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November 3, 2009

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Ghana—Poverty Reduction Strategy Paper Progress Report**

Attached for the **information** of Executive Directors is the 2008 annual progress report on the poverty reduction strategy paper prepared by the government of Ghana. At the time of circulation of this paper to the Board, the Secretary's Department has not received a communication from the authorities of Ghana indicating whether or not they consent to the Fund's publication of this paper.

Questions may be referred to Mr. Allum (ext. 38535), Mr. Erasmus (ext. 35938), and Mr. Kovanen (ext. 35620) in AFR.

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REPUBLIC OF GHANA

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

**2008
ANNUAL PROGRESS REPORT**

ACCRA, GHANA
SEPTEMBER, 2009

NATIONAL DEVELOPMENT PLANNING
COMMISSION

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LIST OF ACRONYMS

AfDB	African Development Bank
ADR	Alternative Dispute Resolution
AESD	Agricultural Engineering Services Directorates
AG	Attorney General's Department
APR	Annual Progress Report
ART	Anti-Retro-viral Therapy
AS	Audit Service
ABEDA	Arab Bank for Economic Development in Africa
BESIP	Basic Education Sector Improvement Programme
BoG	Bank of Ghana
BPEMS	Budget and Public Expenditure Management System
CAGD	Controller and Accountant General's Department
CBO	Community Based Organization
CEDECOM	Central Region Development Commission
CEPA	Centre for Policy Analysis
CEPS	Customs Excise and Preventive Service
CG	Consultative Group
CHPS	Community Health Planning and Services
CHRAJ	Commission for Human Rights and Administrative Justice
CIDA	Canadian International Development Agency
CPI	Consumer Price Index
CRMAS	Community Resource Management Areas
CRT	Criterion Referenced Test
CSIR	Council for Scientific and Industrial Research
CSOs	Civil Society Organisations
CSPG	Cross Sectoral Planning Groups for the GPRS update
CWIQ	Core Welfare Indicators Questionnaire
CWSA	Community Water and Sanitation Agency
DA	District Assemblies
DACF	District Assemblies Common Fund
DANIDA	Danish Aid Agency
DAs	District Assemblies
DFID	Department for International Development (UK)
DHS	Demographic and Health Survey
DMTDP	District Medium Term Development Plan
DPs	Development Partners
DPCU	District Planning Coordinating Unit
DPMG	District Poverty Monitoring Group
DSW	Department of Social Welfare
DWST	District Water and Sanitation Team
EFA	Education For All
EMIS	Education Management Information System
ESP	Education Strategic Plan
EPA	Environmental Protection Agency
EXIM	Export Import
FASDEP	Food and Agriculture Sector Development Program

FCUBE	Free Compulsory Universal Basic Education
FGD	Focus Group Discussion
FOB	Free On Board
GACC	Ghana Anti-Corruption Coalition
GBB	Government Book of Business
GCB	Ghana Commercial Bank
GDHS	Ghana Demographic and Health Survey
GDO	Gender Desk Officer
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GES	Ghana Education Service
GET FUND	Ghana Education Trust Fund
GHDS	Ghana Health and Demographic Survey
GHS	Ghana Health Service
GIDA	Ghana Irrigation Development Authority
GLSS	Ghana Living Standards Survey
GoG	Government of Ghana
GPRS	Ghana Poverty Reduction Strategy
GSS	Ghana Statistical Service
GTZ	German Technical Assistance
HIRDP	High Impact Rapid Delivery Programme
HIPC	Heavily Indebted Poor Country Initiative
HIV	Human Immunodeficiency Virus
HMIS	Health Management Information System
HRD	Human Resource Development
ICCES	Integrated Community Centres for Employable Skills
ICT	Information and Communication Technologies
IDA	International Development Agency
IEA	Institute of Economic Affairs
IGR	Internally Generated Revenue
ILO	International Labour Organization
IMF	International Monetary Fund
ISODEC	Integrated Social Development Centre
ITTU	Intermediate Technology Transfer Unit
KfW	Kreditanstalt für Wiederaufbau
KIA	Kotoka International Airport
LAP	Land Administration Project
LPG	Liquefied Petroleum Gas
LTU	Large Taxpayers Unit
M&E	Monitoring and Evaluation
MCT	Ministry of Communication and Technology
MDAs	Ministries, Departments and Agencies
MDBS	Multi Donor Budget Support
MDGs	Millennium Development Goals
MLGRD	Ministry of Local Government and Rural Development
MMR	Maternal Mortality Ratio
MOESS	Ministry of Education Science and Sports
MOFA	Ministry of Food & Agriculture
MOFEP	Ministry of Finance and Economic Planning

MOH	Ministry of Health
MOTI	Ministry of Trade and Industry
MOWCA	Ministry of Women and Children Affairs
MPSD	Ministry of Private Sector Development
MRT	Ministry of Roads and Transport
NDAP	National Decentralization Action Plan
NDPC	National Development Planning Commission
NED	National Economic Dialogue
NGP	National Governance Program
NIPMG	National Intra-Agency Poverty Monitoring Group
NTR	Non Tax Revenue
OHCS	Office of the Head of Civil Service
OOP	Office of the President
OVC	Orphans and Vulnerable Children
PEM	Public Expenditure Management
PFM	Public Financial Management
PLWHA	People Living With HIV/AIDS
PPB	Public Procurement Board
PRGF	Poverty Reduction and Growth Facility
PRSC	Poverty Reduction Support Credit
PSR	Public Sector Reform
PSRP	Public Sector Reform Programme
PPSD	Private Sector Development
PSI	Presidential Special Initiative
PSIA	Poverty and Social Impact Assessment
PUFMAP	Public Financial Management Reform Program
PURC	Public Utilities Regulatory Commission
PWDs	Persons With Disabilities
RCC	Regional Co-ordinating Council
REDP	Rural Enterprise Development Program
RPMG	Regional Poverty Monitoring Group
RPCU	Regional Planning Co-ordinating Unit
SEA	Strategic Environmental Assessment
SHEP	Self Help Electrification Project
SME	Small Medium Enterprises
STEP	Skills Training & Employment Programme
TIN	Tax Identification Number
TOR	Terms of Reference
TPD	Transaction Price Databases
TVET	Technical & Vocational Educational Training
UNICEF	United Nations International Children Educational Fund
VCT	Voluntary Counselling and Testing
WB	World Bank
UNDP	United Nations Development Program

EXECUTIVE SUMMARY

1.0 INTRODUCTION

This document is the seventh in the series of Annual Progress Reports (APRs) and the third on the assessment of progress made in the implementation of policies outlined in the Growth and Poverty Reduction Strategy (GPRS II, 2006-2009). The 2008 APR has been prepared from the assessment of the status of indicators and targets, which were adopted for monitoring the progress of key policy and programme interventions undertaken during the year 2008.

As part of the participatory process of formulating, monitoring and evaluating the GPRS II, the dissemination of APR continued in 2008 with workshops organized in all the 10 regions to present and discuss the highlights of the report. The main objective of these workshops was to share with stakeholders information on progress made towards the achievement of the targets of GPRS II and to obtain their feedback to inform decision-making.

2.0 MACROECONOMIC PERFORMANCE AND ECONOMIC GOVERNANCE

A review of the economic situation of the country during 2008 showed mixed performance in the wake of global financial turmoil. Indeed the country made substantial progress in sustaining the upward trends in economic growth, but at the cost of worsening fiscal conditions. In the face of higher oil and food prices on the international market, and an extraordinary financial shock, the economy of Ghana experienced substantial expansion in real terms during 2008. The real GDP growth rate continued its upward trend since 2001 to the peak of 7.3% in 2008, higher than the projected Sub-Saharan average of 6.75%, and above the GPRS II and the 2008 budget targets of 6.06% and 7% respectively. The relatively high GDP growth rate impacted positively on the per capita income and consequently raised it by about 9% from US\$654 in 2007 to about US\$712.25. This improvement in per capita GDP is likely to reduce further the poverty incidence levels, which was 28.5% as at 2005/2006.

Positive growth rates were recorded in almost all sectors in 2008, contrary to what pertained in 2007 where the economy recorded substantial declines in the manufacturing (-2.3%) and electricity and water production (-15%) sectors. Analyses of sectoral growth rates in 2008 indicate that the agricultural sector continued to dominate the economy. Growth in the agricultural sector peaked at 5.1%, and was largely driven by 5.82% growth in crops and livestock sub-sector, as a result of increases in area under cultivation and improved yields. However, its share in total real GDP declined from a peak of 37% in 2005 to 33.59% in 2008.

Growth in the industrial sector also continued its upward trend to reach 8.1%, compared with 7.4% in 2007. This was largely due to substantial growth in the electricity and water sub-sector, which recovered from a growth of -17.2% in 2007 to 19.42% in 2008. The

construction sub-sector also performed very well by growing at a rate of about 12%, an increase of 1% over that of 2007. Similarly the manufacturing sub-sector also recovered from its negative growth of 2.3% in 2007 to grow by 4.53%. Despite these improvements the industrial sector remains the smallest after the agricultural and services sectors, with a relative share of the GDP of about 25.9%. The services sector experienced the highest growth rate of 9.25%, even though that represented a little reduction from the 10.05% growth rate achieved in 2007. The wholesale and retail trade, hotels and restaurants sub-sector recorded the highest growth of 10.16%, followed by government services sub-sector (9.7%).

However, 2008 fiscal performance was the worst recorded since 2001. The government budget recorded a negative balance during the year equivalent to about 11.25% (or 7.95%, including divestiture and excluding sovereign bond), compared to 8.06% in 2007 and a budget target of 4% for the year. This relatively high budget deficit has been attributed to higher than anticipated increases in discretionary expenditure, especially, in government wage bill and domestic investment, which increased by over 40% and 96% respectively during the year. The year also experienced a substantial increase in interest payment of about 67.4% as a result of the rapid growth in public debt of about 8.1% over the 2007 level, particularly, the high interest and fees on the sovereign bond. The higher than budgeted increases in domestic debt and money supply, coupled with rising food and oil prices on the international market, also impacted negatively on the general price levels to push the inflation rate (end of year) from 12.75% at the beginning of the year to 18.1% at the end of the year. The rapid increases in the inflation rate caused the Bank of Ghana to raise the prime rate from 13.5% in 2007 to 17% in 2008. The money market responded to this surge in prime rate with corresponding increases in interest rates. The 91-day treasury bill rate, for instance, rose by 14.06% to level off at 24.67% at the end of 2008 after falling from 11.77% at end 2006 to 10.19% at the end of 2007. The annual average lending rate also rose from 24.3 % in 2007 to 27.25 % in 2008.

The external sector also appears to have deteriorated during the year. Notwithstanding the substantial growth in the country's exports by 26.4% compared with 11.9% in 2007, the year ended with a large current account deficit equivalent to 20.87% of the GDP, as against a deficit of 14.7% of GDP in 2007. The deficit was primarily due to the widening of the trade deficit as a result of high import growth of 29.72%. Total oil imports for the year, for instance, rose by 12.1 %, while non-oil imports rose by 32%.

