces several challenges and problems, which militate against the realization of its objectives. Some of these are enumerated below:

- Clearing maintenance backlog in the road network and improving capacity to sustain maintenance;
- Motivating engineers especially, the young ones to remain with the Ministry;
- Securing donor assistance to develop some sub standard roads;
- Improving lake transport infrastructure and ferries to ensure all year round operations and safety; and
- Encouraging private participation in rail transport through concessioning.

67. The Ministry has formulated a number of strategies to address the challenges and problems which cut across all the sub-sectors namely; roads, aviation, maritime, and rail transport. Additionally, programmes with funding requirements have been prepared to translate these strategies into action. While the government has managed to secure funding for some of the projects, a number of critical ones remain without funding. They include trunk roads, feeder roads and urban roads some of which need to be rehabilitated, reconstructed and regravelled.

68. Government intends to clear the road maintenance backlog, through routine maintenance of about 25,000 of the maintainable network, periodic maintenance and rehabilitation will restore around 15,000 km of roads currently in fair/poor condition over the period 2000 – 2002. Reconstruction of around 900 km of damaged sections of the road network will also be undertaken. The road condition mix is expected to stabilise at 70 per cent good; 20 per cent fair and not more than 10 per cent poor by the year 2005. Actions toward these targets will begin in the programme for the period 2000 – 2002, and will be funded by Government of Ghana through the Consolidated Fund, the Road Fund and assistance from our development partners.

(v) Environment

69. The Government's strategies to address the challenges in natural resources management are largely embodied in the 1994 Forest and Wildlife Policy and the Forestry Development Master Plan (1996-2020). The aims are to:

- (i) ensure a sustained and adequate supply of forest and wildlife products;
- (ii) prevent further environmental degradation due to forest depletion and inappropriate farming practices; and
- (iii) stimulate community involvement in the management of the resources and enhance the economic well-being of rural residents.

70. The passage of the Forestry Commission Act, 1999 (Act 571) paves the way for the re-establishment of the Forestry Commission as a corporate entity under which existing forest and wildlife implementing agencies have been incorporated. The Government has also outlined its plans to embark on a project that will encourage private investment in commercial forest plantations and, to this end, approval has been given for the creation of a Forest Plantation Development Fund.

71. Strategies in the land sector are being formulated with the announcement in June 1999 of the National Land Policy. The policy aims at the judicious use of the nation's land and all its natural resources by all sections of the society in support of various socio-economic activities undertaken in accordance with sustainable resource management principles and maintenance of viable ecosystems. In pursuing the stated policy objectives and guidelines, the Government has listed the following actions for priority attention:

- (i) securing international boundaries and shared water resources;
- (ii) facilitating equitable access to land;
- (iii) provision of security of tenure and protection of land rights;
- (iv) ensuring planned land use; and
- (v) developments of effective institutional capacity and capability.

(vi) Private Sector and Entrepreneurial Development

72. The overall policy of Government will continue to focus on creating an enabling environment for private sector growth. Policies have been instituted to ensure increased private sector participation and growth in the real sectors to create employment thereby ensuring improved standards of living for the large majority of the population who are dependent on those sectors. Government has initiated policies designed to remove all bottlenecks to ensure the development of the private sector as the main vehicle for the growth of the economy.

73. In addition, substantial resources have been invested in the rehabilitation and construction of such economic infrastructure as roads, highways and ports and harbours. Under the Ghana Gateway Programme, the Tema and Takoradi Ports as well as the Kotoka International airport are being rehabilitated to ensure the free flow of both cargo and passengers and to service the whole sub-region. Government is considering the involvement of the private sector not only in the financing but also in the management of roads, ports and harbours as well. In this connection, the Government has involved private sector institutions in the operation of the tolls.

74. As of end 1998, 188 companies had been privatised under the accelerated privatization programme. To ensure that ordinary Ghanaians have a meaningful stake in the privatised companies, a Privatization Trust is being established to warehouse all outstanding shares of Government in SOE's. Under this scheme, the Government also intends to use the warehoused shares to deepen the Employee Share Ownership Programme (ESOP).

