PUBLIC EXPENDITURE REVIEW 1997

Managing Social Sector Expenditure for Human Capital Development

MINISTRY OF FINANCE

AUGUST 1998
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MANAGING SOCIAL SECTOR EXPENDITURE FOR HUMAN CAPITAL DEVELOPMENT

MINISTRY OF FINANCE

AUGUST 1998
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<tr>
<td>AESL</td>
<td>Architectural and Engineering Services Limited</td>
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<td>BESIP</td>
<td>Basic Education Sector Improvement Programme</td>
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<td>UN D-CAS</td>
<td>United Nations Development Co-operation Analysis System</td>
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<td>CAS</td>
<td>Catholic Action for Street Children</td>
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<td>CSM</td>
<td>Cerebro-Spinal Meningitis</td>
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<td>CWIQ</td>
<td>Core Welfare Indicators Questionnaire</td>
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<tr>
<td>CWSD</td>
<td>Community Water and Sanitation Division</td>
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<td>DACF</td>
<td>District Assemblies Common Fund</td>
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<td>DAs</td>
<td>District Assemblies</td>
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<td>DHMT</td>
<td>District Health Management Teams</td>
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<td>ECGD</td>
<td>Export Credit Guarantee Department</td>
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<td>EPI</td>
<td>Expanded Immunisation Programme</td>
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<tr>
<td>fCUBE</td>
<td>Free Compulsory Universal Basic Education</td>
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<tr>
<td>FODA</td>
<td>Friends of the Disabled</td>
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<td>GES</td>
<td>Ghana Education Service</td>
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<td>GEU</td>
<td>Girls Education Unit</td>
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<td>GIJ</td>
<td>Ghana Institute of Journalism</td>
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<td>GLSS</td>
<td>Ghana Living Standard Survey</td>
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<td>GOG</td>
<td>Government of Ghana</td>
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<td>GRATIS</td>
<td>Ghana Regional Appropriate Technology Industrial Service</td>
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<tr>
<td>GREDA</td>
<td>Ghana Real Estate Developers Association</td>
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<td>GSS</td>
<td>Ghana Statistical Service</td>
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<td>GWSC</td>
<td>Ghana Water and Sewerage Corporation</td>
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<tr>
<td>ICCES</td>
<td>Integrated Community Centre for Employable Skills</td>
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<tr>
<td>ITTUs</td>
<td>Intermediate Technology Transfer Units</td>
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<tr>
<td>JSS</td>
<td>Junior Secondary School</td>
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<td>LMI</td>
<td>Labour Market Information</td>
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<td>MDA</td>
<td>Ministries, Departments and Agencies</td>
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<td>MESW</td>
<td>Ministry of Employment and Social Welfare</td>
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<td>Ministry of Health</td>
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<td>MWH</td>
<td>Ministry of Works and Housing</td>
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<tr>
<td>GNCC</td>
<td>Ghana National Commission on Children</td>
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<td>NCWDD</td>
<td>National Council for Women and Development</td>
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<td>NGO</td>
<td>Non Governmental Organisations</td>
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<td>NPC</td>
<td>National Population Council</td>
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<td>NVTI</td>
<td>National Vocational Training Institute</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>OIC</td>
<td>Opportunities Industrialisation Centre</td>
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<td>PIP</td>
<td>Public Investment Programme</td>
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<td>PUFMARP</td>
<td>Public Financial Management Reform Programme</td>
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<td>Acronym</td>
<td>Description</td>
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<tr>
<td>PWD</td>
<td>Public Works Department</td>
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<td>Regional Coordinating Council</td>
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<td>RTI</td>
<td>Reproductive Tract Infections</td>
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<td>SCC</td>
<td>State Construction Company</td>
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<td>SEAT</td>
<td>Special Employment and Apprenticeship Training Programme</td>
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<td>SHC</td>
<td>State Housing Company</td>
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<td>SSNIT</td>
<td>Social Security and National Insurance Trust</td>
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<td>SSS</td>
<td>Senior Secondary School</td>
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<td>STD</td>
<td>Sexually Transmitted Disease</td>
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<td>TDC</td>
<td>Tema Development Corporation</td>
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<td>TFR</td>
<td>Total Fertility Rate</td>
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<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organisation</td>
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EXECUTIVE SUMMARY

1. Since 1993, Government has undertaken an annual review of public expenditures, with the aim of assessing the features of expenditure allocations and bringing to light any lapses that characterised the allocation mechanism. The reviews also sought the way to address any shortcomings in order to improve the overall expenditure process.

2. Substantial investments have been made by Government over the years to facilitate economic growth and development in order to improve the social conditions of the citizenry. These investments have been in both social and economic infrastructure, as well as the delivery of social services. Programmes and projects involving improvements in physical and human capital development have been undertaken with the view to ensuring effective economic growth and development.

3. It has been observed that in spite of the investments that have been made, the social conditions of a significant proportion of Ghanaians are still characterised by poverty, as evidenced in the limited access to health care and potable water, especially in the rural areas. Sanitation continues to be a problem in both rural and urban areas, while education levels and literacy rates are considered low. The levels of morbidity, infant and maternal mortality are also high. Disparities in the social conditions of different segments of the population have been observed, showing that females and rural households tend to be worse off than males and urban residents respectively, while rural children are especially vulnerable. Geographically, social conditions in the southern sector of the country are generally better than in the northern sector.

4. In order to assess the impact of investments that had been made over the years, it was decided to review public expenditures in both economic and social infrastructure. Thus, the 1996 expenditure review focussed on economic infrastructure, while social infrastructure as a complement, was slated for review in 1997.

5. The 1997 review has, however, not been restricted to only the infrastructural aspect as originally perceived, but rather focussed on the delivery of social services in general, with the theme “Managing Social Expenditure for Human Capital Development”.

6. For this review, the social sector is defined as those sectors of the broad economy whose activities directly affect the social wellbeing of the citizenry. These include education, health, rural water supply, housing, social welfare, and population management.

7. The main purpose of the review of the social sector expenditure was to determine the efficiency in the allocation of social sector expenditures and to suggest improvements aimed at expanding social services as a long-term strategy for sustained economic growth and poverty reduction.
8. In order to situate the social sector expenditures within the macroeconomic context, there was a review of the macroeconomic situation for 1997 before the analysis of the sub-sectoral expenditures.

9. The macroeconomic review revealed that considerable efforts at revenue mobilisation, expenditure restraint and the adoption of structural reforms in 1997, led to a marked slow down of the domestic inflation rate and the depreciation of the cedi, resulting in an improvement in economic stabilisation. Government's domestic primary surplus increased from 0.3 per cent of GDP in 1996 to 3.2 per cent in 1997, as a result of significant tightening of fiscal operations. The budget outturn for 1997 showed a fall in overall fiscal deficit, from a level of 10.4 per cent of GDP in 1996, to 8.7 per cent.

10. The review of the 1997 fiscal and financial operations also showed a decline in the share of government consumption in GDP, from about 13 per cent in 1996, to about 12.2 per cent in 1997, while that of the private sector picked up from 84.7 per cent to 86.3 per cent, respectively. The targeted GDP growth rate of 5.5 per cent turned out to be 4.2 per cent. Agricultural and industrial outputs expanded by 4.3 and 6.4 per cent respectively, while the services sector which includes the social sector, grew by 6.5 per cent.

Education

11. For the Education sub-sector, the review revealed that Government remains the main financier of education in the country, providing about 90 per cent of education facilities, with the remaining 10 per cent being provided by private sector organisations and some religious bodies.

12. It was observed that the share of recurrent expenditure in the total spending on education was high. From 1995, to 1997, the shares of recurrent expenditure in total actual expenditure averaged 75.2 per cent.

13. District Assemblies increased their contributions to the development of education, financing some of the development projects in second cycle institutions in addition to basic education.

14. Regarding regional distribution of funds, higher allocations were made to the regions with higher school enrollments. With the national average for school enrollment at 59 per cent, Upper East, Upper West and Northern regions which had the lowest school enrollments at 28.6 per cent, 29.3 per cent, and 39.7 per cent respectively, had the least allocations. These were below the national average for school enrollment of 59 per cent.

15. In the sub-sector, it was noted that the inability of GOG to provide adequate matching funds affected the disbursement of external resources that are tied to the provision of matching funds by GOG.
Health

16. In the health sub-sector, it was observed that expenditure was foreign aid-dominated. External resource inflow to the sub-sector constituted around 57 per cent of total actual expenditure.

17. With respect to development expenditure, it was noted that both planned and actual development expenditures formed less than 25 per cent of overall planned and actual expenditures for the sub-sector.

18. Expenditure outturn for 1997 indicated that the health sub-sector's overall actual expenditure exceeded the planned by 16 per cent. For expenditures incurred from domestic sources, the outturn was more than programmed by about 12 per cent, actual expenditure from external sources exceeded programmed expenditure by about 20 per cent.

19. Recurrent expenditure outturn from domestic sources also indicated an over-expenditure of more than 19 per cent. However, actual development expenditures from domestic sources fell short of the planned by 15 per cent.

20. It was noted that about 46 per cent of total health expenditure from GOG budgetary resources and DACF was in respect of district health services for the promotion of primary health care. This was in line with the sub-sector's objective of increasing geographical access to basic health services, especially in the rural areas.

21. MOH's internally generated funds from user charges constituted 14 per cent of expenditure financed from domestic sources and about 6 per cent of total health expenditure.

Rural Water

22. In the water sub-sector, it was found that the rural water supply programme was extended to cover all the 10 regions, but only 52 out of the 110 districts of the country were effectively served.

23. A lot of successes were achieved in the area of borehole drilling and provision of hand-dug wells. Rehabilitation was carried out on 2100 boreholes, and 200 existing hand-dug wells.

24. Regarding capacity building, 186 (90 per cent) out of a target of 207 of District Assembly operators were trained alongside private sector operators to effectively manage the facilities, and to ensure that they stayed longer.
25. It was noted that the funding of the sub-sector’s activities was mainly from external sources, as external resource inflow to the sector amounted to 92.4 per cent of the entire rural water budget. The remaining was financed from GOG domestic resources, and the DACF.

26. There were wide variations in domestic resource allocation to the various regions for rural water. These appeared to be influenced by the size of the population as well as the size of the catchment area. Thus, domestic resources were spent more in large-sized rural population and catchment areas.

**Housing**

27. With regards to the Housing sub-sector, the study revealed that although the Ministry of Works and Housing has the ministerial responsibility for the provision of housing, some MDAs have been undertaking housing projects on their own. This has led to uncoordinated construction, maintenance and administration of government residential accommodation.

28. In 1997, the MWH undertook rehabilitation and completion of residential buildings aimed at consolidating housing delivery, under a medium-term programme. However, a good number of these buildings still remained in a state of disrepair.

29. It is the policy objective of the sub-sector to redirect the public sector’s role from direct involvement in housing construction to the provision of appropriate policy framework for increased private sector participation through the provision of incentives to housing developers. Government continued to facilitate private sector housing delivery through workshops, artisan training, and tax and duty exemptions. This contributed immensely to an increase in private sector participation, resulting in an improvement in housing delivery.

**Social Welfare**

30. On social welfare sub-sector expenditures, the review showed that funding of the sub-sector increased considerably, especially from external sources.

31. In line with Government’s policy of integrating the socially disadvantaged and the vulnerable groups into mainstream development, the major activity funded was vocational training, with the view to providing employment opportunities on a sustainable basis.

32. GOG funding of the sector constituted about a third of total funding to the sub-sector. External resource inflows, including NGOs, provided the remaining funding.
33. The inability of Government to meet its planned targets had a negative impact on the development of some activities.

**Population Management**

34. Population activities were observed to have enjoyed both external and domestic support. In 1997, funding increased over the previous year’s. This reflects the Government’s concerns about the unsatisfactory levels of population features such as growth rates, total fertility and life expectancy.

35. It was noted that Government’s budgetary support had been increasing, although disbursement rate was low. In 1997, GOG funding of population activities constituted around 60 per cent of the sub-sectors expenditure, with the remaining coming from external sources. Donor financial support for population management was observed to be on the decline. In spite of the increase in GOG funding for population management, delays in the release of GOG funds had an adverse effect on the sector’s programmes.

**External Funding**

36. Analysis of external funding revealed that in most cases, commercial loans were used for the implementation of projects in the health, education, rural water and social welfare sub-sectors. These loans usually had unfavourable terms and, as a result, put a strain on the country’s resources. Social sector projects, by their nature, are not self-financing, and this implied that the projects did not generate enough funds to cover overhead costs and debt service payments.

37. In most instances, it was observed that conditionalities such as tied procurement procedures under project implementation led to higher input cost.

38. Total debt service payments for the social sector increased from 37.31 billion in 1995 to 317.41 billion in 1996, but more than doubled in 1997 to 336.43 billion. The health sub-sector which registered the highest, accounted for 66.39 per cent of total debt service payments, while Rural Water recorded the lowest.

39. Donor resource continues to be important for population management in Ghana but as the programme expands the NPC has been looking beyond its traditional sources of external funding and exploring new sources for the implementation of its expanded programmes.

**Impact**

40. One of the main objectives of social sector expenditure allocations was to ensure increasing access to basic social services for improving human capital development.
In education, health and potable water supply, the specific targets were the vulnerable
groups, especially in the rural areas.

41. By 1997, there had been some general improvements in primary school enrollment
among both males and females. This was significant in the rural areas and particularly
with the “girl child”. However, there was a slight drop in literacy among females.

42. There was a general increase in the number of people receiving some form of medical
treatment, but the gap between the urban and rural divide was still wide in terms of
formal medical care. For those not receiving formal medical attention the reasons
were either the high cost of treatment or the facilities were far from them.

43. With respect to safe water supply, there was a coverage of 47.5 per cent in the rural
areas in 1997. This was a significant increase over the 1992 coverage of 37.2 per cent.
The increase was due to the substantial annual increases in total funding from both
domestic and external sources for rural water supply.

Recommendations

44. The recommendations for this review were considered in two broad perspectives.
First, those generic issues that were common to the sub-sectors and the economy as a
whole and, secondly, those issues which were peculiar to specific sub-sectors.

45. Some of the general recommendations that covered all the sub-sectors responsible for
the provision of social services discussed in this review were as follows:

- expenditure allocations to development projects for all the sub sectors were found
to be less than 25 per cent of their respective recurrent budgetary allocations.
Consequently, social infrastructural development needs to be stepped up in order
to accelerate the achievement of the objectives of the sub-sectors. This could be
done, if as recommended in the 1996 PER, there is more private sector
involvement in the provision of self-financing economic infrastructure. This will
enable Government to focus attention on the provision of those public goods,
especially the provision of social infrastructure, which may not be attractive to the
private sector;

- in order to achieve a balanced regional development, it is suggested that a formula
which combines population size and level of need be developed for the
distribution of resources;

- for the social sector as a whole, expenditure was largely influenced by funding
from external sources. Such funding which comes in the form of loans, grants and
technical assistance have contributed a lot to the achievements of the sector and
should be sustained.
• more donor support in the form of grants and concessionary loans from bilateral sources rather than commercial loans, should be sought and used to supplement budgetary resources for the implementation of social sector projects;

• there is the need for Government to forge close collaboration with NGOs through the Regional Co-ordination Councils (RCCs), in order to integrate their activities into Government policy for social sector development. Standards should, however, be set to prevent the mushrooming of NGOs whose activities may run counter to government developmental efforts;

• in view of the uncertainties associated with external inflows, it is reiterated that efforts at increased domestic revenue mobilisation need to be intensified in order to increase domestic funding for social services.

46. Specific recommendations which were peculiar to the individual sub-sectors are outlined below.

Education

47. The share of Education in total government expenditure was still high. In 1997, it accounted for 8.3 per cent of total actual expenditure, much of which went into recurrent expenditure. Efforts should be made to ensure efficient utilization of recurrent expenditure allocation so as to reduce waste.

48. The education sub-sector made some impact with respect to achieving Government’s target of making education accessible to all. By rehabilitating and constructing school buildings and the attention devoted to accommodation for both staff and students, increasing school enrollment and the establishment of more junior and senior secondary schools and science resource centres in 1997, Government has sufficiently shown commitment to improving the education system. However, there is still the need to put more emphasis on development projects, which is easily a sine qua non for increased school participation.

49. Efforts need to be doubled to increase budgetary allocations to noted low school enrollment areas to facilitate increases in school enrollment. In addition, District Assemblies should be encouraged to finance more school projects.

50. Since the provision of matching funds is a pre-requisite for the release of some donor funds in the sector, provision for, and timely release of the matching fund commitments need to be given a more serious consideration in order to secure the needed external resources for the sub sector.
Health

51. In 1997, the external sector contributed as much as 56.7 per cent of the entire health sector budget. Since most of the external inflows go into the funding of development projects, they need to be complemented by recurrent expenditures. It is suggested that the domestic sector's share of the total health sub-sector expenditure be significantly increased through such measures as the more vigorous implementation of the cost-recovery policy. In this regard, part of the Ministry of Health's own-generated funds from user charges which in 1997 formed about 14 per cent of actual expenditure financed from domestic sources needs to be channelled for this purpose.

52. The review showed that most of the credits to the sub-sector were of commercial nature. It is, therefore, recommended that future external loan commitments to this sub-sector should either be highly concessional, or they should have a grant facility attached to the financing.

Rural Water

53. The study established that for a full realisation of the objective of sustaining the provision of good drinking water for the rural areas, the following recommendations need consideration:

- the provision of safe rural water needs to be accelerated through increased budgetary allocations, since at 47.5 per cent, rural water coverage is still low;

- in line with the objective of private sector participation, private individuals and organisations should be encouraged through such incentives as tax relief in the provision of rural water;

- beneficiary rural communities should be encouraged to assume ownership of the rural water supply facilities to ensure sustainability of the programme. This can be done by way of contributions to cover both capital and operational costs.

- Ghana stands to benefit more from an emphasis on grants for rural water investments until accelerated growth is self-sustained. A mix of 0.25 to 0.75 for a funding portfolio comprising grant and loan, respectively, is recommended for investments in rural water.
Housing

54. The study revealed that the policy of bringing the provision of all government residential accommodation under the MWH has been operationally difficult. To help in the resolution of the problem, it is recommended that the Ministry of Finance stops approving expenditures on residential accommodation in MDAs’ budgetary allocations. The MWH must be allowed to exercise its full mandate and other MDAs restricted to their core. In this wise, all budgetary allocations made for the provision of residential accommodation in the other MDAs’ budgets should be reallocated to the MWH.

55. It was observed that, no marked external funding was received in 1997 for housing. There is the need to adopt strategies and policies to attract external technical assistance and foreign direct private investment to solve the problems still facing the housing sub-sector, and to help narrow the current gap between annual supply and demand and the existing backlog.

56. There is also the need for coordination between the Ministry of Works and Housing and the Environmental Protection Agency for the creation of a policy linkage between the increasing number of houses and the preservation of the environment.