However, relatively high foreign inflows were recorded in 2008. Inward foreign remittances, rose from US\$1,833.81 million in 2007 to a peak of US\$1,921.02 million in 2008, with foreign direct investments hitting the peak level of US\$2,120 million in 2008 on account of rising investor confidence. Despite these increases the year registered a significant drop in total gross international reserves from 3.2 months of imports cover at the beginning of 2008 to 1.8 months of imports cover at the end of the year. This has been attributed to the high import growth accompanied by a drawn down in foreign bond proceeds to finance planned capital investments in 2008. The less than positive developments in the fiscal, inflation and current account indicators affected the exchange rate environment negatively. The re-alignments of the major international currencies, the

surge in demand for foreign exchange to meet higher oil bills and food prices and to service the external debt, as well as high expenditures on infrastructural development caused the Ghana Cedi to fall against all the major currencies, particularly, beginning from the second quarter of 2008. On an annual basis, the Ghana Cedi depreciated by about 20.1% and 16.3% against the US Dollar and the Euro respectively, but appreciated against the Pound Sterling by about 8.1% on the inter-bank market.

Thus it appears that while the economy proved resilient enough to generate high growth, the management of fiscal and external account policies suffered in 2008. The numerous measures to improve expenditure management, promote effective management of public debt, and improve fiscal resource mobilization did not effectively achieve their intended goals.

3.0 PRIVATE SECTOR COMPETITIVENESS

The broad focus areas under the private sector competitiveness thematic area made varying degrees of progress during the year and this translated into relatively high economic activity as reflected in the high GDP growth. The Bank of Ghana's Composite Index of Economic Activity, FDI net inflows, and credit to the private sector recorded significant improvements. The high economic activity for 2008 is underscored by the strong showing of the Bank of Ghana's Composite Index of Economic Activity (CIEA), which recorded a year-on-year steady growth of 21.1%. The private sector access to credit and equity capital recorded about 43.9% growth in outstanding credit to public and private institutions by deposit money banks. This raised the overall private sector access to credit from 22.5% of GDP in 2007 to 29.7% in 2008. The Services sector continued to receive the greatest share of credit, receiving about 35.9% of the total credit flow during the year under review, while the real Manufacturing sector received only 10.3%. It is important to note that indigenous enterprises absorbed nearly 77.8% of total credit flow, while 20.6% went into household consumption. Private sector access to equity capital as measured by the GSE All-Share index also improved substantially by 58.1%, and this significantly pushed up the market capitalization of the stock exchange by 44.7% to Gh¢17,895.12 million (US\$14,912.6 million), compared to 0.4% in 2007.

The World Bank's "Ease of Doing Business Report" for 2008 showed an improvement in Ghana's international ranking from 94 out of 175 countries in 2006 to 87 out of 181 countries in 2008. The most significant improvement was achieved in the reduction in the number of days for resolving commercial disputes from 80 in 2007 to 30 in 2008. This contributed to a strong investor confidence in the economy and consequently led to an increase in FDI net inflows, and an increased in the private fixed investment.

Modernised Agriculture

The government continued with its policies and programmes to modernize agriculture during the year and this impacted positively on agricultural output, household incomes and food security. Overall agricultural output in 2008 recorded an increase in growth rate from 2.5% in 2007 to 5.1% in 2008. Even though the favourable weather contributed to this

strong growth, the impact of good policies and interventions including the introduction of fertilizer subsidies in 2008 to mitigate the effect of the global food crisis, as well as draught and floods experienced in 2007 cannot be discounted. These policies were also complemented with credit and agricultural farm machinery support, facilitated by the government through the Deposit Money Banks, Small Loans and Credit and microfinance schemes. Over time government credit through the Agricultural Development Bank (ADB), has increased annually from Gh¢30 million in 2001 to Gh¢118.5 million in 2008.

As a result of these measures total domestic production of major staple foods recorded significant increases of 13.4%. Millet, for instance, registered an increase of about 53.6% in yields, while sorghum, groundnut, cowpea and rice recorded productivity increases estimated at 62.2%, 18.6%, 52.3% and 60% respectively. Total production for human consumption in 2008 of 18,688,000 metric tonnes far exceeded the national consumption needs of 9,863,200 metric tonnes.

Cocoa, the major cash crop of the country, also did well during the 2007/2008 crop season. A total of 680,780.00 metric tonnes of cocoa were declared purchased during the 2007/2008 crop season, representing 10.8% increase over the 2006/2007 level, while the total value of cocoa exported increased by about 6% over the 2007 level. The government also increased the producer price of cocoa during the early part of the 2007/2008 and also the producer proportion of the net fob price from 70.97% to 74.62%.

In line with the overall improvements in agricultural output, production of livestock also grew by 4.5%, (cattle; 1.07%, sheep; 3.2%, goat; 5.0%, and poultry; 8.84%). This is attributed to the introduction of a free vaccination programme during the year and the ongoing capacity building of farmers that led to improvements in good animal husbandry practices; good housing and high patronage of vaccination.

Fisheries and Aquaculture Development

With regard to fisheries sub-sector, the government continued with implementation of various interventions towards modernizing and developing fisheries including aquaculture, with the view to closing existing huge deficit between annual average production and annual fish requirement. These interventions continued to make modest impact, particularly in commercial aquaculture production. Aquaculture continued its upward trend and increased by 72% during the year, though total supply of fish for the year recorded a marginal decline of 0.6% on the account of 12.5% decline in inland fisheries capture.

Restoration of Degraded Environment and Natural Resource Management

The cost of environmental degradation as percentage of GDP continued to be high, while hectares of degraded forest, mining, dry and wet lands rehabilitated or restored fell short of set target by 62.6% in 2008. This was as a result of review in policy in 2008 to maintain the previous year's plantations rather than add on more to them.

In the mining sub-sector, while total output of mineral and Foreign Direct Investments (FDI) to the sub-sector declined by 14.7% and 78.9% respectively in 2008, mineral royalties and tax revenues increased by 39.9% and 4.2% respectively. Also mineral rights granted increased by 152.7%, while employment increased marginally by 0.2%.

With the persistent of high environmental degradation and the low pace of rehabilitating/restoring degraded environment, it is important to accelerate the pace of implementation of interventions outlined under the Natural Resources and Environmental Governance (NREG) programme in order to reverse the current persistent trend of high environmental degradation.

Trade and Industrial Development

Within the strategic growth framework of the GPRS II, the trade and industry sector has been assigned a catalytic role towards achieving the long term objective of an agro-industrial economy. For this reason the government continued in 2008 with the implementation of planned policies. Review of performance in 2008 showed an overall industrial sector growth of 8.1% compared to 6.6% recorded in 2007, with various sub-sectors including Electricity and Water and Construction recording significant growth rates of 19.4% and 12% respectively.

During the year, overall domestic and international trade continued to register strong growth. Total merchandise exports grew by 26.4% to US\$5,275.3 million in 2008 from US\$4,172.14 million in 2007. Increased earnings from cocoa and gold (in both volume and value terms) contributed significantly to the higher export earnings. Earnings from exports of cocoa beans and products, for instance, increased by 10.2% while that of gold increased by 29.6% in 2008. Non-traditional exports grew by 8.3% from about US\$1.2 billion in 2007 to about US\$1.3 billion in 2008, but fell short of the 12% growth target set for the year. The year also recorded strong import growth of about 29.7%, with petroleum and related products accounting for nearly 22.9% of the total import bill in 2008, compared to 26% recorded in 2007. Capital and intermediate goods accounted for 76% of the total import bill in 2008. On the domestic front, Wholesale and Retail trade continued to post high growth rates of 10.2%, even though it fell marginally below that of 2007 of 10.6%.

Transport Infrastructure

The transport, particularly, road infrastructure continued to receive increasing attention during the year. In the road infrastructure sub-sector, a total of US\$502 million was disbursed in 2008, with about 39% coming from the road fund, 26.5% from consolidated fund and 35.7% from donors. This is about 51% more than the previous year.

This has led to continuous expansion of the road network, with the national road transport network increasing by 5% over that of 2007 to an estimated total network size of 67,291km, comprising 19% trunk roads, 63% feeder roads, and 18% urban roads. Overall a total of about 31,295km roads were maintained or rehabilitated in 2008, representing

76% of the total road network that required maintenance.

In contrast, the performance of the rail transport sector was very poor. As a result of the deterioration of rail lines and labour unrests, the proportion of rail lines in operation currently has fallen to 46% of the total available rail network. This contributed to reduce passenger traffic by rail by 42% in 2008, while goods traffic by rail fell by 61.5% during the same period.

Inland water transport, particularly, on the Volta Lake, also appears to have suffered a similar decline in 2008. As a result of inadequate inflow of water into the Volta Lake the volume of cargo transported over the lake has declined from 85,175 tonnes in 2004 to about 47,867 tonnes in 2008. However the passenger traffic has seen successive improvements from 23,815 in 2004 to 37,114 in 2008. On the other hand, the volume of maritime traffic (goods loaded and unloaded) continued to fluctuate over the years. While total traffic fell by 10.2% in 2007, it increased by 2.8% in 2008. The number of air traffic passengers also increased by 11.6% in 2008, while the number of aircraft movement also increased by 11.2%

Energy Supply to Support Industry and Households

Ensuring consistent energy supply to support industry and household consumption continued to pose a challenge to Ghana's development efforts. Government however remains committed to providing the necessary leadership in solving the energy problems of the country, and continued in 2008 with the implementation of the medium-term arrangements initiated during the power crisis in 2006/2007. These included 126 MW Tema Thermal Power Project (TT1PP); 49.5 MW Tema Thermal 2 Power Plant (TT2PP); engineering, procurement and construction of Gas Turbine Generators and balance of plant for the 230 MW Kpone Thermal Project are in progress. Other projects included West Africa Power Pool (WAPP) project under the VRA, which seeks to increase energy trading in the West African sub-region, the ECG distribution system improvement project, the Self Help Electrification Programme (SHEP), etc.

Biomass in the form of firewood and charcoal continued to dominate (63%) energy consumption, while petroleum products and electricity followed with 21% and 16% respectively. Annual per capita consumption of petroleum declined from 0.0905 tonnes of oil equivalent (TOE) to 0.0742 tonnes of oil equivalent (TOE), while per capita consumption of LPG stagnated at 0.005 tonnes of oil equivalent. Government suspended the automatic price adjustment by the NPA when the world price of crude oil peaked at US\$147/barrel in May, 2008 until October, 2008 when world crude prices fell to about US\$ 66/barrel. This led to under recovery of about US\$186.2 million.

Transmission losses of electricity deteriorated in 2008 from 3.36% recorded in 2007 to about 3.46% in 2008, while the distribution losses from ECG increased from 23.96% in 2007 to 24.24% in 2008 in the face of increases in per capita electricity consumption from 3.36% in 2007 to 3.46% in 2008. Household access to electricity increased from 45% in 2005 to 54% in 2008.