75. Government is also focusing on the restructuring of the water and power sub sectors. New sector policies have focused on the creation of an appropriate regulatory framework and the promotion of private participation in these sectors.

76. Government has established certain key institutions to facilitate private investment, regulate private sector operations and protect private sector investment. The Securities Regulatory Commission has been established to ensure discipline and transparency in the financial sector. Similarly, the Bank of Ghana and the National Insurance Commission have been strengthened to enhance their oversight of the banking and insurance sectors. The Public Utilities Regulatory Commission has been established to regulate utility pricing, to ensure reliable service and to provide a forum for both private operators and consumers to address emerging issues amicably. Finally, the Ghana Investment Promotion Centre has been

transformed from an investment regulation authority to an investment facilitation agency to encourage the inflow of foreign private capital.

77. Government in 1997 organised the National Economic Forum which was aimed at re-focusing Government's approach to assist the private sector. It is the aim of Government to institute a permanent Public-Private Sector Forum as a catalyst to further accelerate the policy dialogue initiative to enable the private sector to play its expected pivotal role.

78. With respect to the financial sector in Ghana, a programme of reform has been pursued within an environment of market economy, involving among others, deregulation of interest rates and credit ceilings, and a liberalised trade and payments regime. As part of the reform programme, measures were put in place to strengthen the management and operational capabilities of banks, and the development of the capital market. In addition, a programme of privatization of state-owned banks has also been pursued.

79. In the coming years, financial sector reforms will be accelerated to promote competition. The legal framework of banks vis-a-vis their capital adequacy, exposures, computerization and forex transactions, among others, will continue to be strengthened in line with our banking laws.

(vii) Governance, Financial Management and Anti-Corruption Programmes

Main Challenges

80. Some key elements of good governance are identified as clean and fair political practices, transparent and accountable exercise of power, an independent, impartial, efficient and non partisan judiciary, equitable distribution and management of public finances and finally combating corruption and avoiding the climate of impunity, among others. The challenges that Ghana faces in governance are many.

81. ***Strengthening the capacity of the state to promote better governance.*** In the context of globalisation and sustainable development, the concern of the quality of state activities has been expressed. Current Government policies point to the fact that the state must effectively play the role of a catalyst, facilitator and a partner for good governance and development. The state must provide both economic and legitimate political leadership to represent and act as an intermediary between different forces of society. Good Governance requires competent public agencies. This means that the state must acquire the capacity to provide an adequate legislative framework, ensure genuine independence of the judiciary, ensure a balance in the power sharing arrangements of the major arms of government, establish efficient and effective public institutions and be able to bring all key players in governance together within a cooperation framework, to promote participatory democracy for sustainable development. Specific issues that need to be addressed include:

- Provision of adequate resources and skill to implement effectively the system of government instituted by the constitution.
- The supremacy of civil authority in safeguarding the constitution and legal regime.
- Bridging the gap between the letter and spirit of the constitution and the reality of the Ghanaian situation in all fields and at all levels of society.

82. For the Executive, the key issues are improving on the policy management process, deepening functional performance monitoring and evaluation of capacity, and creating consultative and consensus-building structures and transparency and accountability in decision-

making. For the Judiciary and Independent Commissions, the priorities are to improve the legal framework for delivery of efficient, expeditious and cost-effective legal services, and to remove bottlenecks and causes of delay through accelerated reviews, law reform and rules of procedure, systems and processes. This will require provision of adequate infrastructure, modern archival and retrieval mechanisms, information technology and communication systems, and the promotion of *Alternative Dispute Resolution* (ADR) mechanisms.

83. For the Legislature, the challenge is creating an enabling atmosphere for the appreciation of the role of political parties in Parliament, with a shared national vision among Parliamentarians. This includes physical infrastructural development to adequately accommodate the needs of Parliamentarians, and expansion of resources/logistics and personnel base for research and development support including library services, and the delivery and circulation of the Hansard to MDAs and Civil Society Organisations. Capacity building (institutional and human resource) is needed, as is an enhanced consultative process for the formulation of legislation with greater involvement of Civil Society

84. The second challenge is expanding the role of Civil Society in promoting democracy, popular participation and good governance. It is not meaningful to conceive of a process of state reform independently of the relations between state and civil society and more fundamentally of the nature of civil society itself. The challenge here is how to remove the discourse of governance where the state as an institution is seen to govern civil society rather than as an institution within civil society and which should properly be governed by it. Generally, Government recognises that the key to establishing an enduring democracy is the emergence of a strong, viable and assertive civil society. This is because a well-developed civil society widens democratic space and facilitates opportunities for citizens' participation in political and social life at large.