Social Welfare

57. In order to streamline and develop the Social Welfare sub-sector in an equitable and efficient manner, the following recommendations are made:

- in order to ensure the compilation of reliable expenditure data for effective planning and budgetary allocations, NGOs must be encouraged to submit their funding and expenditure data to Government. This will allow for proper coordination and rationalisation of funding to the various segments of the sub-sector;

- corporate bodies and the private sector in general need to be encouraged to take part in the development of this sub-sector, through the provision of incentives.

Population Management

58. In order to accomplish the objective of reducing the population growth rate, the population sub-sector of the social sector requires adequate domestic and foreign grant resources and materials.
Conclusion

59. The review revealed that in terms of the overall national budget, expenditure outturn exceeded the programmed.

60. For the social sector, most of the excesses in expenditure were in respect of recurrent expenditures which on the average, accounted for about 95 per cent of the larger sub-sectors of Education and Health. In the case of Water, Housing, Social Welfare and Population Management, actual expenditures were rather less than the planned.

61. Measured against their set objectives and their levels of expenditure in 1997, it was clear from the analysis that the sub-sectors recorded varying degrees of achievements, some of which were measurable within the time frame of one year while others required longer periods to be noticed.

62. Even though the CWIQ survey for 1997 indicated some improvements in the social welfare of the population, an acceleration of human capacity development is required if the country should attain the middle-income status envisaged in Vision 2020.
SECTION A

INTRODUCTION

1. Since the Government of Ghana took over responsibility for the preparation of the Public Expenditure Reviews in 1994 it has become an annual affair in which various themes are adopted to examine the expenditure process. So far the reviews have revealed some lapses in the mechanisms through which expenditures were made and provided the basis for actions to improve the expenditure process. One such action is the introduction of the on-going Public Financial Management Reforms Programme (PUFMARP).

2. To facilitate growth and development, Government, over the years made substantial investments in both social and economic infrastructure. To determine the impact of these investments on the society, Government set out to review expenditures on infrastructure in two aspects. Thus the 1996 review focused on economic infrastructure while social infrastructure was programmed for 1997. However, instead of restricting the 1997 review to only the infrastructural aspects of the social sector which is considered narrow, it was decided to focus on the broad social services with the theme, Managing Social Expenditure for Human Capital Development.

3. For this review therefore, the Social Sector is defined as those sectors of the broad economy whose activities directly affect the social well being of the citizenry. These include education, health, rural water, housing, social welfare and population management.

Delivery of Social Services

4. Government has always made considerable efforts to improve the social conditions of the population through the delivery of various social services. The improvement programmes involved the development of both physical infrastructure and human capital to enable all groups to effectively participate in the process of economic growth and development. Despite this, the social conditions of a significant proportion of Ghanaians are still characterized by poverty. Access to health care and safe drinking water is still limited, especially in the rural areas, while sanitation continues to be a formidable problem in both urban and rural areas. Educational levels and literacy rates are low, and levels of morbidity, infant and maternal mortality are still unacceptably high.

5. There are disparities in social conditions between the different segments of the population. For example, females and rural households tend to be worse off than males and urban residents respectively, while rural children are especially vulnerable.
Geographically, social conditions in the southern sector of the country are generally better than those in the northern sector.

**Purpose and Objectives of the Expenditure Review**

6. The main purpose of the expenditure review of the social sector is to determine the efficiency in the allocation of social sector expenditures and to suggest improvements aimed at expanding social services as a long-term strategy for sustained economic growth and poverty reduction.

7. Based on the above, the objectives of the review are outlined as follows:

(i) To make a comparative ex-ante and ex-post analysis of sectoral expenditures;

(ii) To determine the efficiency in the allocation of resources to the various levels within the social services;

(iii) To do a spatial distribution of the social sector resources; and

(iv) To make recommendations for improving adequacy and efficiency in the allocation and for the judicious use of resources.

**Organisation of the Review**

8. The report is made up of three sections and ten chapters. Section A has two chapters made up of the Introduction and Review of the 1997 Budget and its Implications for the Social Sector. Chapters three to eight, which constitute section B, give a review of the social sector and the characteristics of its external funding. Section C consists of chapters nine and ten which treat the Implications of Social Investments and Recommendations and Conclusions.
CHAPTER 1

THE 1997 BUDGET AND ITS IMPLICATIONS FOR THE SOCIAL SECTOR

The Macro-Economic Situation

9. Considerable efforts at revenue mobilisation, expenditure restraint and the adoption of substantial degree of structural reforms were included in the fiscal operations in 1997. These efforts led to a marked slow down of the domestic inflation rate and the depreciation of the Cedi, resulting in an improvement in the general stabilisation of the macro economic situation. In addition government’s domestic primary surplus increased from 0.3 per cent of GDP in 1996 to 3.2 per cent in 1997, as a result of significant tightening of fiscal operations.

10. The budgetary out turn for 1997 showed that overall fiscal deficit on commitment basis fell to 8.7 per cent in 1997 from a level of 10.4 per cent of GDP in 1996.

11. The tightening of Government fiscal operations also led to a decline in the share of government consumption in GDP, from about 13 per cent in 1996 to about 12.2 per cent in 1997, while that of the private sector picked up from 84.7 per cent in 1996 to 86.3 per cent in 1997.

12. During the year under review, there was a significant short fall in programmed receipts from external sources. This accounted for a slight fall in investment share of GDP. In spite of the fall in foreign price of gold, a major foreign exchange earner, the external resource balance improved as exports expanded more than the increase in imports.

13. The targeted growth of 5.5 per cent turned out to be 4.2 per cent. The Agricultural and Industrial output expanded by 4.3 and 6.4 per cent respectively while Services sector which includes the social sector grew by 6.5 per cent.

The 1997 Social Sector Budget

14. The total social sector expenditure for 1997 was €1,179.4 billion. This was financed broadly from two sources, namely domestic and external. Funding from domestic sources which constituted €773.7 billion was mainly from Government of Ghana (GOG) budgetary sources, District Assemblies Common Fund (DACF) and in some cases, resources mobilised from the sub sector-concerned as in the case of Health. Non

\[1\text{ Billion in this Review denotes 1,000 million}\]
Governmental Organisations (NGOs) operating in the country also contributed to the funding of social welfare expenditure. The remaining amount of ₵405.7 billion was from external sources in the form of loans and grants. Table 1.1 and the paragraphs that follow give the sources and levels of funding to the sub-sectors of the social sector in 1997.

Table 1.1: Summary Table of Sources and Levels of Social Sector Funding, 1997 (In Million Cedis)

<table>
<thead>
<tr>
<th>Sources</th>
<th>Education Planned</th>
<th>Education Actual</th>
<th>Health Planned</th>
<th>Health Actual</th>
<th>Rural Water Planned</th>
<th>Rural Water Actual</th>
<th>Housing Planned</th>
<th>Housing Actual</th>
<th>Social Welfare Planned</th>
<th>Social Welfare Actual</th>
<th>Population Planned</th>
<th>Population Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOG</td>
<td>468,810</td>
<td>550,420</td>
<td>129,065</td>
<td>147,134</td>
<td>6,205.00</td>
<td>2,719.8</td>
<td>3,511</td>
<td>3,132</td>
<td>10,297.0</td>
<td>10,003.0</td>
<td>806.2</td>
<td>740.5</td>
</tr>
<tr>
<td>DACF</td>
<td>28,340</td>
<td>28,340</td>
<td>3,778</td>
<td>3,778</td>
<td>1,550.34</td>
<td>1,550.3</td>
<td>0</td>
<td>0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Own Funds</td>
<td>0</td>
<td>0</td>
<td>24,400</td>
<td>24,400</td>
<td>0.00</td>
<td>0.0</td>
<td>0</td>
<td>0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>NGOs</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.00</td>
<td>0.0</td>
<td>0</td>
<td>0</td>
<td>0.0</td>
<td>0.0</td>
<td>1497.0</td>
<td>0.0</td>
</tr>
<tr>
<td>External</td>
<td>109,220</td>
<td>108,450</td>
<td>191,292</td>
<td>229,074</td>
<td>44,010.00</td>
<td>44,010.0</td>
<td>0</td>
<td>0</td>
<td>23,633.3</td>
<td>23,633.3</td>
<td>548.2</td>
<td>467.2</td>
</tr>
<tr>
<td>Total</td>
<td>606,370</td>
<td>687,210</td>
<td>348,535</td>
<td>404,386</td>
<td>51,765.34</td>
<td>48,280.1</td>
<td>3,511</td>
<td>3,132</td>
<td>33,930.3</td>
<td>35,133.3</td>
<td>1354.4</td>
<td>1227.7</td>
</tr>
</tbody>
</table>

SOURCE: MOF/MDAs

Education

15. Actual expenditure of the education sub sector in 1997 was ₵687,210 million. This was ₵80,840 million (or 13.3 per cent) more than planned expenditure of about ₵606,370 million. Domestic sources made up of Government of Ghana (GOG) and District Assemblies Common Fund (DACF) contributed about ₵578,760 million (or 84.2 per cent) of the total as against ₵108,450 million from external sources. Actual GOG expenditure exceeded planned expenditure by 17 per cent. Other contributors operated within their planned expenditures.

Health

16. The total actual expenditure for health in 1997 was ₵404,386 million, about 16 per cent above planned expenditure of ₵348,535 million. Out of this amount domestic sources accounted for ₵175,312 million (or 43.4 per cent) while external sources contributed the remaining ₵229,074 million (or 56.6 per cent). As in the case of education, GOG’s actual contribution of ₵147,134 million exceeded the planned expenditure of ₵129,065 million by about 14 per cent. Actual expenditure from external sources also exceeded planned expenditure by 19.8 per cent.

Rural Water

17. The total actual expenditure for rural water sub sector was ₵48,280.1 million out of which domestic sources (made up of GOG and DACF contributions) constituted
£2,719.8 million and £1,550.3 million respectively, with the external sector contributing the remaining £44,010 million. The actual expenditure of £48,280.1 million was £3,485.2 million below the planned expenditure of £51,765.3 million. The difference was accounted for by a big reduction in GOG planned contribution of £6,205 million to £2,719.8 million. However the planned and actual expenditures of both DACF and external sources did not change.

Housing

18. Housing was the only sub sector which did not benefit from external funding in 1997. The only funding which went into the sub sector was a GOG contribution of £3,132 million which was 89.2 per cent of planned expenditure of £3,511 million.

Social Welfare

19. Funding for this sub sector was from domestic sources (made up of GOG contribution of £10,003 million and local NGO contribution of £1,497 million) and external sources amounting to £23,633.3 million. The actual expenditure of £35,133.3 million was £1,203 million (or 3.5 per cent) more than the planned expenditure of £33,930.3 million. Although planned GOG contribution reduced slightly, this was more than compensated for by the £1.5 billion contributed by NGOs which was not part of the planned budget.

Population Management

20. Total actual expenditure for population management in 1997 was £1,227.7 million. This was made up of GOG’s contribution of £740.4 million (or 60.3 per cent) with external sources making up the remaining £487.19 million (or 39.7 per cent). The total actual expenditure of £1,227.7 million was 90.6 per cent of the planned expenditure of £1,354.4 million. Actual expenditures from both GOG and external sources were lower than the planned. While GOG spent £740.47 million (or 91.8 per cent) of its planned expenditure of £806.22 million, actual spending from external sources of £487.19 million was 88.9 per cent of the planned expenditure of £548.18 million.
SECTION B: SECTORAL REVIEW

CHAPTER 2

EDUCATION

Background and Institutional Arrangement

21. The overall management of education is the responsibility of the Ministry of Education. The Ministry formulates policies, prepares educational plans and programmes.

22. There are several bodies and institutions under the Ministry of Education. The largest of these is the Ghana Education Service (GES), which has the responsibility for implementing pre-university education programmes. The others include:

- The National Service Secretariat;
- The Ghana Book Development Council;
- The Ghana Institute of Languages;
- The Ghana National Commission for UNESCO;
- National Council for Tertiary Education
- West Africa Examinations Council;
- Ghana Library Board;
- Education Commission;
- National Accreditation Board.

The Educational System

23. Ghana’s educational system falls into three major levels. They are:

- First cycle or basic education made up of primary and junior secondary Schools (JSS);
- Second cycle which comprises senior secondary schools (SSS), initial teacher training colleges, technical and vocational institutions.
- The tertiary education comprising the universities and other institutions of higher learning.

24. On the average Government provides about 90 per cent of the educational facilities for the first and second cycle schools while the remaining 10 per cent is provided by private organizations, and some religious bodies. Facilities for tertiary education are provided by Government of Ghana through the universities and other institutions of higher learning.
25. Currently, the public educational system consists of 11,435 primary schools, 5,394 junior secondary schools (JSS), 465 senior secondary schools (SSS), 38 teacher training colleges, 21 technical institutes, eight polytechnics, two diploma awarding institutes, and five universities.

26. The present educational system has undergone major reforms. For instance, in September 1987, the Government initiated wide reforms which reduced the length of pre-university education from 17 to 12 years and changed the content and orientation of pre-university education. With these reforms, pre-university education is now made up of 9 years compulsory basic education (consisting of 6 years primary school and 3 years junior secondary school) and 3 years senior secondary school. The duration and pattern at the tertiary level have also changed, for example SSS entrants complete their programmes in four years instead of the three years which existed in some of the universities under the old system.

**Policy Objectives**

27. Following from the reforms, the thrust of Government policy has been:

   (i) Improving the quality of education in terms of teaching and learning;
   (ii) Increasing access and participation at all levels; and
   (iii) Improving the management efficiency of education.

28. Activities to enhance the attainment of these objectives are to:

   - provide all children with a basic education of nine years;
   - improve the quality of education;
   - expand access at all levels of education;
   - vocationalise education by shifting emphasis from an academic orientation to more problem solving technical systems;
   - rationalise education at the tertiary level to ensure relevance to national development;
   - ensure sustainability and quality of education; and
   - reduce illiteracy at a minimum rate of 10 per cent per annum.

**Medium Term Programme**

29. The key programme of the education sub-sector in the medium term is the free Compulsory and Universal Basic Education (fCUBE) initiative aimed at expanding and strengthening basic education. fCUBE was planned for implementation over a 10 year period in two five year phases – 1996-2000 and 2001–2005. Major objectives to be pursued under the programme include:

   (i) Improving the quality of teaching and learning in basic education;
   (ii) Improving the management and efficiency of the education sector; and
iii) Improving access and participation in basic education, especially for girls and other disadvantaged groups.

30. Other programme objectives include:

(i) increasing the absorptive capacity of second cycle institutions to provide sufficient places for all JSS graduates qualified for admission;

(ii) producing trained school leavers adequately prepared to enter a variety of occupations or tertiary education;

(iii) ensuring that all teachers are appropriately trained and certified; and

(iv) revitalising and expanding tertiary education in consonance with national manpower needs.

Activities to Enhance Achievement of Objectives

31. Following the objectives, the education sub-sector has targeted increasing enrolment at all levels of schools up to the year 2000 as shown in Table 2.1 which gives the actual enrollment figures for 1996 and targeted percentage yearly increases over the period 1997-2000.

32. On the average, growth in enrolment for 1997 at the various pre-university levels stood at about 3 per cent. This gives an absolute figure of 2,01,348 as the expected enrollment for primary schools in 1997.

Table 2.1: Total Enrollment for 1996 and Growth Rates for 1997-2000 (in Percentages)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>1,955,713</td>
<td>3.0</td>
<td>3.0</td>
<td>4.0</td>
<td>5.0</td>
</tr>
<tr>
<td>JSS</td>
<td>677,641</td>
<td>3.0</td>
<td>3.5</td>
<td>4.5</td>
<td>5.0</td>
</tr>
<tr>
<td>SSS</td>
<td>194,085</td>
<td>2.0</td>
<td>2.5</td>
<td>2.5</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: MOE

33. In order to achieve the objective of improving access and participation in basic schools for girls, the ministry embarked on television commercials, mobile cinemas and other radio programmes to sensitize parents to send especially their female children to school.
34. With the emphasis put on girl-child education during the first phase of the programme, an analysis of the participation of females in primary and JSS reveals that 47.4 per cent of pupils in primary were females in 1997 whiles that for JSS was 44.9 per cent as against 46 per cent and 43 per cent respectively in 1996 (Table 2.2).

**Table 2.2: Female Participation as Percentage of Eligible School Population**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>46</td>
<td>47.4</td>
<td>47.0</td>
<td>48.0</td>
<td>49.3</td>
</tr>
<tr>
<td>JSS</td>
<td>43</td>
<td>44.9</td>
<td>45.5</td>
<td>46.1</td>
<td>46.7</td>
</tr>
</tbody>
</table>

Source: MOE

**Planned Expenditure**

35. The sections on financing deal with the provisions made in the budget for each of the sub-sectors at the beginning of the year. In some cases, not all the expenditure amounts specified in the provision or planned are actually given out, but in other cases, the actual expenditures are either equal to the provisional figures or exceed them by varying proportions. For education, the following can be observed:

36. As indicated in Table 2.3, out of the total amount of ₦606,370m programmed for education in 1997, GOG contribution was ₦468,810m representing 77.4 per cent. The District Assemblies Common Fund contributed ₦28,340m representing 4.6 per cent while contribution from external sources accounted for ₦109,220, representing 18.0 per cent. It can be deduced from the table that the 1997 contribution of DACF to expenditure was an increase of 47.7 per cent over its contribution in 1996. Compared with figures for 1996, the planned budget for the sub-sector increased by 11.2 per cent in 1997 as against a corresponding increase of 54.2 per cent in 1996. An amount of ₦155,770 million representing 25.7 per cent was programmed for Development in 1997 while ₦450,600m representing 74.3 per cent was programmed for Recurrent.

37. In 1997 external inflows programmed was ₦109,220m as against ₦151,105m in 1996 indicating a decrease of 28 per cent
Table 2.3  **Planned Expenditure on Education**

<table>
<thead>
<tr>
<th>Year/Source</th>
<th>1995 (£ m)</th>
<th>1996 (£ m)</th>
<th>1997 (£ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>Rec</td>
<td>Dev’t</td>
<td>Total</td>
</tr>
<tr>
<td>GOG</td>
<td>252,700</td>
<td>11,300</td>
<td>264,000</td>
</tr>
<tr>
<td>DACF</td>
<td>-</td>
<td>7,720</td>
<td>7,720</td>
</tr>
<tr>
<td>External</td>
<td>-</td>
<td>81,749</td>
<td>81,749</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>252,700</td>
<td>100,769</td>
<td>353,469</td>
</tr>
</tbody>
</table>

Source: MOF, MOE, DACF.

**Actual Expenditure**

38. Table 2.4 gives the levels of actual expenditure for education from 1995 to 1997. Out of a total amount of £687,210, expenditure on basic education in 1997 was £393,464m as against £321,003.2m in 1996, indicating an increase of 22.5 per cent over the 1996 amount. The increasing trend of total actual expenditure on basic education from 1995 to 1997 can be explained by the fact that recurrent expenditure which has been taking the greatest share of the total expenditure on education for each of the years continue to increase due to changes in cost notably changes in salaries. The share of recurrent expenditure in total spending on education for 1995, 1996 and 1997 were 40.2 per cent 42.1 per cent and 47.0 per cent respectively. Moreover contributions from the District Assemblies Common Fund (DACF) to basic education increased by 17.8 per cent over 1996.