Developing Information and Communication Technology (ICT)

During the year total mobile phone subscription increased from 7,604,053 in 2007 to 11,568,850 in 2008, but the fixed line connections declined from 376,509 to 143,900 during the same period as a result of the removal of dormant subscribers from the GT fixed line network. Total internet usage increased from 1.7% in 2006 to 3.8% in 2008, while the total number of internet subscribers has increased from 21,800 in 2006 to 45,000 in 2008. However, computer use remains very limited as only 56.9% of second cycle schools have functioning computers in their schools as at the end of 2008.

The Tourism Industry

The tourism sector, as the third largest foreign exchange earner after merchandise exports and remittances remained strong in 2008. Available statistics on domestic tourism for 33 sites indicate that 637,550 resident tourists visited various tourist sites within the country in 2008 and generated an income of about GH¢860,950 (US\$ 717,458.45) in the local economy. Both direct and indirect employment generated by the sector in 2008 was 234,679 of which about 45% went to women. The high profile events including CAN 2008 African Soccer Tournament and the UNCTAD conference of the year also contributed to a 11.5% increase in hotel accommodation bookings in 2008 compared to 1.8% in 2007. The growth in the sector is also reflected in increases in hotel establishments from 1,430 in 2007 to 1,595 in 2008 as well as in car rental businesses from 57 in 2007 to 84 in 2008.

Employment Generation and Improvement and Expansion of Safety Net

In order to address the persistent youth unemployment challenges, the government continued to implement the national youth employment programme (NYEP) which began in 2006 and created additional jobs of about 108,435 in all the 10 regions in 2008. About 72.5% of these jobs were created under agriculture (23.4%), education (23%), Health Extension Workers (13.1%), and Waste and Sanitation (13%) modules. The Eastern region recorded the highest number of jobs with a total of 12,013 jobs, while Volta region recorded the least with 9,698.

The NYEP and other interventions has contributed to generating a total of 692,714 new jobs, of which 80% were in agricultural sector, 17.6% in services sector and 2.1% in industry. In order to protect the vulnerable and excluded government continued to implement its social protection interventions with social protection related expenditures amounting to 2.3% of GDP in 2008.

The year also recorded a high number (632) of labour disputes, largely due to unfair termination of employment (23.9%), summarily dismissal (21.2%), unpaid salaries (7.8%), retirement and end of service benefit (7.4%), redundancy lay off and severance payment (6.7%) and workman's compensation (2.2%), the total number of disputes in 2008 however was 3.7% lower than in 2007.

4.0 HUMAN RESOURCE DEVELOPMENT

The GPRS II has identified human resource development as key to achieving accelerated socio-economic growth and development. Government's interventions to continuously improve the quality of the country's human resource yielded some positive results during the year, particularly in the areas of basic education, health care and the provision of safe water.

Education

The Gross Enrolment Ratio (GER) and Net Enrolment Rate (NER) increased marginally at all levels of basic education during the year. At the Kindergarten level the GER grew slightly from 89% in 2006/07 to 89.9% in 2007/08; at the primary school level the GER was 95.2%, representing an increase of only 1.5% over the previous year; and at the Junior High School level GER witnessed a small increase from 77.4% to 78.8% between 2006/07 and 2007/08.

Overall the NER increased only from 81.1% in 2006/07 to 83.4% in 2006/07-2007/08. However, the NER at the JHS level, which dropped significantly between 2005/06 and 2006/07, experienced a minimal recovery in 2007/08.

There has been rapid growth in female net enrolment at the primary school level, particularly, since 2004/05 from 59.3% to 81.6% in 2007/2008, however male net enrolment ratios have grown faster from 60% to 84.2% over the same period. A similar picture emerges for the Junior High School levels, where male net enrolment seems to be doing better than that of females.

The completion rate, which measures the proportion of pupils/students who remain and complete school after enrolment, increased by 2.6% to reach a high of 88% in 2007/08 at the primary level, but fell short of the required growth rate of 3% per year the country needs in order to achieve the MDG of universal primary completion by 2015.

With regard to gender parity more effort is required, particularly, at high levels of education. Over the last half decade, the index at the kindergarten level has been fluctuating around parity and stood at 0.98 in 2008. At the primary level, the GPI seems to have stagnated at 0.96 for the past two years. Gender parity at the JHS level appears to be increasing, but quite slowly. The GPI at this level increased from 0.91 in 2006/07 to 0.92 in 2007/08.

Improvements in quality of education appear to lag behind increasing enrolment despite increased government efforts in 2008. Between 2004/05 and 2007/08 the proportion trained teachers at the primary level has persistently declined from 72.4% to 59.4%. This has given rise to a skewed distribution of the available trained teachers to the disadvantage of deprived districts.

Health

In 2008, the Ministry of Health intensified efforts to improve access to health and nutritional services across the country. The sector also benefited from huge financial investments made by the government and its development partners. The result has been gains in a number of important areas of health service delivery.

Outpatient visits to health facilities in the public sector increased significantly, from 0.69 in 2007 to 0.71 in 2008. In child health, the vaccination coverage remained high at 87% and the under-five (U5) malaria case fatality reduced considerably from 2.4 to 1.9 between 2007 and 2008. The proportion of U5s malnourished also reduced significantly from 22% in 2003 to 13.9% in 2008. A child health indicator that failed to perform well during the year was the proportion of U5s sleeping under ITN, which reduced from 55.3% in 2007 to 40.5% in 2008. Preliminary results of the 2008 GDHS show that Ghana may be back on track in reducing childhood mortality rate and infant mortality rates, which had been worsening. The ratio appears to have reduced from 64/1000 in 2003 to 50/1000 in 2008, while the under-five mortality rate, which had stagnated at 111/1000 since 2003, also appears to be doing well at 80/1000 in 2008.

With regard to maternal health, coverage of antenatal care, which has been consistently high over the years, showed an increase from 89.5% in 2007 to 97.4% in 2008. The proportion of supervised deliveries also achieved an increase from 35.1% in 2007 to 39.5% in 2008. The target of 60% supervised deliveries for the years was however not achieved. The institutional MMR, which worsened between 2006 and 2007 from 197/100,000 to 244/100,000 seems to have recovered in 2008 to 200/100,000. However, coverage of family planning stagnated at 24% of married women in 2008 (the figure was 25% in 2003).

In communicable diseases, the number of HIV positive individuals receiving ART increased from 13,249 in 2007 to 23,614 in 2008, representing close to 80% increase. Programmes for preventing mother-to-child transmission also reached many more people. The number of guinea worm cases dropped dramatically from 3,021 in June 2007 to 501 at the end of 2008.

NHIS coverage has been growing since its inception in 2003. In 2008, there was a substantial growth in membership (from 35% in 2007 to 45% valid card holders). In addition, the number of accredited providers also increased and thereby contributed to access expansion. The success of NHIS was seen to have reflected in the significant increase in OPD visits from 0.69 in 2007 to 0.71 in 2008. The major problems hindering the smooth operation of NHIS have been weak portability, delays in ID card production, delays in the settlement of claims, low claim vetting capacity at the district schemes, and difficulties in obtaining data from district schemes.

In a renewed effort to improve the efficiency in service delivery in 2008, the government increased the number of public sector health training institutions to 64. There are still significant equity gaps in the distribution of health workers across the country. In 2008 a

number of measures were implemented to address this issue. These include the establishment of an inter-agency posting committee, which agrees on allocation of new staff to different health agencies; the setting up of regional quotas; and the enforcement of postings to rural areas (by removal from payroll). The total number of nurses in 2008 was 21,861 up from 15,724 in 2007. As result, the nurse to population ratio improved from 1:1,454 in 2007 to 1:1,109 individuals in 2008. The total number of doctors in 2008 was 1,855 compared to 1,676 in 2007. This has led to slight improvement of the population to doctor ratio during the year (from 1:13,683 to 1:13,074).

Population Management

Improving the living conditions of Ghana's population through the provision of social services such as education, health, access to safe drinking water and adequate housing depends, in large part, on the proper management of the population. The performance of indicators in this policy area in 2008 was mixed. The population growth rate remained unchanged at 2.5% per annum. Data from the 2008 GDHS revealed that the average number of children a woman would have at the end of her reproductive life (the TFR) declined from 4.2 in 2003 to 4.0 in 2008. However, the use of contraception continues to constitute 25% of currently married women. There is also evidence of decline in the use of modern methods of contraception among married women from 19% in 2003 to 17% in 2008. The major challenges to smooth implementation of family planning programmes have been identified as inadequate and unpredictable funding as well as constraints in the procurement and stocking of contraceptive commodities.

Water and Sanitation

In 2008, the government and its development partners continued to increase investments in the construction and rehabilitation of water and sanitation facilities. In rural communities 1,838 new water points and 15 new pipe systems were completed during the year. In the urban sector, Water Expansion Projects were undertaken to improve water supply in the Greater Accra, Central, Ashanti and Northern regions. Available data indicates significant improvement in access to safe drinking water in rural communities. The proportion of the rural population with access to safe drinking water increased from 54.86% in 2007 to 57.14% in 2008. However, investments in the urban sector seemed not to have yielded the expected results, as the urban indicator for access to safe water declined from 58% in 2007 to 55% in 2008.

Housing and Slum Upgrading

The Affordable Housing Programme continued in 2008 with the sole objective of providing accommodation for low to middle income workers of the country. On-going housing construction projects in 2008 included one and two bedroom house apartments in 4-storey blocks of flats, all with the necessary infrastructure, i.e roads, drains, central sewage systems, electricity and water supply.

With regard to slum upgrading, the government signed an MOU with UN-habitat in 2008 to undertake a Slum Upgrading Facility (SUF) pilot project. The Slum Upgrading Facility operates under the premise that slums can be upgraded successfully when slum dwellers are involved in the planning and design of upgrading projects. The project is now being piloted in three cities – Tema, Sekondi-Takoradi, and Ashaiman Municipalities.

5.0 GOOD GOVERNANCE AND CIVIC RESPONSIBILITY

The year 2008 marked yet another milestone in Ghana's attempt to consolidate the democratisation process. The country organised peaceful general elections, which led a peaceful change of power from one government to the other, attracting a lot of credit for the stability of the country and maturity of its governance systems.

Measures were put in place during the year to strengthen parliament to perform its legislative, oversight, deliberative, financial and regulatory functions in deepening of democracy, good governance and sound economic development. During the year Parliament in the discharge of its mandate held a total of 149 Sittings and 320 Committee Sittings including Sittings of the Appointment Committee to consider Government nominees for Ministerial Appointments and Judges of Superior Court of Judicature. Parliament participated in a number of Town Hall meetings. Four Parliamentary Resource Centres were also established as part of the effort to strengthen Parliament to perform its statutory functions. Parliament was also represented at the highest level in a number of international fora. As part of the business of the house during the year 146 Papers were laid and considered. These include 12 Bills, 43 Legislative Instruments, 63 Reports and 28 International and National Agreements.