85. In resolving the discourse the process of state reform must embrace cooperative relationship with civil society. Accordingly, the capacity of genuine, accountable and transparent civil society organisations (CSOs) and Non-governmental organisations (NGOs) must be strengthened to reinforce durable partnership with the state and private sector to promote good governance, particularly democratic institutions and values, political and bureaucratic accountability and transparency, and respect for human rights. Specific issues that need to be addressed include:

- Building and improving access to public information;
- Capacity building for civil society organisations, including the role of Civil Society at the local level;
- Developing the ability of rural people to participate in and influence policy-making beyond elections;
- Creating a transparent legal regime for media practice; and
- Capacity building for responsible journalism.

Anti-Corruption

86. Within the last decade, both national and international constituencies have agreed that unless the scourge of corruption is combated effectively, the world beyond the year 2000 will be one where poverty will deepen, the legitimacy of governments eroded, human rights abuses intensified and democracy undermined. To show Government's current commitment to the fight against corruption, a Serious Fraud Office (SFO) has been established and an anti-corruption work plan has been developed. The SFO, Commission on Human Rights and Administrative Justice (CHRAJ) and a number of civil society organisations and other coalition members are in

the process of teaming up in the fight against corruption, money laundering and other white collar crimes which undermine the development effort of the country.

87. The new methodology for fighting corruption is the building of coalitions between government, the private sector and civil society, of networking and collaboration from regional and international bodies with support from development partners. The struggle is thus essentially a domestic task and must be locally devised, owned and driven.

88. Ghana's participation in the 9th Anti-corruption world conference in Durban, was with a sense of purpose and the delegation was pleased to submit to Mr. Wolfensohn, President of the World Bank, a personal letter from His Excellency President Rawlings, stating his government's unequivocal commitment to the fight against corruption. Ghana is among seven (7) African countries that is piloting the new integrated strategy to fighting corruption sponsored by the World Bank and other development partners. The approach is preventive. It is to attack the root causes and fight it with a coalition of internal forces. The methodology requires a country-wide diagnostic survey to delineate areas of attention for priority action. The survey is expected to provide a firm empirical basis for developing an action plan, the sharing of information and responsibility among coalition partners and finally, implementing and monitoring an integrated national anti-corruption programme.

Public Financial Management Reform Programme (PUFMARP)

89. In 1997, Cabinet approved for implementation, the **Public Sector Reinvention and Modernisation Strategy (PUSERMOS)** as the framework for rebuilding government and conducting public sector management reforms. PUSERMOS seeks to transform state institutions, their accountability and performance framework and their relationship with the private sector and civil society.

90. The introduction of the **Medium-Term Expenditure Framework (MTEF)** under the PUFMARP umbrella has transformed the budgeting system from a "shopping list" line item approach to a results-oriented output-based medium-term strategic resource planning and management system covering all agencies of government. The ability of government to undertake this bold and unprecedented initiative in the first year of its introduction is a clear manifestation of Government's commitment to addressing the deep-seated fundamental and structural flaws in the public financial sector.

91. The MTEF methodology which has compelled all government agencies to examine their statutory mandates as well as roles and responsibilities, also necessarily required a re-assessment of their structural set-ups within the scheme of Government's policy priorities and medium term objectives. The National Institutional Renewal Programme (NIRP) is supporting other ongoing reforms in the public sector. The result of these would lessen the strain on central government's limited resources thereby enabling it to meet priority commitments.

92. The pilot implementation of Government's Budget and Public Expenditure Management System (BPEMS) will take off by September 2000. Government will then be in a position to capture and effectively control between 70 to 80 per cent of its public expenditure through this database of expenditure information.