39. For second cycle institutions, £195,067m and £195,740.1m were spent in 1997 and 1996 respectively indicating a decrease of 1.0 per cent in spending. It can be observed that in 1997 and 1996, actual total expenditures exceeded the estimated provisions for each of the years. Actual expenditure in 1997 recorded £550,420m and that of 1996 recorded £459,650m showing an increase of 17 per cent and 22 per cent over the provisions for 1997 and 1996 respectively.

40. Actual recurrent expenditure in 1997, obtained by summing up recurrent expenditures for basic, second cycle and all tertiary institutions in Table 2.4, registered an amount of £534,600 million as against the planned provision of £450,600 million representing 17 per cent rise while in 1996 recurrent expenditure was £446,520 million in contrast to the estimated provision of £359,200 million.
41. On the contrary, actual development expenditure recorded was ₦15,820 million as against the programmed expenditure of ₦18,210 million representing a shortfall of ₦2,390 million or 13.1 per cent. The ₦15,820 million being GOG actual development expenditure represented 2.9 per cent of the actual expenditure of ₦550,420 million in 1997.

42. Expenditure on tertiary education increased from ₦88,015.3 million in 1996 to ₦98,679 million in 1997 indicating an increase of 13 per cent. Total expenditure on education in 1997 increased by 13.5 per cent (₦83,173 million) from the 1996 figure of ₦604,039 million. Out of a total amount of ₦393,464 million spent on basic education, 82.2 per cent went into recurrent while 0.84 per cent being matching funds went into development.

43. Out of the expenditure of ₦393,464 million spent on basic education in 1997, ₦22,610 million, an equivalent of 5.7 per cent, was from District Assemblies Common Fund.

44. Total expenditure for second cycle institutions in 1997 was ₦195,067 million. Out of this amount, ₦6,610 million, representing 3.4 per cent went into development and ₦147,134 million representing 75.4 per cent went into recurrent expenditure. The ₦147,134 million however represented a 3.2 per cent increase over the 1996 figure of ₦142,576 million. External inflows utilized by second cycle institutions amounted to ₦35,593 million in 1997 representing 18.2 per cent of the total spending on second cycle institutions. However in 1996 an external inflow of ₦39,044.1 million went into second cycle institutions indicating a decrease of 8.8 per cent in 1997.

45. An analysis of the expenditure trend with respect to second cycle institutions shows that even though actual expenditure has increased between 1995 and 1997, the reduction in expenditure on second cycle institutions in the overall spending on education for the period is attributed to the fact that compared to basic education, the DACF reduced its contributions to second cycle institutions because some of the projects it initially sponsored were completed. For example in 1997, the DACF reduced its contribution by 16.5 per cent of the 1996 figure. Further, the volume of external resources reduced because there was not sufficient money due to shortfall in revenue to provide all the matching funds, a necessary condition for the acquisition of external funds. As a result total external inflow in 1997 amounted to ₦108,450m as compared to ₦118,338.6m in 1996 indicating a reduction of 8.4 per cent.

46. With respect to tertiary education, an amount of ₦5,900 million was spent in 1997 as against ₦5,590m in 1996 on development, indicating an increase of 5.5 per cent. In 1997 recurrent expenditure was ₦64,152 million showing a 30.4 per cent increase over the 1996 figure of ₦49,192 million. External contribution for tertiary education in 1997 was ₦28,627 million while ₦32,513.3 million was utilized in 1996, indicating a decrease of 12 per cent.

47. It can be observed that in absolute terms, actual expenditure on tertiary education increased. However its share in the total expenditure for each of the years from 1995 to
1997 appeared constant, the reason being that apart from recurrent expenditure, development expenditure did not vary much between 1995 and 1997 while the volume of external resources continued to decrease from 1995.

Table 2.4: **Actual Expenditure on Education**

<table>
<thead>
<tr>
<th>Year/Source</th>
<th>1995</th>
<th>1996</th>
<th>1997</th>
<th>Percentage Composition</th>
<th>Percentage Growth</th>
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<tr>
<td></td>
<td>₦m</td>
<td>₦m</td>
<td>₦m</td>
<td>1995</td>
<td>1996</td>
</tr>
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<td><strong>Basic Education</strong></td>
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<td></td>
</tr>
<tr>
<td>1. GOG Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Development</td>
<td>-</td>
<td>1,000.0</td>
<td>3,310.0</td>
<td>0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>b. Recurrent</td>
<td>137,350.0</td>
<td>254,032.0</td>
<td>323,314.0</td>
<td>40.2</td>
<td>42.0</td>
</tr>
<tr>
<td>2. DACF</td>
<td>7,720.0</td>
<td>19,190.0</td>
<td>22,610.0</td>
<td>2.3</td>
<td>3.2</td>
</tr>
<tr>
<td>4. External</td>
<td>25,689.6</td>
<td>46,781.2</td>
<td>44,230.0</td>
<td>7.5</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>170,759.6</td>
<td>321,003.2</td>
<td>393,464.0</td>
<td>50.0</td>
<td>53.1</td>
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<td><strong>Second Cycle Inst.</strong></td>
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<td></td>
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<td></td>
</tr>
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<td>1. GOG Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Development</td>
<td>8,630.0</td>
<td>7,260.0</td>
<td>6,610.0</td>
<td>2.5</td>
<td>1.2</td>
</tr>
<tr>
<td>b. Recurrent</td>
<td>91,910.0</td>
<td>142,576.0</td>
<td>147,134.0</td>
<td>26.9</td>
<td>23.6</td>
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<td>2. DACF</td>
<td>5,920.0</td>
<td>6,860.0</td>
<td>5,730.0</td>
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<td>1.1</td>
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<td>4. External</td>
<td>14,578.1</td>
<td>39,044.1</td>
<td>35,593.0</td>
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<td>5.2</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td>121,038.1</td>
<td>195,740.1</td>
<td>195,067.0</td>
<td>35.4</td>
<td>32.4</td>
</tr>
<tr>
<td><strong>Tertiary Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. GOG Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Development</td>
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<td>5,590.0</td>
<td>5,900.0</td>
<td>0.8</td>
<td>0.9</td>
</tr>
<tr>
<td>b. Recurrent</td>
<td>23,440.0</td>
<td>49,912.0</td>
<td>64,152.0</td>
<td>6.9</td>
<td>8.3</td>
</tr>
<tr>
<td>2. DACF</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3. External</td>
<td>23,865.3</td>
<td>32,513.3</td>
<td>28,627.0</td>
<td>7.0</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>49,995.3</td>
<td>88,015.3</td>
<td>98,679.0</td>
<td>14.6</td>
<td>14.6</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>341,793.0</td>
<td>604,758.6</td>
<td>687,210.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: MOF, MOE & DACF

**Regional Distribution of Expenditure**

48. Table 2.5 shows the regional distribution of actual expenditures on education for the period 1995 and 1997.

49. The expenditure pattern in the regions shows that greater proportion of the expenditure made in 1997 went to the Eastern, Ashanti and Volta regions which had 16.7 per cent, 16.7 per cent and 13.6 per cent respectively. This may be indicative of the greater number of schools in the regions.
50. On the other hand, the least expenditures were made in the Northern, Upper West and Upper East regions with the share of Upper East region being only 0.8 per cent. The suspension of projects resulting in delays in their completion can be regarded as one of the reasons for the low level of investment in education in the Northern parts of the country.

Table 2.5: Regional Distribution of Development Expenditure (in £ Million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rec</td>
<td>Dev't</td>
<td>Total</td>
</tr>
<tr>
<td>Gt. Accra</td>
<td>-1,711.0</td>
<td>1,711.0</td>
<td>3,422.0</td>
</tr>
<tr>
<td>Volta</td>
<td>-1,673.0</td>
<td>1,673.0</td>
<td>3,346.0</td>
</tr>
<tr>
<td>Eastern</td>
<td>-2,181.0</td>
<td>2,181.0</td>
<td>4,362.0</td>
</tr>
<tr>
<td>Central</td>
<td>-3,027.0</td>
<td>3,027.0</td>
<td>6,054.0</td>
</tr>
<tr>
<td>Western</td>
<td>-1,163.0</td>
<td>1,163.0</td>
<td>2,326.0</td>
</tr>
<tr>
<td>Ashanti</td>
<td>-2,493.0</td>
<td>2,493.0</td>
<td>4,986.0</td>
</tr>
<tr>
<td>B' Ahafo</td>
<td>-1,429.0</td>
<td>1,429.0</td>
<td>2,858.0</td>
</tr>
<tr>
<td>Northern</td>
<td>-3,743.0</td>
<td>3,743.0</td>
<td>7,486.0</td>
</tr>
<tr>
<td>Upper East</td>
<td>-1,190.0</td>
<td>1,190.0</td>
<td>2,380.0</td>
</tr>
<tr>
<td>Upper West</td>
<td>-1,056.0</td>
<td>1,056.0</td>
<td>2,112.0</td>
</tr>
<tr>
<td>Total</td>
<td>19,666.0</td>
<td>19,666.0</td>
<td>39,332.0</td>
</tr>
</tbody>
</table>

Source: MOE, MOF & DACF

Analysis of Funding

51. A total amount of £497,150 million was programmed for the education sub-sector in 1997. Out of this amount, £468,810 million was earmarked for GOG projects while £28,340 million was programmed for District Assemblies Common Fund (DACF) projects.

52. A provision of £450,600 million out of GOG programmed amount of £468,810 representing 96.1 per cent was incurred as recurrent expenditure and £18,210 million representing 3.9 per cent for Development in 1997. It is clear that recurrent expenditure
took a greater part of the programmed expenditure for education in 1997, when compared to total amount that went to Development. Recurrent expenditure was programmed to have the greatest share because of the anticipated increases in salaries which has always taken a greater proportion of expenditure on education and also the possible employment of new staff because of the opening of new schools.

53. Compared with 1997, the total programmed expenditure for 1996 from GOG sources, as indicated in Table 2.3 was £374,800 million out of which £359,200 million representing 95.8 per cent was recurrent while £15,600 million or 4.2 per cent was programmed for development.

54. However, in 1997 actual recurrent expenditure was £534,600 million as against £450,600 million programmed for the sub-sector, representing an over-shooting by 18.6 per cent. The rise in recurrent expenditure occurred as a result of increase in salaries and wages during 1997.

55. The sub-sector’s recurrent expenditure in 1996 was £446,520 million and when compared to 1997 recurrent expenditure of £534.6 million, it showed an increase of about 20 per cent over the 1996 expenditure. The increase came about as a result of 20 per cent increase in salaries in 1997.

56. With respect to development expenditure there was an increase in 1997 when compared to 1996. In 1996 development expenditure was £13850m while that of 1997 was £15,820m registering an increase of £1,970 million or 14 per cent over 1996.

57. The District Assemblies increased spending on basic education in 1997 to £22,610 million representing an increase of 17.8 per cent over 1996 figures of £19,190 million. The increase in spending is attributed to the fact that the District Assemblies sponsored some projects of second cycle institutions particularly in the construction of Science Resources Centres.

58. Their expenditure on second cycle institutions in 1997 rather decreased by 16.5 per cent compared with 1996. The amounts were £5,730 million in 1997 and £6,860 million in 1996.

59. On the whole in 1997, actual expenditure incurred from domestic sources, that is, GOG and DACF amounted to £578,760 million as against the planned amount of £497,150 million indicating a 16.4 per cent increase in expenditure.

**Achievements**

60. Several accomplishments have been recorded in relation to the fCUBE/BESIP objectives.
61. With regard to enhancing the quality of teaching and learning, a nation-wide headteachers training was conducted in a series of workshops to improve the skills of teachers. By the end of 1997, six thousand out of 12,000 primary school headteachers had received training in school management and supervision. Other categories of personnel, notably, Circuit Supervisors, District Assistant Directors of Education had received training in school supervision and management.

62. Performance appraisal instruments were developed and are now being used in schools and education offices to assist in measuring the performance of teachers and other educational personnel. A Girls Education Unit (GEU) was set up within MOE to carry out activities for increasing girls’ participation and retention in basic schools.

63. Another achievement is the establishment of 107 public junior secondary school (JSS) bringing the total to 5,394. Five new senior secondary schools were established in 1997 bringing the total to 460.

64. Infrastructural facilities of 104 senior secondary schools were rehabilitated, while new facilities such as classrooms, teachers’ bungalows and students’ hostels were constructed.

65. Ten Science Resource Centres were opened, bringing the total of such centres to 75.

66. A total number of 326 apprentices received vocational training in electrical installation, carpentry and joinery, blocklaying and bricklaying, dressmaking and tailoring under the Vocational Skills Project.

67. As a result of the attainment of these development targets, enrolment in primary schools increased from 1,955,713 in 1996 to 2,014,384 in 1997 indicating an increase of 58,671 (3 per cent). Junior Secondary School enrollment increased by 2.9 per cent from 677,641 in 1996 to 697,970 in 1997. Enrollment also increased in senior secondary schools (SSS) in 1996 from 194,085 to 199,907 in 1997 – a rise of 5,822 (2.8 per cent).

Findings

i. The review revealed that the share of recurrent expenditure in the total spending on education was high. In 1995, through 1997, the shares of recurrent expenditure in the total actual expenditure were 73.9 per cent, 73.9 per cent and 77.8 per cent resulting in an average of 75.2 per cent for the three years.

ii. Regional distribution of funds showed that higher allocations were made to the regions with higher school enrollments. From the results of the GLSS 3, it can be observed that Upper East, Upper West and Northern regions had the lowest school enrollments at 28.6 per cent, 29.3 per cent, and 39.7 per cent respectively, all of which were below the national average of 59 per cent.
iii. District Assemblies increased their contributions to the development of education. They financed some of the development projects in second cycle institutions in addition to basic education.

iv. The inability of GOG to provide the required matching funds affected the volume of external resource inflows.
CHAPTER 3

HEALTH

Background and Institutional Arrangement

68. Central to Ghana’s long-term vision for growth and development is the maximisation of healthy and productive lives for all Ghanaians. The Ministry of Health (MOH) is responsible for the formulation, implementation, co-ordination, monitoring and evaluation of the country’s health sub-sector policies and programmes. In partnership with non-governmental organisations such as the religious missions, MOH provides preventive, promotive, curative as well as rehabilitative health services in the country. MOH’s efforts are complemented by those of the private health service providers. Also in the health sector is a large number of traditional medical practitioners who are being encouraged by MOH with the aim of integrating a safe and regulated traditional medical system into the national health delivery system.

69. Figures available indicate that there were 1,789 functioning government and non-governmental health care delivery facilities in the country in 1997 as against 1,779 in 1996. The break down of the health facilities by classification was as follows:

Table 3.1: Health Facilities in 1997

<table>
<thead>
<tr>
<th>Facility</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Teaching Hospital</td>
<td></td>
</tr>
<tr>
<td>ii. Psychiatric Hospital</td>
<td></td>
</tr>
<tr>
<td>iii. Regional Hospital</td>
<td></td>
</tr>
<tr>
<td>iv. District Hospital</td>
<td></td>
</tr>
<tr>
<td>v. Health Centre</td>
<td></td>
</tr>
<tr>
<td>vi. Clinic</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1789</strong></td>
</tr>
</tbody>
</table>

70. The administrative set-up of MOH consists of the following:

i. Headquarters;
ii. Tertiary health services comprising the two teaching hospitals of Korle-Bu and Komfo-Anokye in Accra and Kumasi respectively and the three psychiatric hospitals in Accra, Pantang and Ankaful;
iii. Regional health services made up of the regional health administration, regional hospitals and health training institutions in the regions;

v. District health services encompassing the district health administration, the district hospitals, the sub-district health facilities and District Health Management Teams (DHMTs); and

vi. Subvented organizations under MOH.

Objectives of the Health Sector

71. The overall objective of national health policy is to improve the health status of all Ghanaians by ensuring:

i. significant reduction in the rates of infant, child and maternal morbidity and mortality;

ii. effective control of risk factors that expose individuals to major communicable diseases;

iii. increased access to health services especially in rural areas;

iv. the establishment of a health system effectively reoriented towards delivery of public health services; and

v. effective and efficient management of the health system.

Medium Term Programme

72. The medium term health sector Public Investment Programme (PIP) (1995-1997) had the following underlying objectives:

i. increase geographical access to basic health services;

ii. ensure better quality of health care in all health facilities and during outreaches;

iii. re-orient secondary and tertiary services delivery to support primary health services;

iv. develop and implement a programme to train adequate number of health personnel to provide and manage health services; and

v. strengthen central support systems for human resources, logistics and supplies, financial management and health information.

73. Some of the specific development targets set in the 3-year Public Investment Programme (PIP) (1995-1997) are outlined below:

i. District Level: As part of efforts to strengthen primary health services, the programme envisaged to upgrade 15 health centres to district hospitals and to rehabilitate and re-equip 52 existing district hospitals. Besides, the programme was to rehabilitate and/or expand facilities in 47 health centres and four polyclinics, and to complete construction works on 11 other health centres. In addition, 14 DHMT offices were to be completed during the period. Furthermore, nine maternal and child health and family planning centres were to be rehabilitated and re-equipped.
ii. **Regional Level:** Three new hospitals were planned to be constructed at Cape Coast, Ho and Sunyani. Six existing regional hospitals were also earmarked for rehabilitation and expansion. Seventeen health training institutions throughout the country were also to be rehabilitated and expanded.

iii. **Tertiary Institutions:** Various departments of the Korle Bu Teaching hospital such as the Plastic Surgery Unit, Surgical Block, Cardiothoracic Unit, the Accident Centre and the Korle Bu polyclinic were proposed to be rehabilitated or completed. Work which started on the Radiotherapy Unit was also to be continued. The rehabilitation works begun on operating theatres, laboratories and the polyclinic building all at the Komfo Anokye Teaching Hospital were to be continued. Besides, the two teaching hospitals were to be re-equipped. The Pantang, Accra and Ankaful psychiatric hospitals were also to be rehabilitated.

iv. **National Projects:** Work on the rehabilitation and re-equipping of the limb fitting centre was to be continued. The guinea worm eradication, surveillance of communicable diseases/buruli ulcers, malaria control and surveillance of non-communicable diseases programmes were to be intensified. Furthermore, medical, laboratory and mortuary equipment was to be supplied to various health facilities throughout the country.