Civil Society Organizations (CSOs) initiated several activities at national, regional, district and constituency levels to promote peace before, during and after the elections. The CSOs that actively participated in these activities included the: Institute for Democratic Governance (IDEG) and the Civic Forum Initiative, the Ghana Centre for Democratic Development (CDD) and the Coalition of Domestic Election Observers (CODEO), the Institute for Economic Affairs (IEA), West African Network for Peace (WANEP), and Women in Law and Development in Africa (WILDAF); NetRight and the Women's Manifesto Coalition and religious bodies such as the National Catholic Secretariat, Christian Council of Ghana, and Muslim Association, the Office of the Chief Imam and leaders of the various Islamic groups, traditional authorities including chiefs, the youth, students and the media also participated. This list is only indicative and not exhaustive.

The Ministry of Justice and its Departments and Agencies made progress towards achieving its 2008 targets. A major intervention was the development of an Annual Work Plan (AWP) to engender change in five areas of reform to improve the image of the Attorney-General's Department and access to Justice. The areas of focus are the Attitudinal, Infrastructural, Technological, Personnel and Institutional domains. It also undertook a Justice For All programme which offered prisoners on remand as well as

those who may have found themselves there by reason of miscarriage of justice, further access to justice at no cost.

The Ghana Statistical Service completed a draft Strategic Plan for the Development of Statistics in Ghana. The strategic plan is developed as a framework to ensure a comprehensive, effective and sustainable development of statistics in the country. The plan seeks to involve all the stakeholders in the national statistical system (data suppliers, statistics producers, statistics users, training institutions and the local and international organization and development partners) in the development of statistics to ensure effectiveness in the implementation of the strategic plan.

The National Development Planning Commission prepared a draft Long Term National Development Plan (LTNDP). The goal of the plan is to transform the structure of the economy so that Ghana can become a middle income country, achieve the MDGs, and reduce poverty on a sustainable basis. The draft document is currently being reviewed by the new government and it is expected to be finalized as soon as a new Commission is appointed.

During the year the Ghana Audit Service completed 3,602 audits representing 53.3% of those earmarked (6780) for 2008 as against 59.8% in 2007 (4,000 out of 6,776). The audits were done on accounts of Central government, Ministries, Department and Agencies (MDAs), Metropolitan, Municipal and District Assemblies (MMDAs) Pre-university Educational Institutions, Public Boards and corporations. Five Auditor-General Reports were submitted to Parliament in the year.

Decentralization

A new draft Comprehensive Decentralization Policy was prepared by the Ministry of Local Government, Rural Development and Environment in 2007, and subjected to wide stakeholder consultation in 2008. Recommendations from the consultation were incorporated into the draft policy and the document is supposed to be sent to Cabinet for approval.

The policy to expand the decision-making capacity of MMDAs with the establishment of the Local Government Service in December 2007 was continued in 2008. In 2008 the government initiated moves to establish the secretariat for the new Local Government, which would integrate Government and Decentralized Departments into the fold of the District Assemblies via a Legislative Instrument. The government backed this move also with the preparation of an Inter-governmental Fiscal Framework, which basically seeks to address the issues of revenue and expenditure assignment between the national and sub-national levels.

In order to strengthen the MMDAs' revenue generating capabilities the government launched a Municipal Financing and Management Initiative (MFMI) in 2008 in response to the recommendations of the International Forum on Municipal Finance and Management held in October 2005. Subsequently a draft Local Government Finance Bill

was submitted to Cabinet and later laid in Parliament for passage into law. This bill is to facilitate the establishment of a Local Government Finance Authority with a mandate to mobilize resources from both internal and external sources for MMDAs, and to channel them into productive infrastructure development and to manage risk.

Securing Rights under Rule of Law

Government facilitated the preparation of an Annual Work Plan (AWP) to engender change in five areas of reform to improve the image of the Attorney-General's Department and access to Justice. The areas of focus are the Attitudinal, Infrastructural, Technological, Personnel and Institutional domains. It also undertook a Justice For All programme which offered prisoners on remand as well as those who may have found themselves there by reason of miscarriage of justice, further access to justice at no cost.

The Ministry of Justice and its Departments and Agencies made progress in 2008 towards bringing about improvements in its operations. The reforms in the Ministry of Justice and its Departments and Agencies contributed to a massive reduction in the time taken to register property and an improvement in processes of enforcing contracts.

Ensuring Public Safety and Security

As part of the measures towards ensuring public safety and security government has over time steadily increased the police population from 15,983 in 2001 to 27,702 in 2008 and thereby improving the police to citizen ratio from 1:1200 in 2001 to 1:776. In addition 269 new vehicles were procured for the Police Service in 2008, and new police uniforms and boots were also supplied to the personnel.

The government also facilitated the Police Service to provide training for almost a 1,000 youth under the community policing module of the National Youth Employment Programme (NYEP). These efforts at ensuring public safety and security were also complemented by training of community vigilance groups to offer effective protection to their immediate communities. The Domestic Violence Victims Support Unit (DOVVSU) also received substantial support from the government and managed to open 12 new offices in a number of police districts to bring support services to victims of domestic violence with the aim to further increase access to support services provided by DOVVSU to victims of domestic violence.

These measures indeed seem to have impacted positively on public safety and security in Ghana in 2008. The measures contributed to a reduction of about 6.1% of number of reported criminal offences and a reduction of about 6.8% of cases closed over the period under review. Consequently they also improved Ghana's image internationally by earning it the highest ranking as the most peaceful nation to do business in Sub-Sahara Africa in 2008.

Public Policy Management and Public Sector Reforms

In 2008 the government also continued with its efforts to increase the capacity of the public and civil service for accountable, efficient, timely and effective performance and service delivery. Thus through dialogue with government agencies and consultation with development partners and other key stakeholders the government the following activities which included: pay, productivity and pension reform; organizational restructuring of the Civil Service and training; development of a human resource management framework; preparation of a service delivery improvement programme; support to the decentralization programme; subvented agency reform; and central management agency reform.

Empowerment of Women

The Ministry of Women and Children's Affairs continued the implementation of its programme to secure the rights of women and children in the year 2008. There were a number of major activities, which were undertaken in this direction during the year.

The Government of Ghana demonstrated its commitment to International Protocols, Conventions, and Treaties by Printing and disseminating 500 copies of Ghana's 3rd, 4th and 5th periodic report of UN Convention on the Elimination of All forms of Discrimination Against Women (CEDAW). Furthermore the Ministry of Women and Children Affairs (MOWAC) organized International Women's Day through campaigns aimed at reducing maternal and child mortality.

The constituted a Management Board with oversight responsibility to enhance the smooth implementation of the Domestic Violence Act, which was also translated into 4 Ghanaian languages. Information, Education and Communication (IEC) materials including 30 billboards were also distributed throughout the country.

As part of child protection programmes, a National Plan of Action on Human Trafficking was drawn up and Human Trafficking Management Board was established. Some parents in Central and Brong Ahafo Regions were also given Micro-credit in "sending", and "receiving" areas of human trafficking. Capacities of 392 coordinating committees at the National and District levels were also upgraded and Assembly members of 10 District Assemblies, NGOs, and CBOs were trained on Child Protection Laws. The MOWAC sensitized District Chief Executives, Queen-mothers and Traditional Authorities on women and children's rights and a Child Help Line launched. It also printed and distributed 1,000 copies of directory on women decision makers and initiated a web portal of the directory. In addition, a National Breast Cancer Fund was re-launched and a Board of Trustees of the Fund inaugurated.

The government's objective to enhance women's access to economic resources and promote women in public life also received a boost with the distribution of 43 pieces of agro-processing equipment, namely, groundnut, cassava, palm nut, shea butter, palm kernel and fruit extractor equipment to 43 women's groups countrywide, benefiting almost 7,000 households. In addition 16,500 women throughout the country benefited from

Micro-credit and small loans to expand their businesses. Training programmes in financial and business management skills were also organized for 30,829 women in the informal sector in the ten Regions.

The Ministry of Women and Children's Affairs kept with its programme to mainstream Gender Responsive Budgeting into MDA programmes by training 16 Core Gender Expert Groups, drawn from nine MDAs in 2008. It also formed a ten member Gender Responsive Budgeting (GRB) Technical Committee comprising staff of MOWAC, MOFEP and NDPC in April 2008 and assigned them the responsibility to ensure the implementation of Government's policy directive on GRB in 2008 and beyond.

6.0 LINKING THE 2007 BUDGET TO GPRS II

The macroeconomic targets set in the 2008 budget statement and Economic Policy were closely aligned with that of the GPRS II targets for the year, even though these targets had to be revised in view of the rising prices of oil and the energy crisis that hit the country in the first part of the year. The real GDP growth target set in the budget was, however, higher than that of the GPRS II target, on account of the levels of growth achieved in the previous two years.

A review of the budget indicated wide differences in resource allocation between planned targets and actual outturns. The provisional outturns showed that the resource allocations to the various thematic areas were not consistent with both the Costing Framework of the GPRS II and the targets set in the budget. The total outturn of payments increased by 57% over the 2007 outturn and exceeded the planned expenditure by approximately 34%. This increase in budget outturn could be attributed to increases in personnel emoluments and investment expenditures in 2008 which accounted for 27.68% and 26.72% of discretionary expenditures respectively. Also poverty reduction related expenditure grew by over 50% in 2008, compared to 2007, and was higher than budgeted.

While the GPRS II Costing Framework allocated almost 57% of resources to Human Resource Development thematic area, the actual releases amounted to 28.5%. The year under review witnessed a re-prioritization of resource in favour of Private Sector Competitiveness and Good Governance and Civic Responsibility thematic areas. Whereas the GPRS II Costing Framework envisaged 34.5% and 8.6% of its total resources to Private Sector Competitiveness and Good Governance and Civic Responsibility thematic areas, the actual budget outturns show that almost 43% and 19.1% of the total releases were allocated to these areas, respectively.

Similarly the Development Partners (DPs) resources allocation in 2008 was not consistent with the costing allocation in the GPRS II. Resource allocations of DPs were also re-prioritized away from Human Resource Development thematic area to Private Sector Competitiveness and Good Governance and Civic Responsibility thematic areas. About 57% and 26% of total loan and grant releases of DPs were allocated to Private Sector Competitiveness and Good Governance and Civic Responsibility thematic areas

respectively, while only 17% were allocated to Human Resource Development thematic area. The total releases by DPs for the year represented a significant improvement from 86% in the previous year to 97% of projected inflows.

7.0 IMPLEMENTING THE GPRS II AT THE DISTRICT LEVEL

In recognition of the critical role that Metropolitan, Municipal and District Assemblies (MMDAs) are expected to play towards the achievement of the objectives of the Growth Poverty Reduction Strategy (GPRS II), the National Development Planning Commission (NDPC) assisted MMDAs in 2006 to prepare Medium Term Development Plans (MTDPs) and their M&E Plans for implementation. The mechanisms for monitoring progress at the MMDAs level consist of a series of periodic stakeholder programme implementation meetings and quarterly performance reviews which culminate into annual progress reports (APRs) submitted to the NDPC to provide input into the preparation of the National Annual Progress Report (APR).