93. Additionally, the mandate of the Ghana Audit Service has been amended to enable it to undertake value-for-money auditing. Computer-based auditing is envisioned in the audit reforms to prevent fraud.

Decentralisation

94. The thrust of decentralization policy in Ghana has been to promote popular participation and ownership of the machinery of government by shifting the process of governance from command to consultative processes, and by devolving power, competence and resources to the district level. Currently, the legal backing and features for decentralization are derived from the constitution of Ghana and the Local Government Act (Act 462 of 1993). Other legislative provisions that facilitate the implementation of the decentralization policy include: the Civil Service Law, 1993 (PNDC Law 327) and the National Development Planning System Law (ACT 480 of 1994). In general, there are 5 facets of the decentralization process in Ghana, namely: Political, Administrative, Development Planning and Programme Implementation, Fiscal, and Management of Public-Private Partnerships.
95. With respect to the *political* aspect, the structures for decentralization comprise the District Assemblies; Urban/Zonal and Town/Area Councils and Unit Committees. At the regional level, there are Regional Coordinating Councils, which coordinate the District Assemblies in their respective regions.
96. **Administrative decentralization** involves decentralising the machinery of government by restructuring the ministerial institutions, transferring defined functions and their related powers and resources to the local governments, and ensuring an effective and meaningful integration of sectoral programmes, resources, and assets into the District Assembly System, so as to promote coordinated developments and efficient resource utilization.
97. Decentralised **development planning** and programme implementation will ensure the active involvement of the population and service providers in the definition of development priorities and the implementation and management of development programmes.
98. **Fiscal decentralization** is expected to enable local government to gain access to national development resources for the implementation of development projects and programmes that have been prioritised in the district development plans, and to provide structures and identify processes for effective management of such resources. To give effect to this, the Constitution mandates the creation of the District Assemblies Common Fund (DA CF) which involves the transfer of not less than 5% of total government tax revenue to the districts. Other sources of income to the District Assemblies include the ceding of income tax payable by informal sector operators, vehicle operators, betting, entertainment and advertising to the District Assemblies, and locally generated revenue collected from user fees, basic and property rates, licenses and investments.
99. There, however, remain many challenges. Local Government reforms must contribute to good governance and must, therefore, manifest all the benchmarks of democratic rule, such as - free elections of representatives, checks and balances, judicial review of administrative excesses, meaningful opportunity for popular participation, fiscal decentralisation, a clear delineation of the roles and functions of key actors, capacity building for decentralised departments and the full participation of women and disadvantaged groups. Government has been vigorously pursuing the achievement of these objectives to ensure that the Local Government set up becomes the training grounds of national political involvement. In this regard, there is the need to encourage collaboration with the private sector. However, the crucial need is the enhancement of management capacity at the local levels, both in governmental and civil society. Critical in this management lapse is the planning, management and utilisation of resources, and the need to employ and train competent professionals to handle the growing resource base of the District Assemblies.

F. Next Steps

Consultative Process for the Preparation of *Ghana - Vision 2020*

100. The emergence of a national consensus around long and medium term development goals has been an important foundation for Ghana's maturing democracy. The present planning system adopts the consultative process involving all stakeholders, in the determination of national goals and policies, preparation of plans and programmes, identification of national priorities, setting achievable targets and review of performance.

101. As Government embarks on the preparation of a second policy framework and medium term plan for 2001-2005, the planning cycle will be its usual one, which is as follows:

- NDPC has assembled eight Cross-Sectoral Planning Groups (CSPGs)² from a wide span of Ghanaian society including religious and traditional institutions, the private sector, community organizations, NGOs, and central and local government. These groups will establish the policy focus, goals and objectives and formulate strategies in their respective thematic areas.
- A national forum will be held to review these, culminating in a single national policy framework document (*The Second Step: 2001-2005*).
- Thereafter, MDAs and District Assemblies will prepare individual development plans in line with this framework. Regional Coordinating Councils synthesize District Plans into regionally coordinated programmes, after which NDPC will rationalize the individual programmes into *The Second Medium Term Development Plan* and a *National Programme of Action*.