**Planned Expenditure**

74. Health care delivery and the provision of health infrastructure in the public sector in 1997 were envisaged to be funded from both domestic and external sources. Overall, an amount of $348,535 million was required to finance health activities in 1997. The domestic sources, comprising the central government budget, DACF and internally generated funds of MOH from user charges for health services, were projected to account for $157,243 million. The remaining amount of $191,292 million was the expected external contribution of loans and grants. Table 3.2 presents the planned expenditure of the health sector by sources from 1995-1997.
Table 3.2: Planned Expenditure - 1995 – 1997 (¢ Million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55.3</td>
<td>4.552</td>
<td>50.6</td>
<td>55.3</td>
<td>4.552</td>
<td>50.6</td>
<td>55.3</td>
<td>4.552</td>
<td>50.6</td>
</tr>
<tr>
<td>GOG</td>
<td>65,198</td>
<td>8,440</td>
<td>73,638</td>
<td>90,668</td>
<td>25,093</td>
<td>115,761</td>
<td>97,840</td>
<td>31,225</td>
<td>129,065</td>
</tr>
<tr>
<td>DACF</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Own Funds</td>
<td>15,200</td>
<td>20,000</td>
<td>35.6</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
<td>24,400</td>
<td>-</td>
<td>24,400</td>
</tr>
<tr>
<td>External</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>80,398</td>
<td>52,849</td>
<td>133,247</td>
<td>110,668</td>
<td>171,184</td>
<td>281,852</td>
<td>122,240</td>
<td>226,295</td>
<td>348,535</td>
</tr>
</tbody>
</table>

SOURCE: MOF/MOH/DACF

Actual Expenditure

75. The total actual expenditure of the health sub-sector in 1997 was 404,386 million. Domestic sources accounted for 175,312 million of total actual expenditure. 145,483 million of the domestic resources, was in respect of recurrent expenditure while 29,829 million was spent on development programmes.

76. The external sources contributed around 229,074 million to total actual expenditure in 1997 as against planned expenditure of 191,292 million. The considerable difference between planned and actual external sector contribution was mainly as a result of the fact that agreements contracted during the second and third quarters of 1997 were not included in the preparation of the initial disbursement profile.

77. Table 3.3 below presents a summary of actual expenditure of the health sector from 1995-1997.

Table 3.3: Actual Expenditure By Sources (Broad-Based) 1995 – 1997 (¢ Million)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GOG</td>
<td>66,236</td>
<td>6,135</td>
<td>72,371</td>
<td>98,651</td>
<td>19,751</td>
<td>118,402</td>
<td>121,083</td>
<td>26,051</td>
<td>147,134</td>
</tr>
<tr>
<td>DACF</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Own Funds</td>
<td>15,200</td>
<td>-</td>
<td>15,200</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
<td>24,400</td>
<td>-</td>
<td>24,400</td>
</tr>
<tr>
<td>External</td>
<td>-</td>
<td>50,874</td>
<td>50,874</td>
<td>-</td>
<td>170,470</td>
<td>170,470</td>
<td>-</td>
<td>229,074</td>
<td>229,074</td>
</tr>
<tr>
<td>Total</td>
<td>81,436</td>
<td>61,561</td>
<td>142,997</td>
<td>118,651</td>
<td>195,232</td>
<td>313,883</td>
<td>145,483</td>
<td>258,903</td>
<td>404,386</td>
</tr>
</tbody>
</table>

SOURCE: MOF/MOH/DACF
Regional Distribution of Expenditure

78. In 1997, the total expenditure of health sub-sector amounted to £150,912 million, (excluding MOH’s internally generated funds). About £78,446 million or 52 per cent was exclusively in respect of health activities in the 10 administrative Regions of the country as shown in table 3.4. The remaining £72,466 million was incurred by MOH on national projects throughout the country, and on tertiary health services comprising the two teaching hospitals of Korle Bu and Komfo Anokye in Accra and Kumasi respectively and the psychiatric hospitals.

79. Out of the total of £78,446 million Central Government budget which went to the regions, in 1997, an amount of £64,682 million was in respect of recurrent expenditure while the remaining £13,764 million went to finance development projects.

80. About 19 per cent of the total actual expenditure by regions went to the Brong Ahafo region on account of the large amount of matching funds provided in that year for the ECGD-loan-funded Brong Ahafo regional hospital project at Sunyani. The Eastern and Greater Accra regions accounted for about 13 per cent and 12 per cent respectively of the total actual expenditure by regions in 1997. The least expenditures of 5.4 per cent and 5.8 per cent were made in Upper West and Upper East regions respectively.

Table 3.4: Regional Distribution of Actual Expenditure – 1995-1997 (In £ Million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rec</td>
<td>Dev't</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>4,231</td>
<td>4,571</td>
<td>5,475</td>
</tr>
<tr>
<td>Western</td>
<td>10.3</td>
<td>8.5</td>
<td>8.9</td>
</tr>
<tr>
<td>Central</td>
<td>4,070</td>
<td>4,330</td>
<td>4,896</td>
</tr>
<tr>
<td></td>
<td>9.9</td>
<td>7.6</td>
<td>8.7</td>
</tr>
<tr>
<td>Eastern</td>
<td>6,438</td>
<td>6,803</td>
<td>7,544</td>
</tr>
<tr>
<td></td>
<td>15.7</td>
<td>11.6</td>
<td>13.0</td>
</tr>
<tr>
<td>Northern</td>
<td>3,113</td>
<td>4,792</td>
<td>5,480</td>
</tr>
<tr>
<td></td>
<td>7.6</td>
<td>8.5</td>
<td>9.7</td>
</tr>
<tr>
<td>Gt. Accra</td>
<td>5,638</td>
<td>7,520</td>
<td>8,345</td>
</tr>
<tr>
<td></td>
<td>13.8</td>
<td>12.9</td>
<td>12</td>
</tr>
<tr>
<td>Upper West</td>
<td>1,586</td>
<td>2,365</td>
<td>2,453</td>
</tr>
<tr>
<td></td>
<td>3.9</td>
<td>3.8</td>
<td>5.3</td>
</tr>
<tr>
<td>Volta</td>
<td>5,372</td>
<td>6,357</td>
<td>6,596</td>
</tr>
<tr>
<td></td>
<td>13.1</td>
<td>24.7</td>
<td>9.6</td>
</tr>
<tr>
<td>Upper East</td>
<td>2,179</td>
<td>2,656</td>
<td>3,088</td>
</tr>
<tr>
<td></td>
<td>5.3</td>
<td>4.8</td>
<td>5.8</td>
</tr>
<tr>
<td>Ashanti</td>
<td>4,602</td>
<td>4,747</td>
<td>5,964</td>
</tr>
<tr>
<td></td>
<td>11.2</td>
<td>9.2</td>
<td>8.3</td>
</tr>
<tr>
<td>Brong Ahafo</td>
<td>3,679</td>
<td>5,247</td>
<td>5,557</td>
</tr>
<tr>
<td></td>
<td>9.0</td>
<td>8.6</td>
<td>18.6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40,926</td>
<td>64,771</td>
<td>78,446</td>
</tr>
</tbody>
</table>

SOURCE: MOF/MOH/DACF

NB: Figures in the table above exclude total recurrent and development expenditures by the MOH headquarters and the tertiary health services which totalled £35.997 million for 1995, £58,642 million for 1996 and £72,466 million for 1997
### Analysis of Funding

81. The domestic sources of funding for the health sector in 1997 comprised the Central Government’s budget, the DACF and MOH’s own-generated funds from user charges for medical services.

82. The domestic sector’s contribution to total actual health sector expenditure was ₦175,312 million. This figure was ₦18,069 million or about 11.5 per cent more than planned expenditure from the domestic sector. The increase was as a result of an over-expenditure of ₦23,243 million in recurrent and less than programmed expenditure of ₦5,174m in development. The figure also represented about 43 per cent of total health expenditure that year. The Central Government budget accounted for ₦147,134 million of the total actual expenditure from domestic sources. MOH’s own generated funds and DACF contributed ₦24,400 million and ₦3,778 million respectively.

83. Of the overall actual expenditure of ₦175,312 million from domestic sources, ₦145,483 million representing 83 per cent was in respect of recurrent expenditure. Development expenditure accounted for the remaining ₦29,829 million or 17 per cent of the total. This percentage contrasts with the 22 per cent share of programmed development expenditure in total programmed expenditure.

84. While actual recurrent expenditure funded from domestic sources, notably GOG Budget, recorded ₦23,243 million or 24 per cent over planned recurrent expenditure from the same sources in 1997, actual development expenditure was ₦5,174 million or about 17 per cent less than planned development expenditure. The surplus recorded with respect to development expenditure may be explained by the fact that payment for some contracts executed in 1997 could not be effected due to general lack of funds and had to be carried forward to the 1998 financial year.

85. The deficit of ₦23,243 million recorded in 1997 with respect to recurrent expenditure from domestic sources was mainly as a result of 17.5 per cent across the board increase in wages and salaries which was not built into the original projected recurrent expenditure for health.

86. Tables 3.5 and 3.6 below present planned and actual expenditure of the health sub-sector in 1997 by programmes. Of the total planned expenditure of ₦132,843 million from the Central Government budget and DACF, ₦57,735 million representing 40 per cent was programmed for district health services in support of primary health care. The MOH headquarters was allocated ₦29,099 million of the total for expenditures made on its own behalf or on behalf of some sub-national health institutions. The regional health services accounted for ₦26,373 million whilst the tertiary health services was allocated ₦24,636 million.
The total actual expenditure of the sector from Central Government budgetary appropriation for health and DACF was €150,912 million. District Health Services accounted for €68,700 million or about 46 per cent of the total expenditure from domestic sources. Regional health services spent €30,278 million representing 20 per cent of the total. Tertiary health services accounted for €27,187 million representing about 18 per cent of total actual expenditure from GOG budget and DACF. MOH Headquarters' contribution was €24,747 million, approximately 16 per cent of the total. The relatively big share of the district health services out of the total actual expenditure from GOG budgetary resources and DACF was in line with the achievement of GOG's objective of increasing geographical access to basic health services especially in the rural areas.

Table 3.5: Planned Expenditure By Programme 1995 – 1997 (€ Million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Min. of Health (H/qtrs.)</td>
<td>17,712</td>
<td>6,275</td>
<td>14,358</td>
</tr>
<tr>
<td>2. Tertiary Health Services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Teaching Hospitals</td>
<td>9,279</td>
<td>960</td>
<td>15,537</td>
</tr>
<tr>
<td>b) Psychiatric Hospitals</td>
<td>2,234</td>
<td></td>
<td>5,918</td>
</tr>
<tr>
<td>3. Regional Health Services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Regional Health Admin.</td>
<td>2,306</td>
<td></td>
<td>3,788</td>
</tr>
<tr>
<td>b) Regional Hospital</td>
<td>5,425</td>
<td>840</td>
<td>8,975</td>
</tr>
<tr>
<td>c) Training Institutions.</td>
<td>2,138</td>
<td>275</td>
<td>3,372</td>
</tr>
<tr>
<td>4. District Health Services (Primary Health Care)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) District Health Admin.</td>
<td>9,942</td>
<td></td>
<td>13,975</td>
</tr>
<tr>
<td>b) District Hospitals</td>
<td>8,722</td>
<td>90</td>
<td>12,187</td>
</tr>
<tr>
<td>c) Sub-District Health Facilities</td>
<td>7,440</td>
<td>4,552</td>
<td>12,558</td>
</tr>
<tr>
<td>Total</td>
<td>65,198</td>
<td>12,992</td>
<td>90,668</td>
</tr>
</tbody>
</table>

SOURCE: MOF/MOH
Table 3.6: Actual Expenditure By Programme (1995-1997) (Million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Min. of Health (H/qtrs.)</td>
<td>17,938</td>
<td>3,005</td>
<td>21,137</td>
<td>4,965</td>
<td>11,019</td>
<td>13,728</td>
</tr>
<tr>
<td>Tertiary Health Services</td>
<td>9,971</td>
<td>2,536</td>
<td>21,802</td>
<td>4,479</td>
<td>24,260</td>
<td>2,927</td>
</tr>
<tr>
<td>Regional Health Services</td>
<td>23,175</td>
<td>558</td>
<td>17,347</td>
<td>10,207</td>
<td>21,019</td>
<td>9,259</td>
</tr>
<tr>
<td>District Health Services (Primary Health Care)</td>
<td>15,152</td>
<td>4,588</td>
<td>38,365</td>
<td>5,111</td>
<td>64,785</td>
<td>3,915</td>
</tr>
<tr>
<td>Total</td>
<td>66,236</td>
<td>10,687</td>
<td>98,651</td>
<td>24,762</td>
<td>121,083</td>
<td>29,829</td>
</tr>
</tbody>
</table>

SOURCE: MOF/MOH

Achievements

88. In 1997, considerable progress was made towards the achievement of the objective of increased geographical access to health care and improved quality of health services as the following indicate:

i) The rehabilitation and re-equipping of surgical theatres, new emergency unit, burns and reconstructive surgery and radiotherapy units were all completed in 1997 at the Korle-Bu Teaching Hospital.

ii) The east wing surgical theatres were rehabilitated and re-equipped at the Komfo Anokye Teaching Hospital.

iii) Construction of a regional hospital at Cape Coast was virtually completed. Various construction activities at Six regional hospitals (Ridge, Bolgatanga, Wa, Effia Nkwanta, Tamale and Koforidua) were undertaken with Effia Nkwanta almost completed.

iv) Rehabilitation of Tetteh Quarshie, Kibi, Yendi and Keta district hospitals was completed.

v) The Tamale polyclinic was completed and the Ho Leprosarium was converted into a polyclinic.

vi) Twelve out of 16 new health centres programmed to be constructed in various locations throughout the country were completed.
With regard to the objective of ensuring better quality of health care, achievements can be observed in the following areas:

i) Disease Control – Vaccination coverage in 1997 were significantly higher than the previous years as the Table 3.7 below shows.

Table 3.7: Vaccination Coverage among Children Aged 0–11 Months and WIFA (TT2)

<table>
<thead>
<tr>
<th>Antigen</th>
<th>1995 (per cent)</th>
<th>1996 (per cent)</th>
<th>1997 (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.BCG</td>
<td>67.1</td>
<td>65.2</td>
<td>71.8</td>
</tr>
<tr>
<td>2.DPT3</td>
<td>52.2</td>
<td>51.4</td>
<td>59.6</td>
</tr>
<tr>
<td>3.OPV3</td>
<td>51.1</td>
<td>51.5</td>
<td>60.0</td>
</tr>
<tr>
<td>4.Measels</td>
<td>55.1</td>
<td>53.2</td>
<td>58.5</td>
</tr>
<tr>
<td>5.YF</td>
<td>24.5</td>
<td>27.5</td>
<td>40.0</td>
</tr>
<tr>
<td>6.TT2+</td>
<td>19.9</td>
<td>14.2</td>
<td>18.0</td>
</tr>
</tbody>
</table>

SOURCE: MOH (PUBLIC HEALTH/EPI UNIT)

i) Draft policy on reproductive tract infections (RTIs) including sexually transmitted diseases (STDs) and HIV/AIDS for Ghana was developed in 1997 and CSM committees were set up at the district and regional levels. Buffer stocks of CSM kit and diarrhoea drugs were established at district and regional levels.

ii) In order to reduce cost of medical care to the poor and vulnerable, exemption under the hospital fee system was extended to cover pregnant women, the aged and patients with snake bites in 1997.

Other achievements in respect of the objective aimed at the development and implementation of programmes to train health personnel were:

i) Some members of District Health Management Teams and Community-Based Surveillance Agents were trained in disease surveillance in 1997.

ii) A pilot training course was organized for midwives in vacuumcurettage in 1997.

iii) Policy standards for Reproductive Health including job descriptions for Health staff, standards for equipment and protocols for case management were introduced.
Findings

91. Following from the review the following findings have been made in respect of the 1997 health sector expenditure:

i. The health sector expenditure was foreign-aid dominated. External aid constituted around 57 per cent of total actual expenditure.

ii. Planned and actual development expenditures were 22 and 17 per cent respectively of the total planned and actual expenditures.

iii. The overall actual health sector expenditure exceeded planned expenditures by 16 per cent. Total actual expenditure financed from domestic sources was more than programmed expenditure from the same sources by about 12 per cent. Actual recurrent expenditure funded from local sources was also more than planned recurrent expenditure by 19 per cent. Total actual development expenditures financed from domestic sources, however, fell short of planned expenditures by 15 per cent. Actual expenditure financed from external sources exceeded programmed expenditure by about 20 per cent.

iv. In line with the sector’s objective of increasing geographical access to basic health services especially in the rural areas, about 46 per cent of total expenditure from GOG budgetary resources and DACF as can be deduced from table 7 was in respect of district health services for the promotion of primary health care; and

v. MOH’s internally generated funds from user charges constituted 14 per cent of expenditure financed from domestic sources and about 6 per cent of the total health expenditure.
CHAPTER 4

RURAL WATER

Background and Institutional Arrangement

92. The formulation and co-ordination of policies and programmes for the systematic delivery of water supply is the responsibility of the Ministry of Works and Housing.

93. The Ghana Water and Sewerage Corporation (GWSC) under the Ministry of Works and Housing is responsible for the delivery of water generally.

94. This Chapter however, seeks to focus on the delivery of water to rural communities in the country. Rural water supply systems are mainly the hand-dug well and the borehole.

95. To accelerate the delivery of rural water supply, a semi-autonomous body, the Community Water and Sanitation Division (CWSD), was created in 1993 under the GWSC to focus on the expansion and improvement of the delivery of safe drinking water to the rural areas with the involvement of the communities themselves. Though the GWSC relinquished most of its rural water delivery responsibility to the CWSD, it nonetheless serves some rural areas by way of connecting them to its urban systems.

96. By involving the communities in the safe water delivery, the programme seeks to shift the role of Government from being the provider of services to that of a facilitator. This strategy was to encourage the private sector to take the lead in the provision of such services.

97. The programme operates through the regions and District Assemblies on a demand-driven principle whereby communities are expected to show interest in the water facilities by applying for assistance through their District Water and Sanitation Teams.

Policy Objectives

98. The policy objectives in this sub-sector are:

a) provision of potable water and sanitation services to communities that are willing to contribute to the capital cost and pay the entire normal operational and maintenance expenses on facilities;

b) ensuring sustainability of programme benefits through:
i) community ownership and management with active involvement of women;
ii) private sector provision of goods and services; and
iii) public sector promotion and support.

c) maximising health benefits by integrating water, sanitation and hygiene education.

Medium Term Programme

99. The rural water supply programme was launched in 1994 with the goal of accelerating water supply delivery to rural communities in all districts of the 10 regions of the country. In line with the above goal the target in the medium term is to extend rural water coverage to 50 per cent by the year 2000.

100. The strategy for achieving the medium term objective is to strengthen the financial and human capacity of the stake-holders of the programme (CWSD, GWSC, DAs, rural communities and small town residents and private sector firms).