As at April 2009 which is the reporting date for the 2008 District APRs, only 86 out of the total of 138 MMDAs, representing 62%, had submitted Annual Progress Reports to the National Development Planning Commission (NDPC). This is an increase of 10% in the number of MMDAs who submitted 2007 APRs in 2008. The lack of alignment of the timing of the preparation of the National APR to the annual reporting periods for the MMDAs remained a serious challenge to timely submission of APRs to the NDPC. A significant number of the MMDAs did not comply fully with the guidelines provided by the NDPC for the preparation of the APRs, thus resulting in incomplete data on some of the key district level indicators.

There was no variation in the sources of funding for MMDAs in 2008 from that of 2007, with the District Assembly Common Fund (DACF) maintaining its lead as the highest revenue contributor to the MMDAs in 2008, while Internally Generated Funds (IGF) slipped to third position from second in 2007, in favour of Donor Grants. HIPC Funds and Government of Ghana Grants (GoG) maintained the fourth and fifth positions, respectively, as in 2007.

None of the MMDAs achieved the targeted IGF for 2008 and indeed the IGF suffered a decline from an average of 18.4% in 2007 to 16.3% of total revenues in 2008. This has resulted budget deficits and the attendant failure to fully implement planned activities for the year. The MMDAs, however, reported of continued achievements in critical poverty reduction interventions in 2008 which impacted positively, particularly, on the health and educational conditions of the communities.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

The 2008 Annual Progress Report (APR) provides an assessment of the implementation of policies and strategies outlined in the Growth and Poverty Reduction Strategy (GPRS II, 2006-2009) for the year 2008. At the core of the GPRS II is the promotion of economic growth by stabilizing the economy and improving the quality of service delivery in four thematic areas including Macroeconomic Performance and Economic Governance, Private Sector Competitiveness, Human Resource Development, and Good Governance and Civic Responsibility.

The APR of 2008 has been carried out by assessing the status of indicators and targets adopted for monitoring and evaluating the key policy and programme interventions undertaken during the year. The objective of the APR includes the following:

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

This document provides an update on the status of actions taken on policies, programme and projects implemented during the 2008 within the framework of GPRS II. Specifically, it outlines and assesses the status of the following:

- the set of core indicators agreed upon in the GPRS II M&E Plan, including additional ones that have since been indentified;
- the linkage between the 2008 Annual Budget and the GPRS II;
- policy initiatives prioritized in the 2008 Annual Budget;
- follow-up actions on policy recommendations made in the 2007 APR;
- the Multi-Donor Budget Support (MDBS) programme; and
- progress towards the attainment of the Millennium Development Goals (MDGs) and the Africa Peer Review Mechanism (APRM) Programme of Action.

This report is presented in seven chapters. The first chapter provides an overview of the monitoring and evaluation activities related to the development of the 2008 APR. Chapter two reviews macroeconomic performance and economic governance, while Chapters three to six outline the status of actions taken towards the implementation of policies and measures outlined in the three thematic areas, namely Private Sector Competitiveness, Human Resources Development, Good Governance and Civic Responsibility including decentralization. Issues relating to the financing of the GPRS II at the national and district levels are presented in Chapter seven. Highlights of progress made in

implementing the GPRS II in 2008 and recommendations for addressing the shortfalls identified are presented at the end of each thematic area.

1.2 KEY ACTIVITIES FOR THE MONITORING AND EVALUATION OF GPRS II

1.2.1 Sector and District Monitoring and Evaluation of the GPRS II Implementation

Following the orientation workshop for sectors and districts to prepare their respective M&E plans, nearly all the 138 districts subsequently prepared their M&E plans. Based on their M&E plans about 90 district APRs (constituting about 65% of the then total number of districts) prepared 2007 district APRs. The preparation of the 2007 district APRs begun in January 2008 and as at end of December, 2008 about 90 district APRs were forwarded to NDPC. The districts APRs received included financial data and results against indicators and targets.

On the other hand, the sectors have still not complied with the directive to prepare M&E plans. So far only Ministry of Food and Agriculture (MOFA) has prepared M&E plan and Annual Progress Report (APR). Effort is being made at high level to get the sectors to comply with the directive.

1.2.2 2008 Citizens' Assessment of the National Health Insurance Services

As part of the framework for monitoring the implementation of the GPRS II, the 2008 Citizens' Assessment Survey was initiated. This is the third in the series of Citizens' Assessment Surveys since the inception of the GPRS process in 2002, and the first under the GPRS II. This survey which is a Participatory Monitoring and Evaluation framework is usually undertaken to complement the quantitative data obtained from the Ministries, Departments and Agencies (MDAs) and the Metropolitan, Municipal, and District Assemblies (MMDAs) in assessing the effects of key GPRS policies, and also to provide an opportunity for citizens to participate in the monitoring and evaluation process of the GPRS. Indeed a key part of assessing the effect of GPRS policies is to find out from citizens whether they have experienced improvements in their lives with respect to specific policy objectives of the GPRS II.

The scope of the 2008 Citizens' Assessment Survey is limited to the National Health Insurance Scheme (NHIS), which is a key health sector initiative to support the GPRS II policy objective of ensuring sustainable financial arrangements that protect the poor. The objective is to ascertain from the citizens whether the NHIS is providing an affordable health care financing arrangement as envisaged under the GPRS II.

Thus the key objectives under the study included:

- obtaining feedback from citizens about how the NHIS is performing from their own perspective;

- determining whether the NHIS is achieving its goal of ensuring equitable access to quality basic health care for all Ghanaians (including vulnerable and excluded); and
- gaining insight into how to bridge the equity gaps in access to quality health care services.

The survey began on the 5th of November 2008 and ended on the 29th of November 2008. The survey involved about 2000 households and 1000 patients randomly polled from 100 NHIS accredited health facilities. An updated list of Enumeration Areas (EAs) of the 2000 Ghana Population and Housing Census constituted the sampling frame for the household survey, using two-stage stratified nationally representative sample of households.

The household questionnaire used in the survey covered a wide range of topics including, the demographic characteristics, economic activity, history of household ailments during the last 4 weeks, deliveries, chronic health conditions, health consultations and visits to health facilities, payment of medical expenses, health insurance, household assets and housing conditions. There was also a patient exit poll questionnaire and supplementary questionnaires, one each, for health providers and health insurance scheme managers. All the instruments were administered through face-to face interviews.

The data collection involved seven teams each comprising of one supervisor, 3 interviewers and one driver. On average, each team was assigned 280 households, 145 patient exit poll interviews, 13 health providers and 8 scheme managers.

The outstanding activities under the Citizens Assessment process as at December 2008 include:

- preparation of the draft report;
- validation of the draft report by stakeholders;
- incorporating stakeholders comments into the draft report;
- printing of the final report; and
- Dissemination workshop on the final report.

The final report of the 2008 Citizens' Assessment survey was ready in May 2009.

1.2.3 Budget and Public Expenditure Management Systems

The budget and Public Expenditure Management System (BPEMS) is Government of Ghana's strategy to implement a modern and computerised financial management system, aimed at enhancing efficiency and effectiveness in budget preparation, budget implementation and accounting, cash management and reporting. BPEMS is a major component of the overall Public Financial Management Reform Programme (PUFMARP).

As part of the implementation, the Government of Ghana acquired six modules of the Oracle Financial Application namely: Public Sector Budgeting, General Ledger, Purchase Ordering, Accounts Payable, Accounts Receivable and Cash Management Modules.

Four out of the six modules (namely General Ledger, Purchase Ordering, Accounts Payable and Accounts Receivable) acquired by GOG have been deployed to the following MDAs:

- Ministry of Finance & Economic Planning
- Ministry of Education/Ghana Education Service
- Ministry of Interior
- Ministry of Health/Ghana Health Service
- Ministry of Local Government & Rural Development
- Ministry of Communications
- Ministry of Water Resources, Works & Housing
- Ministry of Roads/Urban Roads/Highways/Feeder Roads
- Controller & Accountant General's Department

The Public Sector Budgeting Module was deployed on pilot basis to prepare the 2009 Budget parallel to the Activate in 2008. Controller and Accountant General's Department intensified the use of BPEMS to process warrants, Bank Transfer Advices and to generate reports parallel to the BMS and ACCPAC during the year 2008.

1.2.4 National Strategy for the Development of Statistics (NSDS)

The National Strategy for the Development of Statistics in Ghana was setup to develop a formal statistics structure and acknowledge the need to improve official statistics in order to:

- provide quantitative basis for informed decision-making in planning for socio-economic development;
- provide effective and unbiased basis for monitoring development programmes and projects and
- sufficiently evaluate the outcomes of development programmes and projects.

The NSDS was developed as a framework to ensure a comprehensive, effective and sustainable development of statistics in the country. It seeks to involve all the stakeholders in the national statistical system (data suppliers, statistics producers, statistics users, training institutions, local and international organizations and development partners) in the development of statistics to ensure effectiveness in the implementation of the strategic plan.

A series of workshops were organised for the MDAs and Ghana Statistical Service (GSS) strategic plan design team from March to May 2008 to review, cost and finalise the sector and national strategic plans.

Three meetings were held with development partners for their inputs into the NSDS. The first was held on 21 December, 2007, the second on 10 January, 2008 and the third on 25 June 2008. Several meetings were held between GSS and MDAs representatives, public

sector organisations, and non-governmental organisations to formally present the national Strategic Plan to them and to solicit their full support for successful implementation.

The total unadjusted cost for the five-year implementing period of the Strategic Plan is estimated at US\$107,132,900. The total cost for the first year alone is US\$26,106,700, and the cost for the first three years is US\$99,747,000.

1.2.5 Ghana Info Database

GhanaInfo is a national database designed to provide reliable, timely and accurate data for M&E and other uses in the country. GhanaInfo disseminates the endpoints of secondary data. The main purpose of GhanaInfo is to allow an overall, up-to-date view of the socio-economic situation in Ghana and to facilitate the use of data for analysis by policy makers and other users. The GhanaInfo project has been mainstreamed into activities of Ghana Statistical Service. Planned activities for the year included:

- Review of Database to include 2000 Census data, 2006/07 Education data, 2006 Tourism Market Trends data and some economic data such as Inflation and Gross Domestic Product.
- As part of the roll-out plan, workstations were established and training workshops held for regional managers in all the 10 regions. The essence of the roll-out is to have a core group in the regions who would in turn train the District Planning and Coordinating Unit officers. Staff in the districts has been trained to prepare their own guidelines for M&E. Seventy-eight districts submitted their guidelines and their data are available on the GhanaInfo.
- A group made up of GSS, UNDP and UNICEF was put in place to draw a comprehensive 5 year plan for GhanaInfo, taking into consideration the National Strategy for the Development of Statistics (NSDS). A draft document has been submitted to the Steering Committee for consideration.