National Economic Forum

102. The mechanism used in forging agreement across diverse stakeholders in the Vision 2020 preparations has been replicated successfully in numerous other fora for public decision-making, an example being the National Economic Forum. This forum was organised by the National Development Planning Commission; to facilitate a dialogue between the private sector, the public sector and the general Ghanaian community and to develop a national consensus on policy measures and programmes required for accelerated economic growth within the framework of *Ghana - Vision 2020*. The forum was held as a follow-up to the Government-Private Sector dialogue on development policy issues.

103. Representatives from the Council of State, Parliament, the political parties, traditional authorities, public sector agencies, banking and non-banking institutions and the business community, professional associations, tertiary and second cycle institutions, scientific and policy research institutions, farmers and fishermen organisations, and other non-governmental organisations were all involved. Representatives of donor agencies attended the Forum as observers.

104. Government has proposed to reconvene the National Economic Forum to give all stakeholders the opportunity to revise the earlier recommendations in light of changing economic circumstances.

² CSPGs have been established in the following thematic areas: Macro-economic Development, Human Development, Production, Technology and Competitiveness, Rural and Urban development, Infrastructural Development, Enabling Environment, Financing the Plan, Regional Integration and Economic Cooperation.

Preparation of the Poverty Reduction Strategy Paper

105. Poverty reduction remains a main priority under *Ghana - Vision 2020*. For that reason, and in light of the detailed plans that already exist for consultation under the *Vision 2020: Second Step* process, the preparation of the PRSP will be fully integrated into that process (see description of the process above). The Inter-ministerial Committee on Poverty Reduction (see Box on Coordination of Poverty Reduction Initiatives) through its Technical Committee on Poverty (TCOP) will work with the National Development Planning Commission, which is responsible for the *Second Step* preparations, to ensure that a coherent poverty strategy emerges from those consultations. The Inter-ministerial Committee will also oversee the preparation of the PRSP, which is to be finalised in January 2001.

106. The indicative timetable for the preparation of the *Second Step* and for the preparation of the PRSP will be as follows:

January 7, 2000:	Formation of the eight Cross-Sectoral Planning Groups (CSPGs) with broad representation from government, private sector, civil society, academics, and development partners
January 25, 2000:	National launch by the Vice-President of <i>Vision 2020: The Second Step</i> and of the work of the CSPGs.
January 31, 2000:	Formation of PRSP team in MOF/NDPC/GSS, to prepare the Interim PRSP, drawing on existing sources
February, 2000:	Drafting of the "Development Strategy for Poverty Reduction" as the core of an Interim PRSP, and its submission to the Bretton Woods Institutions as part of CAS process and PRGF negotiations
February, 2000:	Work programme of CSPGs begins. CSPGs meet every 2-4 weeks, with each group having its own analytical team
March, 2000:	Preparation by NDPC staff of guidelines for MDAs and DAs for the preparation of sectoral and regional development programmes
March 7, 2000:	Distribution of the "Development Strategy for Poverty Reduction" to CSPGs as background for integration into their thematic work
April 7, 2000:	First draft of <i>Vision 2020: Second Step</i> National Policy Framework Document (NPDF), including policies, targets and strategies for each of the eight thematic areas, and an analysis of each themes impact on poverty reduction
April, 2000:	Review by all stakeholders (via the CSPGs) of the draft NPDF
Late April, 2000:	National workshop of stakeholders for review of the draft NPDF
Late April/May 2000	Presentation of Interim PRSP to the Boards of the IMF and World Bank
May 15, 2000:	Final draft NPDF distributed to MDAs and DAs as the basis on which they will prepare plans

- May-September, 2000: MDAs and DAs submit draft development plans. Each MDA and DA will hold separate consultations with their own stakeholders
- October, 2000: Reconvene CSPGs for consultative review of draft plans from the MDAs and DAs to ensure consistency with the NPFDP
- December, 2000: Finalize *Ghana - Vision 2020: The Second Medium Term Development Plan, 2001-2005*
- December, 2000: Revise and finalize PRSP based on this document, including an updated framework to 2005
- January, 2001 Issue draft Poverty Reduction Strategy Paper
- April, 2001 Presentation of PRSP to the Boards of the IMF and World Bank