Planned Expenditure

101. Rural water supply is financed mainly from Central Government Budget, the District Assembly Common Fund (DACF) and external sources. In addition there are financial and technical support from some Non-Governmental Organizations (NGOS). There is also community participation through contribution in cash or kind. The programme does not generate its own funds in the provision of water facilities to the communities. Table 4.1 shows the main sources of financing the programme from 1995 to 1997:

Table 4.1: Planned Expenditure by Sources (in ¢ Million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rec²</td>
<td>Dev't</td>
<td>Rec²</td>
</tr>
<tr>
<td>Govt. Budget</td>
<td>-</td>
<td>3,059.99</td>
<td>6,115.00</td>
</tr>
<tr>
<td>DACF</td>
<td>-</td>
<td>832.91</td>
<td>-</td>
</tr>
<tr>
<td>External</td>
<td>-</td>
<td>10,928.80</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>14,821.70</td>
<td>38,273.50</td>
</tr>
</tbody>
</table>

SOURCE: DACF, MOF.

² Planned expenditures for rural water supply delivery do not isolate recurrent from development expenditures since funds are subvented to the Agency in bulk under development budget.
102. In 1997 a total amount of $51,765.30 million was planned as development expenditure for rural water delivery. Of this amount, $6,204.96 million, representing 12 per cent of the planned expenditures was to come from Government budgetary resources, $1,550.34 million, representing 3 per cent from DACF while $44,010.00 million, representing 85 per cent was to come from external sources.

**Actual Expenditure**

103. Out of the total expenditure of $51,765.30 million, planned for 1997 on rural water supply, an amount of $48,280.14 million, being 93 per cent of the planned was spent (Tables 4.1 and 4.2) indicating that most of the programmed activities in rural water supply were carried out in 1997.

**Table 4.2: Actual Development Expenditures by Sources (in $ Million)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Govt Budget</td>
<td>3,054.7</td>
<td>5,999.0</td>
<td>2,719.8</td>
</tr>
<tr>
<td>ii. DACF</td>
<td>832.9</td>
<td>1,716.7</td>
<td>1,550.3</td>
</tr>
<tr>
<td>External</td>
<td>10,928.8</td>
<td>30,441.8</td>
<td>44,010.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,816.4</strong></td>
<td><strong>38,157.5</strong></td>
<td><strong>48,280.1</strong></td>
</tr>
</tbody>
</table>

**SOURCE**: DACF, MOF.

104. In general, total actual expenditure incurred on rural water supply increased from year to year for the period 1995 to 1997. Thus in 1996, total amount invested in this sector was $38,157.5 million, being 158 per cent over the 1995 expenditure of $14,816.4 million.

105. Furthermore, an amount of $48,280.1 million, representing an increase of 27 per cent over the 1996 figure was invested in 1997.

**Regional Distribution of Expenditure**

106. Table 4.3 shows a regional distribution of domestic resources for rural water. While the Central region recorded the least share of 3.8 per cent, the Ashanti region had the highest share of about 21 per cent.

107. Using 1995 as the base year the percentage growth in domestic expenditure incurred in 1997 for certain regions were negative while others were positive. For instance, Western, Greater Accra, Ashanti, Northern and Upper East regions registered positive
growth of 48.1 per cent, 22.4 per cent, 23.0 per cent, 33.3 per cent and 8.0 per cent respectively (Table 4.3) while Central, Eastern, Volta, Brong Ahafo and Upper West regions registered negative growths of 47.4 per cent, 19.2 per cent, 1.4 per cent, 2.8 per cent and 4.9 per cent respectively.

Table 4.3: Regional Distribution of Expenditure

<table>
<thead>
<tr>
<th>Region</th>
<th>1995 (G' m) Total</th>
<th>Per cent Total</th>
<th>1996 Per cent Growth</th>
<th>Per cent Total</th>
<th>1997 Per cent Growth</th>
<th>Per cent Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western</td>
<td>341.16</td>
<td>8.8</td>
<td>62.8</td>
<td>7.2</td>
<td>48.1</td>
<td>11.8</td>
</tr>
<tr>
<td>Central</td>
<td>306.42</td>
<td>7.9</td>
<td>44.3</td>
<td>5.7</td>
<td>(47.4)</td>
<td>3.8</td>
</tr>
<tr>
<td>Gt. Accra</td>
<td>218.79</td>
<td>5.6</td>
<td>265.0</td>
<td>10.4</td>
<td>22.4</td>
<td>6.3</td>
</tr>
<tr>
<td>Eastern</td>
<td>314.90</td>
<td>8.1</td>
<td>84.7</td>
<td>7.5</td>
<td>(19.2)</td>
<td>6.0</td>
</tr>
<tr>
<td>Volta</td>
<td>229.49</td>
<td>5.9</td>
<td>206.9</td>
<td>9.1</td>
<td>(1.4)</td>
<td>5.3</td>
</tr>
<tr>
<td>Ashanti</td>
<td>728.69</td>
<td>18.7</td>
<td>71.8</td>
<td>16.2</td>
<td>23.0</td>
<td>21.0</td>
</tr>
<tr>
<td>B. Ahafo</td>
<td>391.55</td>
<td>10.1</td>
<td>49.7</td>
<td>7.6</td>
<td>(2.8)</td>
<td>8.9</td>
</tr>
<tr>
<td>Northern</td>
<td>618.41</td>
<td>15.9</td>
<td>163.7</td>
<td>21.1</td>
<td>33.3</td>
<td>19.3</td>
</tr>
<tr>
<td>U. West</td>
<td>333.81</td>
<td>8.6</td>
<td>37.3</td>
<td>5.9</td>
<td>(4.9)</td>
<td>7.4</td>
</tr>
<tr>
<td>U. East</td>
<td>404.39</td>
<td>10.4</td>
<td>74.8</td>
<td>9.2</td>
<td>8.0</td>
<td>10.2</td>
</tr>
<tr>
<td>Total</td>
<td>3,887.61</td>
<td>100</td>
<td>98.5</td>
<td>100</td>
<td>-</td>
<td>100</td>
</tr>
</tbody>
</table>

SOURCE: DACF, MOF

Analysis of Funding

108. While external inflows increased from year to year, funds from Government budgetary resources and the DACF fluctuated, with 1996 recording the highest total expenditure within the period 1995 and 1996. Thus, in 1996 actual external inflows amounted to ₋30,441.8 million being an increase of 179 per cent over the 1995 figure of ₋10,928.8 million. In the same way, actual external inflows for 1997 amounted to ₋44,010.0 million, being an increase of 45 per cent over the 1996 figure.

109. On the contrary, whereas the 1996 total actual expenditures from Government amounted to ₋5,999.0 million, an increase of 96 per cent over the 1995 figure of
G3,054.7 million, the 1997 figure of G2,719.8 million was a decrease of 55 per cent over the total actual expenditure in 1996.

110. Funds from DACF in 1996 totalled G1,716.7 million, an increase of 106 per cent over the 1995 total expenditure of G832.9 million as against a decrease of 10 per cent from the 1996 figure to G1,550.3 million in 1997.

Achievements

111. Between 1995-1997, a total of 1,146 new boreholes and 438 hand-dug wells were constructed. Rehabilitation was done on 2,100 old boreholes and 200 existing hand-dug wells. Also, 69 pipe systems and 26 rain harvesting systems were constructed. Water facilities totalling nine were constructed for institutions within the same period.

112. To enhance proper operations and maintenance of the rural supply systems, the programme embarked on capacity building by training operators of the systems. Thus within the period 1995-97 a total of 15,112 personnel were trained, consisting of 184 of the district operators of the District Assemblies, 11,272 from the communities and 3,656 from the private sector participants in the rural sector.

113. The targets set in 1997 for constructing new boreholes and rehabilitation of existing ones were 430 and 998 respectively. The number of boreholes actually constructed was 371, representing 86 per cent of the target, as against 984 rehabilitated (being 99 per cent of target). For rehabilitation of boreholes 99 per cent of the target was achieved while hand-dug wells constructed was 192, representing 64 per cent of the target of 300 and a total of nine hand-dug wells were rehabilitated as against a target of six. In addition, 45 pipe systems and 10 out of a target of 11 rain harvesting systems were also constructed.

114. With regards to capacity building, 186 out of a target of 207 (90 per cent of target) District Assembly operators, 11,272 out of a target of 4,525 (249 per cent of target) Community operators and 3,656 out of a target 2,853 (128 per cent of target) Private sector operators were trained in 1997 to effectively manage the facilities as well as educate their respective communities on water, sanitation and hygiene.

115. By end of 1996, the programme had expanded into all the 10 regions and was effective in 52 out of the 110 districts in the country. With the implementation of the 1997 programme, the rural-water coverage of the programme was estimated at 47 per cent at the end of the year.
Findings

i. The rural water supply programme has been extended to cover all the 10 regions, however, only 52 out of the 110 districts of the country were effectively served.

ii. Financing of the programme was external aid driven, thus, the bulk of the actual expenditures on rural water supply was foreign financed.

iii. The wide variations in the domestic resource allocation to the various regions for rural water appear to be determined by the size of the rural inhabitants in the region as well as the size of the catchment area. In this regard, domestic resources were spent more in large-sized rural communities catchment areas.
CHAPTER 5

HOUSING

Background and Institutional Arrangement

116. Housing is defined in broad terms to mean the delivery of any building or structure for the purpose of accommodation. These include residential houses, institutional housing and commercial housing.

117. For this review, however, housing expenditure is defined to include expenditure incurred by the Ministry of Works and Housing:

i) Directly on Government residential accommodation;
ii) Directly on other residential housing;
iii) Indirectly in the facilitation of private sector housing delivery, through workshops, artisan-training etc.

118. The Ministry of Works and Housing has ministerial responsibility for the formulation and implementation of policies and supervision of programmes aimed at the consolidation of existing housing stocks and infrastructure, as well as the facilitation of the construction of new ones in both the public and private sector.

119. In addition the Ministry is responsible for the coordination and supervision of the activities of Government agencies involved in the execution of projects in the housing sector.

120. In the delivery of housing, the Ministry operates through the following agencies: Rural Housing Department, Architectural and Engineering Services Limited (AESL), State Construction Company (SCC), State Housing Company Ltd. and Public Works Department (PWD).

121. Despite the existence of the Ministry of Works and Housing, other Government Ministries, Departments and Agencies (MDAs) have unofficially assumed responsibility for the maintenance and construction or acquisition of their office and residential accommodation.

122. Other major delivery agencies are the Social Security and National Insurance Trust (SSNIT), Ghana Real Estate Developers Association (GREDA) and the Tema Development Corporation (TDC). Private individuals account for a greater share of residential houses delivered annually.
123. Inspite of progress made to date on housing, rapid population growth, increasing urbanization and the expansion of the economy have made housing one of the most critical problems still facing the country. Demand for housing continued to outstrip supply, leading to an estimated accumulated delivery deficit of about 300,000 units by 1997. Current annual requirement for residential accommodation is put at 95,000 units, while current annual supply remain at 45,000, 92 percent of which is delivered by the private sector.

124. To achieve significant and lasting gains in the performance of the housing sector, the Government is currently pursuing the following policy objectives and strategies:

**Objectives**

125. Government's main objectives in the housing sub-sector are:

i. to consolidate and protect existing housing stock and infrastructure both in the public and private sector including particularly the rural areas from further deterioration;

ii. to increase the housing stock by stimulating greater private sector investment and completing ongoing housing projects;

iii. to reduce the cost of housing and enhance affordability by encouraging the development and use of local building materials;

iv. to lay a foundation for long-term sustainable national housing strategy and action programme; and

v. to achieve efficiency and enhance co-ordination among the sector delivery agencies.

126. The strategies for achieving these objectives will include the following:

i. continuing the rehabilitation and maintenance of existing housing stock, focusing on the comprehensive rehabilitation of Government residential accommodation and improvement in the quality of rural housing;

ii. redirecting the public sector role from direct involvement in housing construction to the provision of the appropriate policy framework and conditions conducive to greater private sector participation by providing incentives to housing developers, ensuring easy access to credit as well as housing land, security of tenure and effective land use management;

iii. encouraging the development and use of local building materials through research and demonstration pilot projects and increased support for local raw material producers.

iv. Incentives provided for Real Estate Developers under the investment code include the following:

- exemption from payment of customs import duties on plant, machinery, equipment, accessories (excluding building materials);
- investment allowance of seven and half per cent per annum;
• exemption of staff from income tax relating to accommodation provided on building or construction site;
• depreciation or capital allowance of 50 per cent in the year of investment and 25 per cent in subsequent years; and
• exemption from income tax payments for the first 5 years.

**Medium Term Programme for Housing -(1995 to 1998)**

127. Government will in the medium term continue with programmes aimed at consolidating and facilitating housing delivery in the country. These programmes include:

i. Continuation of the provision of technical assistance through the Department of Rural Housing to the “Rural Shelter Rehabilitation and Maintenance Programme”;

ii. Continuation of the Northern Conflict Areas Housing Rehabilitation Programme;

iii. Continuation of rehabilitation of Government residential accommodation;

iv. Housing facilitation through completion of a number of operational studies for shelter aimed at improving various aspects of the building construction industry, for example study on housing financing and cost recovery; and a study on plant pooling strategy for contractors, urban indicators study etc;

v. Training of bricklayers and building construction tradesmen to enhance skills and productivity;

vi. Management improvement training/evaluation of small scale construction firms.

**Planned Expenditure**

128. Housing under the Ministry of Works and Housing is financed mostly from appropriations from the development and recurrent budgets.

129. Housing development for all other MDAs are also financed principally from the Development/Recurrent Budgets, although some amount of external assistance has been provided to the education and health sectors for the provision of residential infrastructure.
130. The Table 5.1 below shows the Planned Expenditures for Housing under the Ministry of Works and Housing, (1995-1997).

**Table 5.1: Planned Expenditures - (1995-1997 in € Million)**

<table>
<thead>
<tr>
<th>Sources</th>
<th>1995 Rec</th>
<th>Dev’t</th>
<th>Total</th>
<th>1996 Rec</th>
<th>Dev’t</th>
<th>Total</th>
<th>1997 Rec</th>
<th>Dev’t</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOG Budget</td>
<td>541</td>
<td>1,774</td>
<td>2,315</td>
<td>864</td>
<td>635</td>
<td>1,499</td>
<td>926</td>
<td>2,585</td>
<td>3,511</td>
</tr>
<tr>
<td>DACF</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Own Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ext. (Grants)</td>
<td>-</td>
<td>15</td>
<td>15</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>541</td>
<td>1,789</td>
<td>2,330</td>
<td>864</td>
<td>635</td>
<td>1,499</td>
<td>926</td>
<td>2,585</td>
<td>3,511</td>
</tr>
</tbody>
</table>

SOURCE: MWH/MOF

132. Planned expenditure between 1995-1997 amounted to €7340 million. This was made up of €5,009 million or 68 percent from the development budget and €2,331 million or 23 percent from the recurrent budget. Planned expenditure for 1997 registered an increase of 134 percent over the 1996 level. An amount of €1,000 million or 35 percent of total planned expenditure in 1997 was programmed to rehabilitate buildings destroyed during the Northern Conflict. Maintenance and renewal, as well as major rehabilitation of Government residential accommodation accounted for €2,585 million or 68 percent of total planned expenditure for 1997.

**Actual Expenditure**

133. Table 5.2 shows the composition of expenditure on housing made by the Ministry of Works and Housing from 1995 to 1997.

**Table 5.2: Actual Expenditure (1995-97) (€ Million)**

<table>
<thead>
<tr>
<th>Sources</th>
<th>1995 Rec</th>
<th>Dev’t</th>
<th>Total</th>
<th>1996 Rec</th>
<th>Dev’t</th>
<th>Total</th>
<th>1997 Rec</th>
<th>Dev’t</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOG Budget</td>
<td>565</td>
<td>1,737</td>
<td>2,302</td>
<td>735</td>
<td>635</td>
<td>1,370</td>
<td>935</td>
<td>2,197</td>
<td>3,132</td>
</tr>
<tr>
<td>DACF</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Own Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>External</td>
<td>-</td>
<td>15</td>
<td>15</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>565</td>
<td>1,752</td>
<td>2,317</td>
<td>735</td>
<td>635</td>
<td>1,370</td>
<td>935</td>
<td>2,197</td>
<td>3,132</td>
</tr>
</tbody>
</table>

SOURCE: MWH/MOF
134. Between 1995 and 1997, a total expenditure of €6,819 million was incurred by the Government on residential accommodation under the Ministry of which 46 per cent was incurred in 1997, while 20 per cent and 34 per cent were incurred in 1996 and 1995 respectively.

135. Actual 1997 expenditure exceeded 1996 by 129 per cent. In 1997, actual expenditure on maintenance and renewal as well as rehabilitation of Government residential accommodation amounted to €1,972 million or 63 per cent as against €1,200 million or 88 per cent in 1996.

**Regional Distribution of Expenditure**

136. The regional distribution of expenditure on housing is shown in table 5.3 below:

**Table 5.3: Regional Distribution of Expenditure in (€ Million) – 1995-97**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rec</td>
<td>Dev’t</td>
<td>Total</td>
</tr>
<tr>
<td>Gt. Accra</td>
<td>137</td>
<td>100</td>
<td>237</td>
</tr>
<tr>
<td>Central</td>
<td>46</td>
<td>30</td>
<td>76</td>
</tr>
<tr>
<td>Western</td>
<td>48</td>
<td>30</td>
<td>78</td>
</tr>
<tr>
<td>B/ Ahafo</td>
<td>50</td>
<td>30</td>
<td>80</td>
</tr>
<tr>
<td>Ashanti</td>
<td>85</td>
<td>37</td>
<td>122</td>
</tr>
<tr>
<td>Eastern</td>
<td>46</td>
<td>25</td>
<td>71</td>
</tr>
<tr>
<td>Volta</td>
<td>41</td>
<td>25</td>
<td>66</td>
</tr>
<tr>
<td>Northern</td>
<td>40</td>
<td>1,425</td>
<td>1,465</td>
</tr>
<tr>
<td>Upper East</td>
<td>36</td>
<td>25</td>
<td>61</td>
</tr>
<tr>
<td>Upper West</td>
<td>36</td>
<td>25</td>
<td>61</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>565</td>
<td>1,752</td>
<td>2,317</td>
</tr>
</tbody>
</table>

**SOURCE: MWH**

137. In 1997, about 38 per cent of expenditure for all the regions went into the Northern Region to support the rehabilitation of buildings destroyed during the Northern Conflict. This was an increase of about 29 per cent over its 1996 proportion of about 9 per cent. However Greater Accra Region’s expenditure on housing in 1996 stood at 22 per cent of the total for all the regions and decreased to about 18 per cent in 1997.

138. Expenditure for the rest of the regions was fairly evenly distributed.

**Analysis of Funding**

139. Between 1995-1997, total actual expenditure amounted to €6,819 million as against a planned target of €7,340 million. Thus during the period, 92 per cent of planned expenditure was achieved.
140. A comparative analysis of actual versus planned expenditures on a yearly basis however, reveals a declining trend of performance. In 1995, 1996, and 1997, actual expenditures accounted for 99.4 per cent, 91.4 per cent and 89.2 per cent of planned expenditures respectively. This could be explained in part by the fact that over the past three years revenue constraints have hampered the achievement of planned development targets.