1.2.6 Evidence Based Policy Making Programme (EBPM)

The Evidence Based Policy Making Programme aims at strengthening government's effectiveness in policy, programme and project implementation in the shortest possible time, and also developing systems and institutional structures for longer term sustainability and effectiveness of the Office of the President (OoP) which is the custodian of the programme. The EBPM commenced in 2007 with a completion date of March 2009.

Between June and August 2008, a series of meetings were held among key monitoring institutions aimed at promoting collaboration and setting an agenda for deepening the harmonization of existing monitoring process. These institutions included the NDPC, MOFEP, The GSS, the Public Procurement Authority, Internal Audit Agency and the Office of the President. One of the outcomes of the meeting was the adoption of a set of planning and reporting templates to facilitate monitoring and evaluation across board.

A number of activities were carried out which culminated in the following reports:

- 2008 Semi-Annual Progress Report
- Progress report for the period August - December 2008
- Achievements and Recommendations for the attention of next Government

1.2.7 The Multi-Donor Budget Support (MDBS) Programme

The Multi-Donor Budget Support (MDBS) mechanism is an arrangement between government and developing Partners for effecting policy reforms, as well as mobilizing financial support for budget activities in a fiscal year. The objective of the MDBS programme is to provide a more synchronized development assistance to Ghana in pursuit of its economic development programme through policy reform. Under this agreement development partners collectively provide budget support to Government of Ghana to implement the GPRS II.

The MDBS also outlines the modalities for supporting the Government of Ghana's budgetary needs by the Development Partners through harmonised agreements and increased predictability of donor inflows. While the government in turn commits itself to implementing agreed set of policy reforms outlined in the Performance Assessment Framework (PAF). The agreed policy reforms in the PAF normally consist of a set of actions to be undertaken by selected Government Ministries, Department and Agencies (MDAs), and are aligned to the thematic areas of the GPRS II. MDBS programme specifically aims to:

- agree to common benchmarks against which performance is assessed and thereafter, base funding commitments and disbursements on achievements of agreed targets;
- improve dialogue between Development Partners and the Government of Ghana;
- reduce competing demands on Development Partners and the Government of Ghana;
- reduce tied aid;
- promote Government of Ghana's accountability for service delivery;
- facilitate broad-based discussions on the reform agenda; and
- improve Development Partners' co-ordination.

In 2008 joint meetings were held with implementing MDAs of the MDBS programme, with the aim of reviewing the performance for 2007 as well as agreeing on the set of actions and targets for the period 2008 - 2010. At the end of the sectoral meetings, a zero draft Performance Assessment Framework (PAF) for 2008 - 2010 was developed which served as the basis for the start of negotiations. From January to March, several meetings were held with both development partners and relevant MDAs to refine and confirm the policy actions to be included in the PAF 2008 - 2010.

The MDBS negotiations began in March 2008 with the final review of the draft PAF, 2008 - 2010. Out of a total of 31 targets contained in the Policy Matrix, 10 were selected

as triggers. The PAF, 2008 - 2010 was finalised in April 2008 and Government's letter of endorsement was sent to implementing MDAs on 10th April 2008.

Also during the first quarter of 2008, Government initiated the process of developing a comprehensive aid policy for the country. The Aid Policy is intended to govern Ghana's aid architecture and relations with development partners. The process was facilitated by the African Centre for economic Transformation (ACET). The MDBS secretariat was tasked to coordinate the formulation of the Aid Policy. To that effect, a working group made up of senior MOFEP officials was constituted to work closely with ACET to draft the Aid Policy. In May 2008, a workshop was held in collaboration with ACET to formulate a draft Aid Policy. Representatives from selected MDAs participated in the 5-day workshop. At the end of the workshop, policy recommendations were made based on which ACET submitted a working paper which was reviewed by the core working group.

A draft Aid Policy was subsequently submitted in the 3rd quarter of 2008. The core working group convened to review the draft. Comments have been incorporated and the draft has been completed.

1.2.8 Distribution of the 2007 APR

Copies of the 2007 APR were distributed to the Presidency, Sector Ministers, and Regional Ministers. Other stakeholders including MDAs, MMDAs, Development Partners, High Commissions in Ghana, Ghanaian Embassies abroad, the Media, Universities, other Tertiary Institutions, Civil Society Organizations, Community Based Organizations, Private Sector and other relevant stakeholders in the country were also sent copies of the report. As part of the process of improving the dissemination of the APR and related Publications, the 2007 APR was posted on the NDPC website (www.ndpc.gov.gh).

A popular version of the 2007 APR, which is written in a more simplified format without losing the key messages in the original report, was also prepared and distributed nationwide to ensure that the broad masses of people who could not read and understand the main report because of the technical language, benefit from the information it contains.

1.3 DATA COLLECTION FOR THE PREPARATION OF THE 2008 APR

1.3.1 Data Collection Challenges

The challenges encountered in data collection have not changed significantly from the previous years. To address the problems encountered in previous APR data collection, various stakeholders were invited to be part of the preparatory process for the data collection. In the light of this, weekly meetings were organised to assess progress made on data collection for the preparation of the 2008 APR. The challenges encountered during the data collection process in 2008 include:

- different reporting cycles of MDAs and MMDAs;
- inadequate technical and financial resources to conduct monitoring and evaluation activities at all levels and/or to undertake regular and systematic studies;
- inconsistencies in data collected from the MDAs for the same variables for the same period;
- data for certain indicators do not exist at the MDAs since relevant institutions have no mechanism to track such indicators, and where they exist they are only at the development stage;
- incomplete data and non uniformity in the units of measurement for some indicators in the 2007 District APRs;
- general delays due to internal data vetting procedures for purposes of validity and consistency;
- delay in providing the requisite data by MDAs due to lack of effective mechanism to generate information on regular basis;
- general delay in obtaining data due to the change in government; and
- bureaucracy in the release of information or data especially from the security agencies including Ghana Police Service, and the Electoral Commission.

1.3.2 Reporting Cycle of Selected MDAs

Data required for the preparation of the 2008 APR were obtained mainly from MDAs and MMDAs. Table 1.1 below presents the reporting cycles of selected MDAs.

Table 1.1: Reporting Cycle among Selected MDAs

Macroeconomics

MDA	ANNUAL REPORTING PERIOD	DOCUMENTS PROVIDED
Ministry Finance and Economic Planning	End of March	Annual Report
Bank of Ghana	End of March	Annual Report
Ghana Statistical Service	April	Annual Report
Controller and Accountants General Department	February/March	Annual Report
Revenue Agency Governing Board	March	Annual Report

Private Sector Competitiveness

MDA	ANNUAL REPORTING PERIOD	DOCUMENTS PROVIDED
Ministry of Aviation	Quarterly – but not consistent Annual report - end of March	Annual performance report - 2008
Ministry of Communications	February	Annual report - 2008
Ministry of Energy	February	Information on selected indicators
Ministry of Harbour and Railways	February	Information on selected indicators
Ministry of Road Transport	April	Annual Performance report-2008
Ministry of Food and Agriculture	March	Annual Report
Ministry of Lands, Forestry and Mines (MLFM)	March	Information on selected indicators
Ministry of Trade and Industry	Quarterly Annual – mid March	Briefing note, trade sector support programme 1 st – 3 rd reports - 2008
Ministry of Tourism	February	Performance report - 2008

MDA	ANNUAL REPORTING PERIOD	DOCUMENTS PROVIDED
Ministry of Fisheries	February	Achievement of the directorate - 2008
Ministry of Manpower, Youth and Ministry of Employment	March	Information on selected indicators
Ministry of Chieftaincy and Culture	March	Write up on actions taken in 2008 with respect to the music and film industry
EPA	March	Progress Report 2008

Governance and Civic Responsibility

MDA	ANNUAL REPORTING PERIOD	DOCUMENTS PROVIDED
Ministry of Justice and Attorney General's Department	March	Briefing on 2008 activities
Ministry of Chieftaincy & Culture	March	Write-up on action s taken in 2008
Ministry of Information	March	Annual Report
Ministry of Local Gov't	March	Annual Report
Ministry of Foreign Affairs	February/March	
DOVVSU	January	Annual Report
Office of Parliament	March	
IDEG	March	Briefing on 2008 activities
Ghana Police Service	April	Data on Crime Rate
Electoral Commission	April	Briefing on 2008 activities
EU Delegation	March	
National Media Commission	March	Annual Report
Internal Audit Agency	March	Annual Report

Human Resource

MDA	ANNUAL REPORTING PERIOD	DOCUMENTS PROVIDED
Ministry Of Education Science And Sports	End of February	Some of the required data
Ministry Of Health	June	Annual Report
Ministry Of Water Resource Works And Housing	February	Slum update write-ups
Ministry Of Women And Children Affairs	March	Annual Report
Ghana Health Service	June	
National Health Insurance Scheme	February	Performance Report
National Population Council	June	All data required(data from Birth and Death is provisional)
Ghana Water Company	April	Indicators
Community Water And Sanitation Agency	March	Up to 3 rd quarter data required
National Malarial Control	June	
Sanitation	End of January	Provisional National data on sanitation

Decentralization

MDA	ANNUAL REPORTING PERIOD	DOCUMENTS PROVIDED
DACF	June	DACF Releases to the Districts
MOFEP	Quarterly Annually-March	HIPC Funds Disbursement
MLGRD	March	Internal Generated Funds
Districts Progress Reports	March	Districts APRs

1.4 SUMMARY OF PROGRESS MADE IN 2008 – GPRS II CORE INDICATORS

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

A total number of 160 indicators were assessed in 2008, compared to 157 in 2007. About 20.6% of the indicators achieved their respective targets, compared to 25.5% in 2007, while 46.9% made steady progress in 2008 compared to 28.7% in 2007. The number of indicators which did not achieve their targets reduced from 39.6% in 2006 to 33.1% in 2007 and further to 25.6% in 2008, and the number of indicators without data reduced from 28.9% in 2006 to 12.7% in 2007 and then to 6.9% in 2008 (Figures 1.1a & 1.1b) . This reflects continued improvement in the monitoring and evaluation system to generate the relevant data needed to assess progress towards the implementation of the GPRS II.

The overall progress in 2008 based on the assessment of the indicators can be described as steady as most of the indicators recorded a steady progress in 2008 compared to 2007. The highest decline in the performance of the indicators was recorded in the Macroeconomic and Economic Governance thematic area. Progress in the key thematic areas is presented in Table 1.2 below:

Table 1.2: Summary of Progress made on Indicators in 2008

Thematic Area	Not Achieved	Steady Progress	Target Achieved	Inadequate Data	Total	Percentage of Targets Achieved/ Steady Progress (%)	
						2007	2008
Macroeconomic & Economic Governance	9	5	6	0	20	76.5	55.0
Private Sector Competitiveness	20	40	15	6	81	47.6	67.9
Human Resource Development	10	13	4	1	28	39.1	60.7
Good Governance & Civic Responsibility	2	17	8	4	31	69.7	80.6
TOTAL	41	75	33	11	160	60.5	67.5

Figure 1.1a: Summary of Indicator Achievement, 2007 & 2008

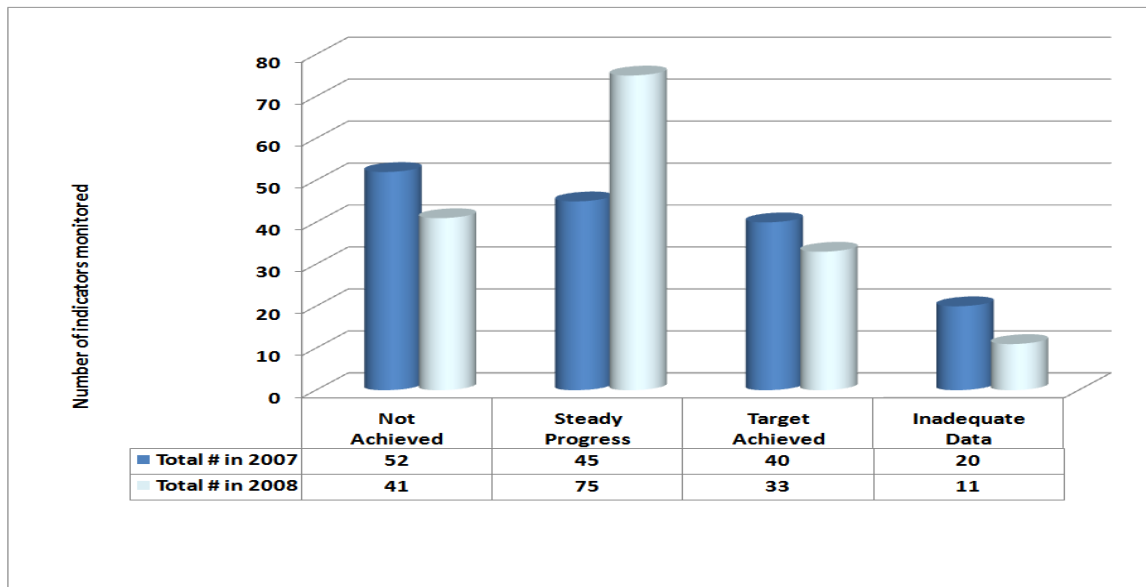
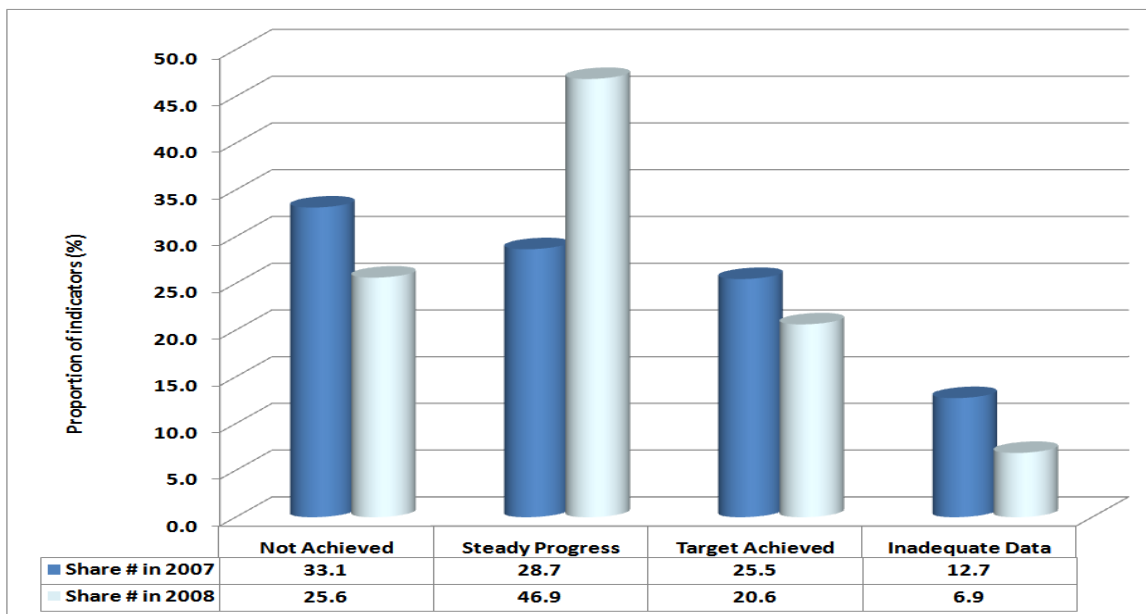


Figure 1.1b: Summary of Indicator Achievement, 2007 & 2008 (Percent)



CHAPTER TWO

MACROECONOMIC PERFORMANCE AND ECONOMIC GOVERNANCE

2.1 INTRODUCTION

The long term goal of the GPRS II was to raise the per capita income of the average Ghanaian to that of a middle income country. In setting the economic growth targets that underlie the GPRS II the important consideration was to ensure that the nation developed at a rate that would allow the majority of Ghanaians to continue enjoy better standard of living in terms of their access to better food, housing, clothing, water, education, health, transport facilities.

Middle income countries are characterized not only by the relatively high value of their production, but also the following attributes:

- achieved international competitiveness in one or multiple aspects of the global trade in industrial or service products
- supported by a significant level of “scientific autonomy” which is reflected in their application of science and technology in their production processes and their ownership of intellectual property
- attainment of critical mass in economic propulsion, with high rates of domestic savings and investments, and the ability to tap into the worldwide pools of equity and loan capital

According to the 2008 Budget Statement, Government’s policies for the medium term are designed to:

- raise the 2008 GDP growth rate of 6.3% to 8% by end 2009, and maintain it at that level over the medium-term;
- achieve an inflation target of 5% by 2009;
- and preserve relative exchange rate stability, in a stable macroeconomic environment;
- pursuit continued consolidation of public finances that would hold the overall fiscal deficit down to an average of 4 % of GDP; and
- maintain the gross public domestic and external debt below 60 % of GDP.

These are the objectives that informed the growth and governance targets set forth in the 2008 Budget Statement.

2.2 TRENDS IN SELECTED MACROECONOMIC AND ECONOMIC GOVERNANCE INDICATORS

Developments in the world economy in 2008 have been described by the Bank of Ghana's Monetary Policy as "unusual and unprecedented". In the year under review, there was the global food and crude oil crisis which threatened macroeconomic stability particularly in emerging markets and developing countries. This was compounded by the global financial crisis which started in the United States of America and spread to major advanced economies.

Since the last quarter of 2008 the effects have been felt throughout the world, including developing countries, Ghana being no exception.

2.2.1 Real GDP Growth Rate

The West African Monetary Institute (WAMI) indicates that the weighted average real GDP growth rate for the region was 6.7% which was 0.6% above the 2007 growth. Real GDP growth remained strong, on the back of robust performance in the agricultural sectors of member countries.

In the 2008 Budget Statement and Economic Policy of the Government of Ghana, the target set for growth in real GDP was at least 7.0%. This seemed like a realistic target on the back of an average growth in real GDP of about 6.3% in the previous two years. Developments in macroeconomic performance indicators show estimates of GDP growth of 7.27% for 2008. This is well above the GPRS II target of 6.06% for the year 2008.

Table 2.1: Selected Macroeconomic and Economic Governance Indicators

Indicator	GRRS Target for 2008	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target in 2008
1. Per capita GDP (in US\$)	624.36	491.73	570.1	654.0	712.25	Target exceeded
2. Nominal GDP (million US\$)	14,360.2	10,709.82	12,729.89	14,943.90	16,652.41	
3. Population (in million)	23.00	21.78	22.33	22.85	23.38	
4. Real GDP growth rate (%)	6.06	5.9	6.4	5.7	7.3	Target Exceeded
5. Real sectoral growth rate (in %)						
- Broad Agriculture	5.18	4.1	4.5	2.1	5.1	Target not achieved
- Broad Industry	6.06	7.7	9.5	5.1	8.1	Target exceeded
- Broad Services	5.99	6.9	6.7	10.1	9.3	Target exceeded
6. Percentage contribution of sub-sectors to GDP (in %)						
- Broad Agriculture	32.7	32.7	35.4	34.3	33.5	Target not achieved
- Broad Industry	29.0	29.0	25.9	25.7	25.9	Target not achieved
- Broad Services	30.6	30.6	30.0	31.2	31.8	Target exceeded
7. Inflation:						
- End of Year	<10%	14.8%	10.9%	12.75%	18.1%	Target not achieved
- Annual Average		14.4%	10.5%	10.73%	16.5%	
8. Nominal Exchange Rate Depreciation (Ghana Cedi/US\$)	0.4	-0.9	-1.1	4.8	20.1	Target not achieved
9. Interest Rate (%):						

Indicator	GRRS Target for 2008	Indicator Level at 2005	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target in 2008
- Bank of Ghana Prime Rate - Demand Deposits (Annual Av.) - Savings Deposits (annual Av.) - Lending Rates (Annual Av.) - 91-Day Bills (Annual Av.)	N/A	15.50 7.13 6.38 26.00 11.60	12.50 7.13 4.75 24.25 10.70	13.5 7.13 4.55 24.3 10.19	17.0 3.88 9.0 27.25 24.67	Steady progress
10. Total Foreign Remittance: - Value (US\$m) - As a percentage of GDP	- -	- 14.5	1,644.58 13.1	1,833.81 12.5	1,921.02 11.6	Steady progress
11. Gross international reserve: - Equivalent of months of imports of goods and services - In value terms (US\$ mil)	≥3months	3.8 1854.89	3.0 2266.7	3.2 2836.7	1.8 2,036.22	Target not achieved
12a. Gross Domestic Debt: - In million GH¢ - As % of GDP 12b. Gross External Debt - In million US\$ - As % of GDP 12c. External Debt Service as % of GDP	- - - - -	1,997.35 17.9 6,347.80 59.2 5.81	3,133.31 24.8 2,176.5 17.1 3.17	3,708.2 26.5 3,590.4 23.9 -	4,778.1 27.1 3,982.6 24.8 4.2	Slow progress
13a. Domestic Revenue (excl. grants): - In million GH¢ - As % of GDP 13b. Tax Revenue as % of Total Receipts	4,763.23 29.2 -	- 23.9 -	2,556.91 22.7 -	3,651.0 26.1 -	4,299.5 25.0 45.1%	Steady progress
14a. Discretionary Payments: - In million GH¢ - As % of Total Payments 14b. Total payments as % of GDP	5,378.238 - 43.6	- - -	3,083.04 71.2 37.7	4,348.2 71.5 40.2	7,171.9 75.27 46.5	Significant progress
15a. Budget deficit (excl. divestiture)/GDP (%) 15b. Overall Deficits as % of GDP	5.7 4.0	2.7 7.2	4.9 7.7	9.3 8.1	14.9 11.5	Target not achieved
16. BOG financing of Deficits/ Domestic Revenue (excl. grants)	≤10%	-8.79	-0.8	-	4.49	Target achieved
17a. Total Merchandise Exports (in million US\$) 17b. Total Merchandise Imports (in million US\$) 17c. Oil imports as % of Total Imports	4,973.66 8,633.63 -	2,802.2 5,347.3 21.1	3,726.7 6,753.7 24.4	4,172.1 5,275.3 26.0	8,066.1 10,260.9 22.9	Target not achieved
18. Overall Balance of Payments (in million US\$)	834.07	84.54	415.2	413.1	(940.7)	Target not achieved

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

Growth in 2008 was anchored by the substantial growth in the Industrial sector which recorded 8.09% growth, fueled by the Electricity and Water sub-sector which turned a negative growth of 17.2% in 2007 into a 19.4% growth. This was supported by an expansion in the Construction sub-sector with a 12% growth, which however was lower than the 15% growth achieved in the year 2007. The Mining and Quarrying sub-sector underperformed, recording only a 2.1% growth in 2008 compared to the 13.9% growth achieved in 2007. The average export price of gold fell by 8.6% from US\$858.37 per ounce in the third quarter to US\$784.26 per ounce in the last quarter of 2008. It must be stated however that the Manufacturing and Electricity/Water sub-sectors performed above the budget expectations while the Mining/Quarrying and Construction sectors performed below expectations.