141. An analysis of the composition of expenditure in 1997 reveals the following:

i) Out of a total amount of $2,585 million programmed for the renewal and maintenance as well as rehabilitation of Government residential accommodation in 1997, $2,197 million representing 84.9 per cent of the planned target was achieved.

ii) As indicated earlier, the 1997 actual expenditure exceeded that of 1996 by about 129 per cent. This is mainly attributed to the fact that in 1997 the Ministry decided to increase the pace of rehabilitation of Government residential accommodation by allocating $1,500 million of its budget to this activity, as against $500 million in 1996. Despite progress made in 1997, it is observed that budgetary allocation to the PWD for the renovation of Government residential buildings has been inadequate, accounting for the poor state of these buildings. In addition, actual expenditure on housing was on the low side in 1996 as compared to 1997 because no budgetary provision and therefore no expenditure was made on the Northern Conflict Areas Rehabilitation Programme in 1996. Expenditure in 1997 was however $1,000 million.

iii) Most of the appropriations from the recurrent budget were spent on routine maintenance and renewal of these buildings by PWD.

iv) Over the period 1995 to 1997, an amount of $130 million representing 4.2 per cent of total actual expenditure was incurred on housing facilitation programmes. In particular in 1997, an amount of $45 million, representing 1.4 per cent of actual expenditure was spent on facilitation programmes including:

- Operational Studies for Shelter
- Urban Indicators Study
- Training/Evaluation of training for brick-layers and building tradesmen.

142. The Private Sector is now responding to efforts made in the past by the Ministry to facilitate housing delivery, as evidenced by the current boom in the construction industry.
Achievements

144. In 1997, 89.2 per cent of planned expenditure was achieved. About 82 per cent of the programme for the rehabilitation of Government residential accommodation was successfully implemented. This translated into the completion of rehabilitation works on 97 residential units, and the routine maintenance of over 200 units by the PWD.

145. In addition to the above, it must be noted that in 1997, other Ministries Departments and Agencies spent an amount of $14,122 million for the rehabilitation and maintenance as well as construction of various categories of residential accommodation.

146. Eighty per cent of the buildings under the Northern Conflict Areas Housing Rehabilitation Programme were rehabilitated with technical assistance from the Department of rural housing, while building materials were distributed to 45 beneficiaries to carry out the required rehabilitation.

147. Under the facilitation programme, 20 trainers of building tradesmen were identified and trained. Operational Studies for the Shelter in 1997 focussed on Rural Housing Protection.

148. Also in 1997, major housing delivery agencies like SSNIT, TDC, GREDA and SHC constructed 3189 residential units as against 2002 units in 1996. TDC and SSNIT also delivered over 300 serviced plots.

149. In all, the delivery of residential accommodation in both the public and private sectors continued to improve, as evidenced by the current upsurge in the building industry. This is an indication that the private sector is positively responding to Government initiative on housing.

Findings

150. The main findings and conclusions arising out of the review of expenditure on housing are briefly summarised below:

   i. The study revealed that apart from Ministry of Works and Housing some MDAs have been undertaking housing projects. This has led to the situation of uncoordinated planning for the construction, maintenance and administration of Government residential accommodation;

   ii. Even though in 1997, the MWH undertook rehabilitation of some residential buildings, a good number of these buildings could not be covered leaving them in a continuous state of disrepair;
iii. Government has continued to facilitate private sector housing participation through workshops, artisan training and tax and duty exemptions;

iv. Private sector participation in housing delivery increased, resulting in the improvement in housing delivery.
CHAPTER 6

SOCIAL WELFARE

Background and Institutional Arrangement

150. The Government’s present policy on Social Welfare is the integration of the socially disadvantaged and vulnerable groups into mainstream development, the promotion of productive employment opportunities on a sustainable basis as well as social justice through harmonious labour management relations.

151. In view of this policy, it is obvious that the sector cuts across many institutions including the Ministries of Youth and Sport, Environment Science and Technology, Health, Education and various non-governmental agencies. However, the main government agency responsible for the implementation of social welfare policy is the Ministry of Employment and Social Welfare. The ministry comprises the following departments and subvented agencies:

- Department of Labour;
- Department of Social Welfare;
- Factories Inspectorate Division;
- Management Development and Productivity Institute (MDPI);
- National Vocational and Training Institute (NVTI);
- Opportunities Industrialization Centre (OIC); and
- Integrated Community Centre for Employable Skills (ICCES).

152. Each of the departments and agencies above contribute to achieving the ministry’s main strategic objectives of promoting employment and general social welfare of the population.

Policy Objectives

153. The Sector policy objectives are to:

(i) Encourage the promotion and creation of productive employment opportunities in all sectors of the economy to achieve full employment by the year 2020;

(ii) Make a concerted and systematic effort in harmonizing available economic growth and development as a means of improving the living standards of all Ghanaians, including vulnerable groups;

(iii) Maintain harmonious labour relations;
(iv) Encourage the growth of skills, particularly in the youth through vocational training at all levels including apprenticeship;

(v) Promote economically viable and sustained self managed co-operatives, especially in rural areas to create awareness for employment and increased out crop, in crop and non-crop activities; and

(vi) Ensure safe and healthy working conditions for all workers.

**Medium Term Programme**


155. The strategies for this programme are:

(i) Promoting productive employment opportunities in all sectors of the economy to absorb about 1.4 million new entrants to the labour force;

(ii) Provide facilities for the acquisition of employable skills through the establishment of Special Employment and Apprenticeship Training (SEAT) programme to assist in the employment of the handicapped and street children;

(iii) Develop efficient Labour Market Information (LMI) system to monitor labour market trends on a continuous and timely basis to facilitate employment planning, monitoring and evaluation; and

(iv) Enhance opportunities for technical and vocational training.

**Planned Expenditure**

156. The activities of Social Welfare are financed mainly by Government of Ghana (GOG), with support from external donors and Non-Governmental Organisations (NGOs). The table below indicates a broad view of the funding sources and their respective planned expenditure. It must be noted that due to the inability of all the NGOs concerned in providing the necessary information, data on their planned expenditure could not be captured in Table 6.1
Table 6.1. Planned Expenditure 1995–97 (€ Million)

<table>
<thead>
<tr>
<th>Sources</th>
<th>1995</th>
<th>1996</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rec</td>
<td>Dev’t</td>
<td>Rec</td>
</tr>
<tr>
<td>GOG</td>
<td>3,884.0</td>
<td>1,040.0</td>
<td>3,905.0</td>
</tr>
<tr>
<td>External</td>
<td>-</td>
<td>2,072.9</td>
<td>-</td>
</tr>
<tr>
<td>NGO</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>3,884.0</td>
<td>3,112.9</td>
<td>3,905.0</td>
</tr>
</tbody>
</table>

SOURCE: MOF, MESW, CAS, FODA

157. A total amount of €33,930.35 million, made up of €29,820.35 million for capital and €4,110 million for recurrent, was programmed to be spent on social welfare in 1997. This represents a 281 per cent increase over that of 1996. The planned expenditure comprised a GOG component of €10,297 million and an external aid component of €23,633.35 million.

158. The huge increase indicated in Table 1 was due to a major injection of funds from external sources, which increased from €490.722 million in 1996 to €23,633.75 in 1997.

159. For both 1995 and 1996, funding from external sources comprised only concessionary loans and grants. However in 1997, a commercial loan of €19,230.75 million was added to that of concessionary loans and grants which were €58.5 million and €4,344.50 respectively.

Actual Expenditure

160. Actual expenditure on Social Welfare has increased over the past three years. Data in Table 6.2 shows that in 1997, a total of €35,133.3 million was spent in this sector.

Table 6.2: Actual Expenditure (€ Million)

<table>
<thead>
<tr>
<th>Sources</th>
<th>1995</th>
<th>1996</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rec</td>
<td>Dev’t</td>
<td>Rec</td>
</tr>
<tr>
<td>GOG</td>
<td>3,884.0</td>
<td>1,040.0</td>
<td>4,050.0</td>
</tr>
<tr>
<td>External</td>
<td>-</td>
<td>2,072.9</td>
<td>-</td>
</tr>
<tr>
<td>NGO</td>
<td>-</td>
<td>843.0</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>3,884.0</td>
<td>3,955.9</td>
<td>4,050.0</td>
</tr>
</tbody>
</table>

SOURCE: MOF, MESW, CAS, FODA.
161. The total expenditure which is 129 per cent increase over that of 1996, comprises a GOG total contribution of €10,003 million, external aid of €23,633.35 million and NGO funding of €1,497 million. It is also made up of €29,568.35 million capital expenditure and €4068 million recurrent expenditure.

162. NGOs expenditure in table 6.2 represents only about a third of its total financial contribution to this sector.

Social Welfare Activities

163. In order to facilitate analysis and gain a more detailed insight into the pattern of expenditure, the data available is further presented by activities (Table 6.3) and by regions (table 6.4).

Table 6.3: Expenditure on Social Welfare by Activities (€ Million)

<table>
<thead>
<tr>
<th>Sources/Year</th>
<th>Redeployees Retraining</th>
<th>Vocational Training</th>
<th>Special Education</th>
<th>Child Welfare</th>
<th>Health</th>
<th>OTHERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>-</td>
<td>-</td>
<td>397.2</td>
<td>19,230.75</td>
<td>220.96</td>
<td>197.8</td>
</tr>
<tr>
<td>GOG</td>
<td>1,250</td>
<td>3,023</td>
<td>6,712.0</td>
<td>6,786.00</td>
<td>662.00</td>
<td>114.0</td>
</tr>
<tr>
<td>NGO</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>725.00</td>
<td>1,181.0</td>
</tr>
<tr>
<td>Total</td>
<td>1,250</td>
<td>3,023</td>
<td>7,109.2</td>
<td>26,016.75</td>
<td>1,607.96</td>
<td>1,492.8</td>
</tr>
</tbody>
</table>

SOURCE: MESW/MOF

164. In 1997, actual expenditure on vocational training was €26,016.75 million, a 265.9 per cent increase over that of 1996. This 1997 expenditure, involves an external aid contribution of €19,230.75 million plus a GOG contribution of €6786 million.

165. The external aid of €19,230.75 which was a commercial loan is a 4741.4 per cent increase over that of 1996, which was €397.2 million.

166. Table 6.3, also shows that with the exception of special education, health and other activities, actual expenditure on all the other activities have maintained their levels.

Regional Distribution of Expenditure

167. The Regional distribution of expenditure given in table 6.4 is based on government budgetary sources only.
### TABLE 6.4: Regional Distribution of Actual Expenditure 1995–1997 (in ₴ Million)

<table>
<thead>
<tr>
<th>Year</th>
<th>1995</th>
<th>1996</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rec</td>
<td>Dev't</td>
<td>Total</td>
</tr>
<tr>
<td>Gt. Accra</td>
<td>212.0</td>
<td>90.0</td>
<td>302.0</td>
</tr>
<tr>
<td>Volta</td>
<td>107.0</td>
<td>10.0</td>
<td>117.0</td>
</tr>
<tr>
<td>Eastern</td>
<td>112.0</td>
<td>-</td>
<td>112.0</td>
</tr>
<tr>
<td>Central</td>
<td>85.0</td>
<td>10.0</td>
<td>95.0</td>
</tr>
<tr>
<td>Western</td>
<td>105.0</td>
<td>-</td>
<td>105.0</td>
</tr>
<tr>
<td>Ashanti</td>
<td>236.0</td>
<td>48.0</td>
<td>284.0</td>
</tr>
<tr>
<td>Bi/Ahfo</td>
<td>70.0</td>
<td>-</td>
<td>70.0</td>
</tr>
<tr>
<td>Northern</td>
<td>117.0</td>
<td>5.0</td>
<td>122.0</td>
</tr>
<tr>
<td>Upper East</td>
<td>84.0</td>
<td>-</td>
<td>84.0</td>
</tr>
<tr>
<td>Upper West</td>
<td>62.0</td>
<td>-</td>
<td>62.0</td>
</tr>
<tr>
<td>Total</td>
<td>1,190.0</td>
<td>163.0</td>
<td>1,353.0</td>
</tr>
</tbody>
</table>

**Source:** MESW/MOF

NB The totals for the Regional Distribution do not include expenditure made on national programmes such as the purchase of tools for redeployees, training programmes for vulnerable groups, etc. Such national expenditures make up 80 per cent of the total expenditure of the sub-sector.

168. As a proportion of total expenditure, in 1997 Ashanti Region had the highest of 19.4 per cent followed by Greater Accra with 16.7 per cent while the Upper West Region had the least share of 4.3 per cent.

**Analysis of Funding**

170. Despite the increase in total expenditure from 1996, GOG’s actual expenditure in 1997 for both recurrent and development was lower than planned. The shortfall was due to non release of programmed funds.

171. However, with the exception of the special education and health activities, expenditure on all other activities especially that of vocational training and retraining of redeployees rose. This was due to a shift in government’s policy towards placing more emphasis on projects that will make the disadvantaged more self-sustaining rather than being reliant on handouts. This policy was also given a boost by the provision of external funding for vocational training to the tune of ₴19,230.75 million.

172. With respect to regional distribution, table 6.4 shows disparities in the actual expenditure among the regions. Ashanti and Greater Accra regions had a bigger portion of the funding because the country’s two largest cities, Accra and Kumasi, which experience most of the social problems are in these two regions. These two cities bear the brunt of the social problems associated with rural–urban migration. The
Government through its policy of grassroots or community participation, is de-emphasising its role in being the sole provider of social welfare amenities and rather encouraging the communities and private organizations to complement its efforts.

173. The areas that are being concentrated upon by NGOs, are that of special education and child welfare, which coincidentally are the activities which do not receive much of government funds.

Achievements

174. The 1997 expenditure within the Social Welfare sub-sector resulted in the following achievements:-

i. A total of 500 trained people with disabilities received tools;

ii. 23 National Vocational Centres were provided with equipment to train more JSS students;

iii. Through the community based rehabilitation programme, the special education division of the Ministry of Education, children with low vision were integrated into 11 ordinary schools;

iv. The services of GRATIS/ITTUs which were provided to about 11,000 people in 1997, resulted in the creation of about 600 new jobs during that year.

Findings

175. A study of the expenditure data of the social welfare sector within 1997, indicated the following:

i. Funding of the sector has increased considerably, especially from external sources;

ii. The major activity funded was vocational training;

iii. Substantial portion of total expenditure was made on national projects such as re-training and re-tooling of redeployees.

iv. Expenditure data from the Non-Governmental agencies involved in the development of the sector was very limited, due to the unwillingness of these agencies to provide them to the appropriate authorities.
CHAPTER 7

POPULATION MANAGEMENT

Background and Institutional Arrangement

176. Concerns about the impact of rapid population growth on developing economies began in the late 1950s and early 1960s. In 1969, Ghana adopted an explicit and comprehensive population policy as a "system" of measures intended to affect the growth, structure and distribution of the country's growing population.

177. The system envisaged the need for co-ordination as well as integration of legislative, administrative, economic and social measures in stemming the rising tide of population and population related problems in Ghana. The main demographic target was to reduce population growth rate from 2.6 per cent at that time to 1.7 per cent by the year 2000. The growth rate is, however, currently estimated at around 3.0 per cent per annum.

178. The system however made only modest achievements until the mid 1990s. Several factors including the absence of a well-articulated and co-ordinated institutional machinery to translate policy objectives into achievable targets, inadequate knowledge about the population and development inter-relationships, inadequate funding and the absence of community participation and support at the grassroots level were responsible for not achieving the targets.

179. The National Population Council (NPC) was established in 1992 as part of the revision process and given a legal backing in 1994 through the enactment of Act 485. The NPC is a parastatal organisation under the Office of the President and is the highest advisory body to Government on all population and related issues. The NPC is serviced by the National Population Council Secretariat.

180. Prior to 1996, the NPC Secretariat had only a national office. However, by the beginning of 1996, a decentralization process was began leading to the establishment of offices in all the ten regions of the country. As part of the process, Regional Population Advisory Committees have been formed to handle the management of population issues at the regional level. It is expected that the NPC will make its presence felt at the District level by either posting an officer there or operating through the existing District Assembly structure.

Population Trends & Growth Rates

181. Population growth trends in Ghana show that the population of the country would double by the year 2020 at the prevailing growth rate 3.0% (Chart 1). Should this
growth rate persist, the population of the country is projected to reach 33 million by the year 2020.


Total Fertility Rate

182. The Total Fertility Rate (TFR), defined as the total number of children a woman is likely to have in her reproductive years (15-49) for Ghana was 6.4 and 5.5 children in 1988 and 1993, respectively. Although the rate appears to be reducing, it is still high for a developing economy like Ghana.

183. Considered in terms of residence, urban and rural fertility rates in 1993 are both high. Urbanites had 5.3 children on the average while their rural counterparts had 6.2.

Life Expectancy

184. Life expectancy in Ghana is higher among women than men. According to the 1993 Ghana Demographic and Health Survey, life expectancy for males was 54 years and 58 years for females. It is projected that as living standards improve, life expectancy would improve and that by year 2020 the figures are likely to be 68 years for males and 70 years for females.

Population Policy Objectives

185. The revised 1994 Population Policy for Ghana adopted the following objectives among others:
• To enhance integrated rural and urban development in order to improve living conditions, particularly in the rural areas, and to moderate and re-orient inter-regional as well as rural-urban migration, through the establishment of growth centres. Programmes to reduce poverty both in the rural and urban areas would be vigorously pursued;
• To regularly improve the demographic data base i.e. data collection, processing, analysis, projections and research on population and development;
• To promote, clarify and sharpen the awareness and understanding among opinion leaders and the public at large on population issues and the implications of rapid population growth;
• To ensure accessibility to, and affordability of, family planning services for all couples and individuals to enable them regulate their fertility;
• To develop programmes aimed at the empowerment of women to increase their participation in the modern sector, engage in income-generating activities, and enhance their economic well-being generally; and
• To educate the general population about the causes, consequences and prevention of Sexually Transmitted Diseases (STDs) especially HIV/AIDS.

**Medium Term Programmes**

186. The under listed programmes which have a medium to long term impact would require GOG budgetary and external resource support. They include:

• Enhancing the awareness and participation of women in development programmes.
• Promoting safe motherhood, family planning, STDs and HIV/AIDS prevention programmes.
• Developing and implementing programmes for special groups namely children, youth & adolescents, the aged and persons with disabilities.
• Encouraging programmes to promote healthy food and nutrition habits in order to ensure good health.
• Enhancing existing programmes for the tracking of migration, urbanization and spatial distribution of the population for effective population management.

**Planned Expenditure**

187. During the year under review, Population Management was financed from both domestic and external sources as shown in Table 7.1. Domestic resources which accrued from central government budgetary allocations was ₦806.222 million in 1997. This exceeded funding levels in 1995 and 1996 by ₦506.757 million and ₦70.137 million, respectively. These financial resources were earmarked to support the direct population management functions of the National Population Council (NPC) and its Secretariat. Government also made budgetary allocations to support the indirect
population management activities of these institutions namely, Ministry of Health (MOH), Ministry of Education (MOE), Ministry of Employment and Social Welfare (MESW), National Council on Women and Development (NCWD), Ghana National Commission on Children (GNCC), Ghana Statistical Service (GSS) and Ghana Institute of Journalism (GIJ) among others. These indirect allocations do not form part of figures presented in Table 7.1

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</thead>
<tbody>
<tr>
<td></td>
<td>Rec. ( reiterated)</td>
<td>Dev’t</td>
<td>Total</td>
</tr>
<tr>
<td>GOG</td>
<td>230.47</td>
<td>69.00</td>
<td>299.47</td>
</tr>
<tr>
<td>External</td>
<td>- 423.78</td>
<td>423.78</td>
<td>58.6</td>
</tr>
<tr>
<td>Total</td>
<td>230.47</td>
<td>492.78</td>
<td>723.25</td>
</tr>
</tbody>
</table>

Source: MOF

188. External financing to the NPC form the United Nations Population Fund (UNFPA) in 1997 for its population management activities was ₵548.182 million. This exceeded the 1996 allocations by ₵348.057 million. The apparent decline can be explained by the fact that GOG/UNFPA 3rd Country Programme which should have started in 1996 actually took of in 1997. The total domestic resource allocation to the NPC has been increasing over time from ₵299.47 million in 1995 to ₵806.22 million in 1997.

189. The observed trend in percentage terms shows a decline in the external financing as a proportion of the total resource. The resource allocation declined from 58.6 per cent in 1995 to 21.4 per cent in 1996 and recorded an increase of 40.5 per cent in 1997. This seeming increase was still below the 1995 figure. The reverse is true for the percentage domestic resource allocations. From a proportion of 41.4 per cent in 1995, there was an increase to 78.6 per cent in 1996. In 1997, there was a decline to 59.5 per cent which was still higher than the 1995 figure.

190. On the surface, one may be tempted to conclude that while domestic allocations were increasing over time, the external was decreasing. However, before 1996 the NPC and its Secretariat was not fully functional. By 1996, its demand on personnel emoluments as a result of increased staff appointments gave a percental increase to GOG financial allocations than the external sources. As indicated above, the delay in starting the GOG/UNFPA 3rd Country Programme explains the decline in external funding from 1996 to 1997.

**Actual Expenditure**

191. During the year under review, total actual expenditure in support of direct population management functions of NPC and Secretariat was ₵1,227.7 million. GOG's
contribution was 60.3 per cent while external funding represented the remaining 39.7 per cent.

Table 7.2: Broad Based Expenditure Pattern By Source (000's)

<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. GOG</td>
<td>177,759</td>
<td>29.55</td>
<td>464,103</td>
<td>70.38</td>
<td>740,474</td>
<td>60.32</td>
</tr>
<tr>
<td>2. External</td>
<td>423,784</td>
<td>70.45</td>
<td>195,322</td>
<td>29.62</td>
<td>487,185</td>
<td>39.68</td>
</tr>
<tr>
<td>Total</td>
<td>601,543</td>
<td>100.00</td>
<td>659,425</td>
<td>100.00</td>
<td>1,227,659</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: MOF

192. The 1997 expenditure pattern in terms of absolute figures exceeded those of 1995 and 1996 by 626.116 million and 568.234 million, respectively. In terms of composition within the two main sources of financial support of direct population management functions, the GOG contribution increased from 29.6 per cent in 1995 to 70.4 per cent in 1996 and then fell to 60.3 per cent in 1997 but in absolute terms there was a marked increase in the 1997 GOG disbursement than in the two previous years.

193. The external component on the other hand recorded a declining percentage against the GOG budgetary expenditure of NPC. In 1995, external financing constituted 70.5 per cent of the total broad budget, while the proportions for 1996 and 1997 were 29.6 per cent and 39.7 per cent respectively. The reasons for these are the same as stated in Section 7.4 above.

194. It is important to note though that other external funds were allocated to support population management functions of the beneficiary programmes as shown in Table 7.3 below.

Table 7.3: Other Donor Support To Population Activities (000's)

<table>
<thead>
<tr>
<th>Title</th>
<th>Beneficiary Commitments</th>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second Health &amp; Popul. Proj.</td>
<td>MOE/MOH 42,450,627</td>
<td>9,535,859</td>
</tr>
<tr>
<td>Health &amp; Population</td>
<td>MOH 211,091</td>
<td>23,778</td>
</tr>
<tr>
<td>Health/Pop. Field Management</td>
<td>MOH 640,967</td>
<td>465,937</td>
</tr>
<tr>
<td>Intro. Of Population Comm.</td>
<td>MOH 858,605</td>
<td>41,123</td>
</tr>
<tr>
<td>Pop./Family Life Educ. in Schools</td>
<td>GIJ 929,840</td>
<td>381,513</td>
</tr>
<tr>
<td>Strengthening Integration Pop./Family</td>
<td>MOE 659,023</td>
<td>295,959</td>
</tr>
<tr>
<td>Population Impact Project (Gh. Pop.)</td>
<td>NCWD 255,718</td>
<td>41,171</td>
</tr>
<tr>
<td>-</td>
<td>UG 540,818</td>
<td>163,782</td>
</tr>
<tr>
<td>Ghana Population &amp; Aids Programme</td>
<td>Various 72,045,000</td>
<td>3,202</td>
</tr>
<tr>
<td>TOTAL</td>
<td>118,050,872</td>
<td>11,329,361</td>
</tr>
</tbody>
</table>

Source: NPC
Analysis of Funding

195. From Tables 7.1 and 7.3, it is clear that the GOG resource allocations to the NPC in support of its direct population management functions has been on a steady increase. This shows increasing government concern for population and related issues in Ghana and a commitment to improving the standard of living for the average Ghanaian. However, the disbursement rates for all these funds had been generally low except for the year under review. Tables 7.2 and 7.3 also reveal that on the average, external disbursement rates were higher than those of GOG. The year under review however had GOG recording an all time high disbursement rate of 91.84 per cent. This exceeded those of 1995 and 1996 when disbursements rates were 59.36 per cent and 63.1 per cent, respectively.

Achievements

196. The achievements in population management are noticeable in the medium to long term. Thus, achievements in 1997 do not relate directly to 1997 and actually reflect the result of budgetary allocations and disbursements of years preceding 1997. The impact of the trends in budgetary utilisation of NPC in support of population management activities in 1997 would and can only be measured in the future. It is however clear that the National Population Council activities have increased in intensity than in any other year preceding its establishment. This may, for now, be regarded as the obvious achievement of the expenditure support received by NPC in 1997.

197. The adverse effects of an ever increasing population on national development are very well known. Also widely acknowledged is the difficulty of having effective service delivery when not backed by current facts on the structure and composition of the population. It is in this light that it has become quite critical for Ghana to conduct a census very soon since the last census took place in 1984.

Findings

i. Certainly, population and its related issues will continue to occupy a very important place in the socio-economic development concerns of government for as long as the growth rate remains at the current level of 3 per cent per annum.

ii. Government of Ghana’s budgetary support has been increasing although disbursement rate is low; on the other hand, donor financial support for population management remains important and new sources are being explored.

iii. Delays for the release of GOG funds which was identified would need to be avoided.
CHAPTER 8

EXTERNAL FUNDING OF SOCIAL SECTOR PROGRAMMES

Introduction

198. External funding for the development of social sector came from bilateral, multilateral, commercial and export credit sources. The Health sub-sector was the highest recipient of external aid resource flows in 1997, while the Housing sub-sector received no aid at all. The table below shows inflows of external aid resources to the various sub-sectors. Total aid inflows for the health, education, rural water, social welfare and housing were $99.10 billion, $324.16 billion and $405.17 billion for 1995, 1996 and 1997 respectively.

199. This chapter examines the role played by the external sector in funding the social sector budget under the following sub headings: Disbursement, Debt Service and Analysis of funding and general findings.

Table 8.1: Disbursement of External Funds (1995-1997)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>18,717.60</td>
<td>112,883.20</td>
<td>175,432.50</td>
</tr>
<tr>
<td>Education</td>
<td>40,083.10</td>
<td>93,286.40</td>
<td>76,500.00</td>
</tr>
<tr>
<td>Rural Water</td>
<td>1,964.70</td>
<td>4,631.40</td>
<td>26,010.00</td>
</tr>
<tr>
<td>Social Welfare</td>
<td>168.83</td>
<td>720.25</td>
<td>19,288.80</td>
</tr>
<tr>
<td>Housing</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Sub-Total</td>
<td>60,934.23</td>
<td>211,521.25</td>
<td>297,231.30</td>
</tr>
<tr>
<td></td>
<td>Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>3,251.50</td>
<td>57,587.00</td>
<td>53,640.00</td>
</tr>
<tr>
<td>Education</td>
<td>24,049.90</td>
<td>25,052.20</td>
<td>31,950.00</td>
</tr>
<tr>
<td>Rural Water</td>
<td>8,964.00</td>
<td>25,810.30</td>
<td>18,000.00</td>
</tr>
<tr>
<td>Social Welfare</td>
<td>1,904.08</td>
<td>4,186.77</td>
<td>4,344.55</td>
</tr>
<tr>
<td>Housing</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Sub-Total</td>
<td>38,169.48</td>
<td>112,636.27</td>
<td>107,934.55</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>99,103.71</strong></td>
<td><strong>324,157.52</strong></td>
<td><strong>405,165.85</strong></td>
</tr>
</tbody>
</table>

Source: MOF
Health

Disbursements

200. Total external loan inflows for this sub sector grew from €18.72 billion in 1995 to €175.43 billion in 1997. In 1997, loan disbursements for this sub sector accounted for 76.6 per cent of total inflows. Inflows from commercial banks showed a rising trend, accounting for 50 per cent of loan disbursements and 38.3 per cent of total inflows for this sector.

201. Disbursements from bilateral sources increased from €0.9 billion in 1995 to €8.7 billion in 1996, but however declined to €6.4 billion in 1997. Multilateral disbursements also showed the same trend. Export credit disbursements increased significantly from €9.1 billion in 1996 to €55.5 billion in 1997.

202. Total inflows of grants for Health decreased from €57.6 billion in 1996 to €53.6 billion in 1997. Grant inflows for 1997 represented 23.4 per cent of total inflows for health.

Debt Service

203. Debt service payments for Health showed a rising trend as indicated in Table 8.2. From €5.8 billion in 1995, total debt service increased by over 100 per cent to €11.86 billion and further doubled to €24.15bn in 1997. This could be attributed to a number of commercial loans which were contracted in 1994, with shorter grace periods and high interest rates. Principal payments rose from €4.17 billion in 1995 to €7.69 billion in 1996 showing an increase of 85 per cent and further rose by 83 per cent to €14.09 billion in 1997. Interest payments also increased by an annual average of 145 per cent during the period.

Table 8.2: Debt Service Payments (1995-1997)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>4,162.6</td>
<td>1,834.9</td>
<td>5,797.5</td>
<td>7,687.1</td>
<td>4,169.9</td>
<td>11,857.0</td>
<td>14,092.7</td>
<td>10,055.0</td>
<td>24,147.7</td>
</tr>
<tr>
<td>Education</td>
<td>595.8</td>
<td>865.7</td>
<td>1,461.5</td>
<td>3,018.9</td>
<td>2,471.8</td>
<td>5,490.7</td>
<td>4,513.0</td>
<td>2,814.5</td>
<td>7,327.5</td>
</tr>
<tr>
<td>Rural</td>
<td></td>
<td></td>
<td>25.4</td>
<td></td>
<td>51.4</td>
<td>1,383.2</td>
<td></td>
<td>434.3</td>
<td>1,817.5</td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
<td>6.7</td>
<td></td>
<td>10.3</td>
<td>2,452.6</td>
<td></td>
<td>687.7</td>
<td>3,140.3</td>
</tr>
<tr>
<td>Social</td>
<td></td>
<td></td>
<td>10.3</td>
<td></td>
<td>60.3</td>
<td>2,752.6</td>
<td></td>
<td>1,194.3</td>
<td>4,047.3</td>
</tr>
<tr>
<td>Welfare</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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<tr>
<td>Housing</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,758.4</td>
<td>2,552.7</td>
<td>7,311.1</td>
<td>10,706.0</td>
<td>6,703.4</td>
<td>17,409.4</td>
<td>22,441.5</td>
<td>13,991.5</td>
<td>36,433.0</td>
</tr>
</tbody>
</table>

Source: MOF

204. Out of the total debt service payments of €24.15 billion in 1997, principal payment amounted to €14.1 billion accounting for about 58 per cent, whilst total interest
payment was £10.6 billion representing 41 per cent. The balance of £0.2 billion went into payments of management fees, agency and administrative fees. Interest payment was relatively high since most facilities within the sector attracted an average interest rate of 6.8 per cent.

Analysis of Funding

205. The total amount of loans and grants increased from £74.25 billion in 1995 to £191.88 billion in 1997, representing an increase of 158.42 per cent. From £49.96 billion in 1995, loan commitments increased to £151.15 billion in 1996, but fell sharply to £70.27 billion in 1997. The 53.51 per cent drop in loan commitments was compensated for by an increase of grants from £19.75 billion in 1996 to £121.61 billion in 1997, thus allowing government policy objective of developing the health sector to proceed uninterrupted. The sharp rise of loan commitments, on the other hand could be attributed to the policy decision taken in 1996 to rehabilitate and construct old and new regional hospitals respectively throughout the country.

206. The average terms of new commitments fluctuated over the review period. From 5.9 per cent in 1995, the average interest rate rose to 6.2 per cent in 1996 and fell sharply to 1 per cent in 1997. The maturity level witnessed a falling trend. From 10.7 years in 1995, it fell to 7.9 years in 1997. The grace period also fell slightly from 2.7 years in 1995 and 1996 to 2.1 years in 1997. Consequently, the grant element declined sharply from 13.3 per cent in 1995 to 5.1 per cent in 1997. This scenario necessitated a growth in commercial borrowing with unfavourable terms to the health sub-sector.

207. Utilisation rates of loans and grants were high on the average, with a majority of them completely disbursed within the first two years, indicating good aid absorption. This is reflected in the high proportion of commercial credits of the total loan portfolio contracted during the review period.

Education

Disbursements

208. Total external inflows to education were £64.13 billion, £118.34 billion and £108.45 billion in 1995, 1996 and 1997 respectively. Multilateral credits were the major source of funding for this sub sector representing 85 per cent in 1995, 77.2 per cent in 1996 and 55.9 per cent in 1997. Funding from multilateral sources fell by 41.1 per cent in 1997 from £72.5 billion in 1996 to £42.8 billion in 1997. Commercial credits however rose by 59.3 per cent during the same period from £19.8bn to £31.5 billion, compensating for the shortfall in multilateral funding.

Debt Service

210. Debt service for education rose from €1.48 billion in 1995 to €5.49 billion in 1996, and increased by 33 per cent in 1997 to €7.33 billion. During the period 1995 to 1997, principal payment increased from €0.6 billion to €4.51 billion while interest payment rose from €0.8 billion to €2.8 billion. The share of interest payment fell from 59.8 per cent in 1995 to 38.5 per cent in 1997. Principal payment on the other hand, increased from 40.2 per cent to 61.6 per cent due to new maturities from commercial creditors.

Analysis of Funding

211. The total loan commitment in 1995 was €74.25 billion. This increased to €151.15 billion in 1996 but fell by 68.7 per cent to €70.27 billion in 1997. The fall in loan commitments to this sector in 1997 was due to the increase in grant commitment in 1997 especially from bilateral sources and the government decision to contract loan facilities mainly on concessional terms. The loan commitment to this sector for the period under review was from multilateral and commercial sources.

212. Grant commitments for 1996 and 1997 were €33.3 billion and €33.8 billion respectively. These were mainly for the implementation of Government’s Free Compulsory Universal Basic Education (fCUBE) programme.

213. During the period under review there was an improvement in the average terms of new commitments. Average interest rate fell from 4.4 per cent in 1995 to 0.8 per cent. The average maturity period increased from 18.3 years in 1995 to 49.7 years in 1997 whilst the grace period rose from 4.1 years to 10.2 years during the period. There was a considerable gain on the grant element for this sector. From 29.2 per cent in 1995, grant element rose to 86.5 per cent in 1997. This improvement was due to an increase in commitment from multilateral sources which are characterised by longer maturity period and low interest rate as against commercial loans.

214. The utilisation rate of loans in this sector was remarkable. Facilities contracted for this sector were fully utilised. This shows that disbursements of funds to this sector was encouraging. It means that projects contracted during the period under review were on target. This was due to timely processing of disbursement requests and drawings.
Rural Water

Disbursements

215. For rural water, disbursement of loans maintained an upward trend rising from €10.93 billion in 1995 to €44.01 billion in 1997, thus maintaining an average annual growth rate of about 45 per cent.

216. The largest loan disbursement in 1997 came from a commercial credit which, accounted for 40.5 per cent of total aid resource flows for the sub sector.

217. Grant inflows accounted for 82.0 per cent of external aid inflows for this sector in 1995, 84.8 per cent in 1996 and 40.9 per cent in 1997.

Debt Service

218. Total debt service payments under rural water investment maintained an upward trend between 1995 and 1997. From €0.03 billion in 1995, debt service payments rose sharply to €1.94 billion in 1997. About 72 per cent of total debt service representing €1.4 billion went into principal repayment in respect of commercial loans. Even though this facility was contracted in 1997, amortisation began in 1997 due to its inherent short-term maturity. A situation of this nature would certainly impose much strain on budgetary resources in the light of huge annual resource transfers of debt service payments.

Analysis of Funding

219. External Funding of rural water in 1997 came from a commercial credit of €19.35 billion. However, an outstanding loan facility of €18.62 billion contracted in 1994 was still disbursing during the review period. The non-commitment of loans in 1995 and 1996 was due to large inflows of grants from bilateral sources to augment domestic resources.

220. Grant commitments increased from €26.69 billion in 1995 to €77.45 billion in 1997. The attraction of donor support to this sector was due to the fact that rural water projects were community-based. The communities participated in the execution of the projects and were responsible for the maintenance of the facilities.

221. The grant element of the commercial loan contracted in 1997 was 6.0 per cent. The contraction of this commercial loan was used to procure water drilling equipment under a tied aid arrangement.
222. On the average, utilisation rates of facilities in this sector were very satisfactory. Almost all facilities contracted during the review period were being disbursed as planned.

**Social Welfare**

**Disbursements**

223. Total external inflows to this sub sector over the period increased from €2.07 billion in 1995 to €23.63 billion in 1997. Loan disbursement to this sector accounted for 8 per cent, 14.68 per cent and 81.62 per cent for 1995, 1996 and 1997 respectively. Loan inflows to the sub sector increased between 1995 and 1997 with a huge disbursement in 1997 from a commercial facility.

224. Grants showed an increase of 119.89 per cent between 1995 and 1996 with a slight increase of 3 per cent between 1996 and 1997. The bulk of grant disbursements were from multilateral credit agencies.

**Debt Service**

225. Total debt service of €6.65 million, €10.26 million and €3.12 billion were made in 1995, 1996 and 1997 respectively. Of these payments, multilateral and commercial creditors accounted for 1 per cent and 99 per cent respectively for both principal and interest in 1997. The huge debt service payments in 1997 could be attributed to principal repayment due on commercial loans.

**Analysis of Funding**

226. Total commitment to the social welfare sub-sector increased from €85.02 million in 1995 to €436.5 million in 1997 showing an increase of 413.41 per cent. Loans committed to the sector was significant with an all time high figure of €22.05 billion in 1996. The significance of the commitment in 1996 could be partly attributed to a commercial loan contracted in 1995.

227. Grant commitment from multilateral creditors showed a steady increase to the sector due to the inherent nature of the social welfare sector which has no economic return on their projects.

228. On the average, the grant element of loans to the sector fell below the minimum threshold of 35 per cent established and recommended by OECD. The low grant element could be attributed to unfavourable terms of the commercial loan which had neutralised the concessionary facility.

229. Utilisation rate of external inflows to social welfare was relatively high, about 56.1 per cent on the average over the period 1995 to 1997.
The commercial loans were disbursed at the rate of about 85 per cent. This confirms a good absorptive capacity of loans to the sub-sector.

**Findings**

i. The study revealed that commercial loans were used in most cases to undertake projects in health, education, rural water and social welfare sub-sectors. These loans usually have harsh terms leading to a strain on the country's resources. Social sector projects by their nature are not self-financing. This means that the projects did not generate enough funds to cover overhead costs including debt service payments.

ii. Tied aid as a conditionality of procurement procedure in project implementation led to higher input costs.

iii. The total debt service payments for the social sector increased from €7.31 billion in 1995 to €17.41 billion in 1996, but more than doubled in 1997 to €36.43 billion. The health sub-sector which registered the highest, accounted for 66.29 per cent of the total debt service payments, while the rural water sub-sector recorded the lowest. (See Table 8.2 for the breakdown of debt service to the various sub-sectors).

Donor participation in population management appears to be reducing as the NPC gains maturity in coordinating and facilitating population management in Ghana. External resources nonetheless have had relatively high disbursement rates compared with GOG budget.

Funding for population activities and related issues will continue to depend on both GOG and external donor support.
SECTION C
CHAPTER 9

IMPLICATIONS OF THE SOCIAL INVESTMENTS

Introduction

233. The challenge facing the country is to accelerate economic growth in a sustainable way so that the country can attain a middle income status by the year 2020 (Vision 2020). To participate in that growth, all groups of the society, particularly the vulnerable, including the rural poor must have access to income generating activities and basic social services such as education, health and water that will enhance their human capital. Given the current incidence and depth of poverty, most of the poor rely on public provision of these services since the cost of private sector provision is beyond their low incomes.

234. Expanding access to basic social services has been a long-term strategy adopted by Government to achieve sustained economic growth through human capital development and poverty reduction.

235. Human capital, the cumulative interaction of education, good health, access to safe water and sanitation among others, represents the stock of skills that a person possesses. For vulnerable groups which are too poor to achieve sufficient human capital investment, Government's help is crucial if the vicious cycle of poverty is to be broken.

236. By 1992, the incidence of poverty at 31 per cent as given by the Ghana Living Standards Survey 3 (GLSS 3) was high, even though it had declined from 36 per cent in 1988. The reduction in poverty was due more to economic growth than from specifically targeted poverty reduction programmes. While Government continued to create avenues for growth, it increased access, to particularly in education, health and water. In these three key sub-sectors total expenditure (Central Government, District Assemblies and External) for 1997 amounted to €1,114 billion, representing a nominal increase of 19.2 per cent over the 1996 expenditure of €956 billion and about 128 per cent over the 1995 expenditure of €499.6 billion.

Impact of the Expenditure

237. The physical and other achievements outlined in the sectoral reviews indicate the extent of utilisation of the social sector expenditures in general. Indications of the impact of the expenditures could be given partly by the results of the Core Welfare
Indicators Questionnaire (CWIQ) survey, 1997\(^1\), using the GLSS 3 results as baseline data.

238. Table 9.1 gives the comparative welfare indicators between 1992 and 1997.

Table 9.1: Comparative Welfare Indicators (1992 and 1997)

<table>
<thead>
<tr>
<th>Indicator/Year</th>
<th>1992 Urban</th>
<th>Rural</th>
<th>National</th>
<th>1997 Urban</th>
<th>Rural</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Literacy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>74.8</td>
<td>53.5</td>
<td>60.8</td>
<td>78.0</td>
<td>55.0</td>
<td>62.0</td>
</tr>
<tr>
<td>Female</td>
<td>57.0</td>
<td>28.3</td>
<td>38.5</td>
<td>51.0</td>
<td>28.0</td>
<td>36.0</td>
</tr>
<tr>
<td><strong>Primary</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>72.2</td>
<td>60.9</td>
<td>64.9</td>
<td>75.0</td>
<td>62.0</td>
<td>68.0</td>
</tr>
<tr>
<td>Female</td>
<td>56.9</td>
<td>49.2</td>
<td>52.4</td>
<td>76.0</td>
<td>69.0</td>
<td>71.0</td>
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<tr>
<td><strong>Junior Secondary</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access</td>
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<td>-</td>
<td>-</td>
<td>58.0</td>
<td>23.0</td>
<td>35.0</td>
</tr>
<tr>
<td>Enrolment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30.0</td>
<td>23.0</td>
<td>25.0</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Received treatment</td>
<td>-</td>
<td>-</td>
<td>87.8</td>
<td>-</td>
<td>-</td>
<td>90.3</td>
</tr>
<tr>
<td>Access</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>80.0</td>
<td>40.0</td>
<td>53.0</td>
</tr>
<tr>
<td>Use</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>70.0</td>
<td>53.0</td>
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</tr>
<tr>
<td><strong>Water</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bore-holes</td>
<td>13.0</td>
<td>37.2</td>
<td>-</td>
<td>47.9</td>
<td>47.5</td>
<td>-</td>
</tr>
<tr>
<td>Protected Wells</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Unprotected Wells, Natural Sources</td>
<td>9.9</td>
<td>48.0</td>
<td>-</td>
<td>7.7</td>
<td>47.9</td>
<td>-</td>
</tr>
</tbody>
</table>


i) Education

239. In 1992 educational status was much higher in urban than in rural areas. Adult literacy was lower among females at 38.5 per cent than their male counterparts at 60.8 per cent.

\(^1\) The GLSS 3 is a traditional impact study which is time consuming and conducted at intervals of about 5 years. Against this background, the Statistical Service introduced the CWIQ survey to complement the GLSS by providing a set of simple indicators for monitoring poverty on a timely basis. The first CWIQ result gave an indication of a measure of access, utilisation and satisfaction for a select number of key social service indicators based on a sample of about 15,000 households from September to November 1997.
Similarly primary school enrolment was lower among females at 52.4 per cent than for males at 64.9 per cent. With respect to both indicators, rates for both male and female are significantly higher in urban than in rural areas.

240. According to the CWIQ survey results of 1997, access to primary education and enrolment was high across all groups, but satisfaction with the quality of the service was noticeably low for the rural areas. The primary reasons were the shortage of books and the poor condition of the facilities of the schools servicing the rural poor. With regard to secondary education there was a marked reduction in the level of access (35 per cent for the country as a whole and only 14 per cent for the poorest rural households) and a commensurate drop in the level of enrolments. There was a widening gap in the levels of inequality between men and women in education. Female literacy level was 36 per cent for the country as a whole compared with male literacy level of 62 per cent as against 60.8 per cent and 38.5 per cent respectively in 1992.

ii) **Health**

241. By 1992 less than half of those reporting an illness or injury consulted health personnel. The proportion decreased with poverty and was also lower for rural than urban residents. The implication is that as people’s living standards improve, the frequency of them getting sick reduces.

242. By 1997 the CWIQ survey indicated that, for the country as a whole, 53 per cent of sick people received formal medical care, and a total of 90.3 per cent received some form of treatment from drug stores, clinics, health centre, etc. Even for the poorest rural households, this only dropped to 80 per cent. The gap between rural and urban is however much larger for formal medical care, the reason being high cost of treatment for those not receiving medical attention. About 20 per cent did not receive medical attention because the facilities were too far away from them.

iii) **Water**

243. While pipeborne water supply appears to be the normal source of safe drinking water for urban areas, other safe sources such as boreholes and protected wells which are the subject of this review are associated more with rural areas.

244. By 1992 while about 77 per cent of the urban population had access to pipe-borne water supply (GLSS 3, 1992) about 14 per cent of the rural population had access to the same source while 37.2 per cent had access to their traditional safe water (Table 9.1).

245. Access to safe water supply for the rural areas increased from 37.2 per cent in 1992 to 47.5 per cent in 1997, boreholes alone constituting about 65 per cent of the 1997 increase. Similarly access to safe water for urban households increased from 13.0 per cent in 1992 to 47.9 per cent in 1997, but in this case boreholes constituted only about 9 per cent of the increase for urban households.
Increasing access to basic social services is the objective of the social sector given the goal of improving human capital development. In education, health and potable water supply, the specific targets are the vulnerable groups who are mostly in the rural areas.

247. The expenditures in those areas reflected some levels of achievements resulting in some measure of impact on the society. By 1997 there was some improvement generally, in primary school enrolment among both males and females. It was significant in the rural areas and particularly with the girl child. However there was a slight drop in literacy among females.

Whereas there was a general increase in people receiving some form of medical treatment, the gap between urban and rural areas was still wide in terms of formal medical care. For those who did not receive formal medical attention the reasons were either high cost of treatment or that facility being far from them.

The 47.5 per cent rural coverage for safe water in 1997 was a significant increase from 37.2 per cent in 1992. This could be because of substantial external funding and the yearly increases in total funding for rural water which has been a focus for donor and Government funding.
CHAPTER 10

RECOMMENDATIONS AND CONCLUSION

Recommendations

250. The preceding chapters have analysed the expenditure of the social sector, highlighted the issues affecting the implementation of programmes and projects designed to improve human capacity development and made a comparison of the welfare status of the population between 1992 and 1997.

251. From the findings, recommendations to improve human capacity development are made as follows:

- Allocations to development expenditures of all the sub sectors were found to be below 25 percent of their recurrent budgetary allocations. More infrastructural development could have been undertaken in order to accelerate achievement of the objectives of the sub-sectors. It is thus recommended that Government increases its development expenditure;
- Expenditures of most of the sub-sectors, particularly rural water, health and to some extent population management were external aid driven. It is thus suggested that in view of the uncertainties associated with such funds, Government should intensify efforts at domestic revenue mobilization so as to be able to increase domestic funding for these sub-sector activities;
- To achieve a balanced regional development, it is suggested that a formula which combines population size and degree of need be developed for the distribution of resources.

252. Other recommendations peculiar to the individual sub-sectors are:

Health sector

- The health sub-sector budget is heavily dependent on funding from external sources. In 1997, the external sector contributed as much as 56.7 per cent of the entire health sector budget. It is suggested that the domestic sector’s share of the total health sector expenditure should be significantly increased through measures such as a more vigorous implementation of its cost-recovery policy;
- The Ministry of Health’s own-generated funds from user charges which in 1997 formed about 14 per cent of actual expenditure financed from domestic sources should be partly channeled into development activities;
- It is further recommended that future commitments to this sub-sector should either be highly concessional, or should have a grant facility attached to the
financing. This is because the review has shown that most of the credits to the sector were of a commercial nature.

**Education**

- Education still accounts for the largest share of Government expenditure and in 1997 its share stood at 18.3 per cent of total actual expenditure, much of which went into recurrent expenditure. Even though the education sub-sector has made some impacts with respect to achieving Government’s target of making education accessible to all by rehabilitating and constructing school buildings and providing accommodation for both staff and students, increasing school enrollment and the establishment of more junior and senior secondary schools and science resource centres in 1997, there is still the need to put more emphasis on development projects which is one condition for increased school participation;
- Efforts should be made to increase budgetary allocations made to noted low school enrollment areas to facilitate increases in school enrollment;
- District Assemblies should be encouraged to finance more school projects;
- GOG should meet the matching fund commitments in order to secure the needed external resources for the sub sector.

**Rural Water**

253. Most of the objectives set for 1997 were achieved. These included the provision of safe drinking water to the rural areas through the construction of bore-holes and hand dug wells throughout the country. The study has established that for the Government to fully realise the objective of providing and sustaining good drinking water for the rural areas, the following recommendations should be considered:

- There is the need to accelerate rural water provision through increased budgetary allocations since, at 47.5 per cent, rural water coverage is still low;
- In line with the objective of private sector participation and increasing rural water supply coverage, private individuals and groups should be encouraged through incentives such as tax relief in the provision of rural water;
- The beneficiary rural communities should be made to assume ownership of the rural water supply facilities to ensure sustainability of the programme. This can be done by way of contributions to cover both capital and operational costs.

**Housing**

254. Government incurred some expenditure on programmes to facilitate the delivery of housing in the country. As a result in 1997 the delivery of residential accommodation in both the public and private sectors continued to improve. This could be considered as an indication that the private sector is positively responding to Government’s
initiative on housing. Additional expenditure was incurred by MDAs in renovation works.

255. Specific recommendations for this sub-sector are given below:

- It was realised from the review that the idea of bringing all Government residential accommodation under the MWH has been operationally impossible. To help in the resolution of the problem the Ministry of Finance has to stop approving expenditure on residential accommodation in the other MDAs' budget. The MWH must be allowed to exercise its full mandate and MDAs restricted to their core activities;
- All budgetary allocations made for residential accommodation in MDAs' budgets should be reallocated to the MWH.

256. It is further recommended that to hasten the delivery of more houses,

- Government's facilitation programme should be improved by providing more incentives to housing developers;
- Although the current improvement in the building industry is a vindication of Government policy on housing, there is still the need to address the problems of affordability of housing to the low and middle income groups;
- While technical assistance is possible, no marked external funding was received in 1997. More should be done to attract external technical assistance and foreign direct private investment to solve the problems still facing the housing sector and help narrow the current gap between annual supply and demand, as well as the existing backlog;
- The Ministry of Works and Housing and Environmental Protection Agency need to work together to create a policy linkage between increasing the number of houses and the preservation of the environment.

**Social Welfare**

257. From the findings presented in this review it can be concluded that Government is contributing positively to the development of this sector by increasing its funding and also improving the lot of the socially and economically disadvantaged by training them to be self-sustaining.

258. However, due to lack of adequate resources to cater for all activities, this shift of development emphasis has negatively impacted on other activities. There is therefore the need for more funds to cater for these activities, especially that of Special Education, Child Welfare and Health. Furthermore, even though these activities are the main areas that are being supported by the NGOs, there was evidence that Government does not have enough information on the expenditure from these
organisations, a situation making it difficult to access the quantum of funding coming from the sector from NGOs.

259. In order to streamline and develop this sector in an equitable and efficient manner, the following recommendations are made:

- The NGOs must be encouraged to submit their funding and expenditure data to the Government, to ensure the compilation of reliable expenditure data on the sector;
- The private sector should be encouraged to take part in the development of this sector, through tax deductible incentives which should be approved by the Minister of Finance.

Population Management

260. Population activities have been observed to enjoy both external and domestic support. In 1997, funding for population activities increased over the previous years. This probably reflects the Government's concerns about the below satisfactory levels of population features such as growth rates, total fertility and life expectancy.

261. The population sub-sector of the social sector requires adequate domestic and foreign grant resources and materials to accomplish its objectives of reducing the high population growth rate.

External Funding

262. For the social sector as a whole, expenditure is still largely influenced by funding from external sources. Such funding which comes in the form of loans, grants and technical assistance have contributed a lot to the moderate achievements of the sector and should be sustained. However, such loans should be able to generate returns on the projects which they finance.

263. It is recommended that:

- More donor support in the form of grants and concessionary loans from bilateral sources should be sought and used to supplement budgetary resources in the implementation of social sector projects;
- Non-Governmental Organisations (NGOs) should be encouraged to support the activities in the social sector. Government should forge close collaboration with such NGOs through the Regional Co-ordination Councils (RCCs) in order to integrate their activities into Government policy for social sector development. Standards should however be set for accountability and legitimacy, established through legal requirements to prevent the mushrooming of NGOs whose activities may run counter to government developmental efforts;
- Even though Ghana’s economic performance was an indicator of credit worthiness, the country stands to benefit better from an emphasis on grants for rural water investments until accelerated growth is self-sustained. A mix of 0.25

67
to 0.75 for a loan portfolio comprising grant and loan respectively is recommended for investments in rural water.

Conclusion

264. This review of public expenditure for 1997 set out to examine the allocations and utilization of resources and the impact of expenditures made to the social sector which basically comprises education, health, water, housing and social welfare sub-sectors. Population management was added as a special sub-sector of the social sector. Programmes in these sub-sectors have varying objectives and goals but one basic goal of social sector activities is that of poverty reduction. It is widely acknowledged that education increases the chances of getting decent living standards, and that accessibility to safe drinking water promotes good health, all of which tend to reduce poverty of the citizens of a country. As in previous years, the expenditures of 1997 were made in line with the overall objectives of Ghana's Vision 2020 which aims at making Ghana a middle income country by the year 2020.

265. It was observed that an appreciable GDP growth rate of 4.2 per cent was achieved by the end of 1997 as against a targeted 5.5 per cent set at the beginning of the year, while the end period inflation was 20.8 per cent as against the targeted 15 per cent which was projected at the beginning of the year.

266. The analysis also revealed that actual expenditure for the year 1997 exceeded the programmed expenditure by as much as 14 per cent.

267. Relating this level of total expenditure with total revenue including grants and divestiture receipts, an overall deficit equivalent to 8.6 percent of GDP was recorded for 1997.

268. It was clear from the analysis that most of the excesses in actual expenditure over programmed expenditure was in respect of recurrent expenditure which consumed an average of about 95 percent of the budgets for the large sub-sectors of education and health. In the case of water, housing, social welfare and population management sub sectors however, planned expenditures rather exceeded the actual expenditures.

269. There was a considerable volume of external inflow of funds for all the sectors except housing in 1997. These external funds were in the form of loans and grants and varied for the sub-sectors.

270. Measured against their set objectives and their levels of expenditure in 1997, it was clear from the analysis that the sub-sectors recorded varying degrees of achievements. For some sub-sectors such as water, housing and education, achievements were measurable within the time frame of one year and these were found to be quite encouraging. However, for others like population and health, most of the achievements required longer periods to be noticed; there was however ample
evidence to indicate that investments made were bound to yield close to the required result with time.

271. Even though the CWIQ Survey for 1997 indicated some improvement in the social welfare of the population, an acceleration of human capacity development is required if the country should attain the middle income status envisioned in Vision 2020.