The Industrial sector however remains the smallest of the three sub-sectors of the economy. It accounted for 25.89% of GDP in 2008, up marginally from 25.7%. Construction remains an increasing proportion of industrial sector output, accounting for 9.7% of GDP, while Manufacturing share of GDP continued to decline, from 8.8% in 2006 to 8.09% in 2007, and then to 7.9% in the year under review.

The Agriculture sector, the largest among the three sectors in the national accounts grew by 5.14% against a target of 5.0%. This is however below the GPRS II target of 5.18% for 2008. This was because three out of the four sub-sectors achieved growth rates in 2008 which were below the GPRS II targets.

Within the Agriculture sector, value addition from the crop and livestock sub-sectors exceeded the budget target of 5.5% growth with a growth of 5.82%, even though this was below the GPRS II target of 6.92%.

The cocoa production and marketing sub-sector recorded a growth of 5.0% against a budget target of 4.0% and GPRS II target of 2.75%. This was on account of the average realized price of cocoa beans exports increasing from US\$2,030.60 per tonne in the third quarter of 2008 to US\$2,379.8 per tonne for the last quarter of 2008. This led to the exports of beans and cocoa products recording an annual growth of 32.6%, and amounting to US\$1,501.7 million in 2008. It must be noted that growth in this sub-sector has consistently been above the GPRS II targets. Forestry and logging grew by 3.5%, better than the budget target of 3% but well below the GPRS II target of 6.1%. The fishing subsector underperformed in relation to both the GPRS II target and the Budget expectations. The sub-sector grew by 3%, against the respective targets of 4.9% and 5% in 2007 and 2008 (Table 2.2).

Crops and Livestock remain the largest sub-sector of the Agriculture sector, accounting for 22.28% of GDP, even if this is a declining share of overall output. As a share of GDP, it has declined from 23.15% in 2006 and 22.58% in 2007. Fishing remains the second largest sub-sector in the Agriculture sector whilst Forestry and Logging is the smallest, accounting for only 3.0 percent of GDP in 2008, down from 3.42 percent in 2006 and 3.32% in 2007.

Table 2.2: Percentage Sectoral Growth Rates (2006 – 2008)

Indicator	2006 GPRS Target	2006 Budget	2006 Actual	2007 GPRS Target	2007 Budget	2007 Actual	2008 GPRS Target	2008 Budget	2008 Actual
GDP	6.11	6.0	6.43	5.83	6.5	5.70	6.06	7.0	7.27
AGRICULTURE	5.24	6.2	4.53	6.71	6.1	2.46	5.18	5.0	5.14
Crops and Livestock	6.11	6.2	3.50	5.83	6.6	3.10	6.92	5.5	5.82
Cocoa	2.99	12.2	2.00	2.62	6.0	-3.50	2.75	4.0	5.00
Forestry and Logging	3.86	5.6	2.60	4.85	4.0	2.50	6.06	3.0	3.50
Fishing	3.9	3.6	15.00	4.71	5.0	5.00	4.92	5.0	3.00
INDUSTRY	6.11	6.4	9.50	5.83	7.7	5.06	6.06	9.8	8.09
Mining & Quarrying	3.22	6.3	13.30	4.84	6.0	13.89	4.66	7.9	2.11
Manufacturing	5.53	5.0	4.20	6.53	5.5	-2.30	7.11	4.0	4.53
Electricity and Water	6.11	4.0	24.20	5.83	10.0	-17.20	6.06	22.1	19.42

Indicator	2006 GPRS Target	2006 Budget	2006 Actual	2007 GPRS Target	2007 Budget	2007 Actual	2008 GPRS Target	2008 Budget	2008 Actual
Construction	6.11	7.5	8.20	7.19	10.0	15.00	7.40	13.0	12.00
SERVICES	5.75	5.5	6.73	5.90	6.7	10.05	5.99	7.3	9.25
Transport, Storage & Communication	6.11	6.0	7.20	5.83	6.0	9.80	5.47	8.0	8.93
Wholesale & Retail Trade	6.11	6.2	7.50	5.83	7.0	10.60	6.06	10.0	10.16
Finance & Insurance	6.06	5.7	9.00	5.83	10.0	14.40	5.81	13.0	9.63
Government Services	5.13	5.0	5.70	5.83	6.0	9.20	5.57	2.7	9.70
Community, Social & Personal Services	5.54	4.2	4.21	5.83	5.0	5.00	5.72	6.0	4.50
Producers of private Non-profit services	4.92	3.8	4.00	5.59	5.0	5.00	5.09	6.0	5.00

Sources: Ghana Statistical Service, 2006-7 Annual Progress Report/ 2005-2008 Budget Statements

The Services Sector grew by 9.3% compared to 10.1% in 2007. This was the result of a less-than-expected growth in wholesale and retail trade and community, social and personal service; and producers of private non-profit services. Growth rate of all the sub-sectors declined, except Government Services which gained half of a percentage point.

Within the sub-sectors, transport, storage and communication grew by 8.9%, indicating 0.93% increase over the budget target of 8.0%. Growth in Wholesale and Retail Trade declined from the 2007 figure of 10.6% to 10.2%. Growth in Government Services was 9.7%, well above the budgeted figure of 2.7%, and significantly higher than the 5.6% growth anticipated by the GPRS II for the year 2008.

Finance and Insurance sub-sector continues to show strong growth, achieving a growth rate of 9.63%; even if it was still below the budget target of 13%. The sub-sector has seen consistently increasing growth from 9% in 2006 to 14.4% in 2007, and 9.63% in 2008. The banking sub-sector recorded strong asset growth and improved profitability during the year. According to the Bank of Ghana, all the financial soundness indicators, measured in terms of earnings, liquidity, and capital adequacy remained strong. The banks also built up an increasingly diversified loan portfolio.

Community, Social & Personal Services sub-sector grew by 4.5 percent, compared to a budget target of 6.0% and a GPRS II target of 5.72%. Producers of private Non-profit services also experienced only a 5.5 percent growth as against a budget estimate of 6.0 percent growth.

2.2.2 Trends in Inflation

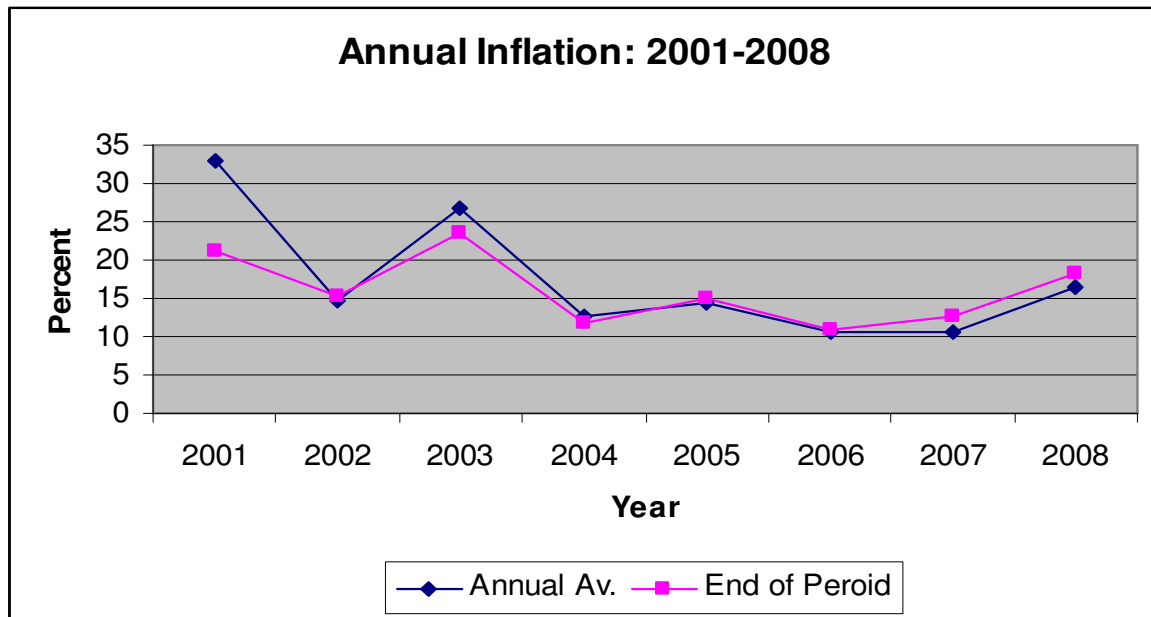
High food prices, which worsened in 2008, and the record high price of oil during the first half of 2008 ensured that global inflation soared in 2008. In advanced economies, inflation rate increased from 2.1 % in 2007 to a projected rate of 3.5 % in 2008. On the average, inflation rate increased from 6.4 % in 2007 to a projected rate of 9.2 % in 2008, in developing economies. Starting the year with about US\$90 per barrel as the average price in January 2008 international price of crude oil continued to soar till it hit a record high of US\$147 per barrel in July.

In Ghana, inflationary pressures built up rapidly in the first half of 2008, reflecting the impact of higher international food and crude oil prices on the domestic market. Inflationary pressures softened on the back of good food harvests and falling crude oil prices in the third quarter of the year, but firmed up slightly in November and December 2008, on account of increased private and public spending.

The 2008 National Budget set a target for end period inflation rate of between 6.0% and 8.0%; and an average inflation of 7.0%. Headline inflation measured as year-on-year changes in the consumer price index increased from 12.8% in January 2008 to 18.1% in December 2008, after peaking at 18.4% in June 2008. Food inflation increased significantly from 10.6% at the beginning of the year to 16.7% at the end of 2008, peaking at 17.7% in June 2008. Similarly, non-food inflation also increased from 14.4% to 19.1% over the same period.

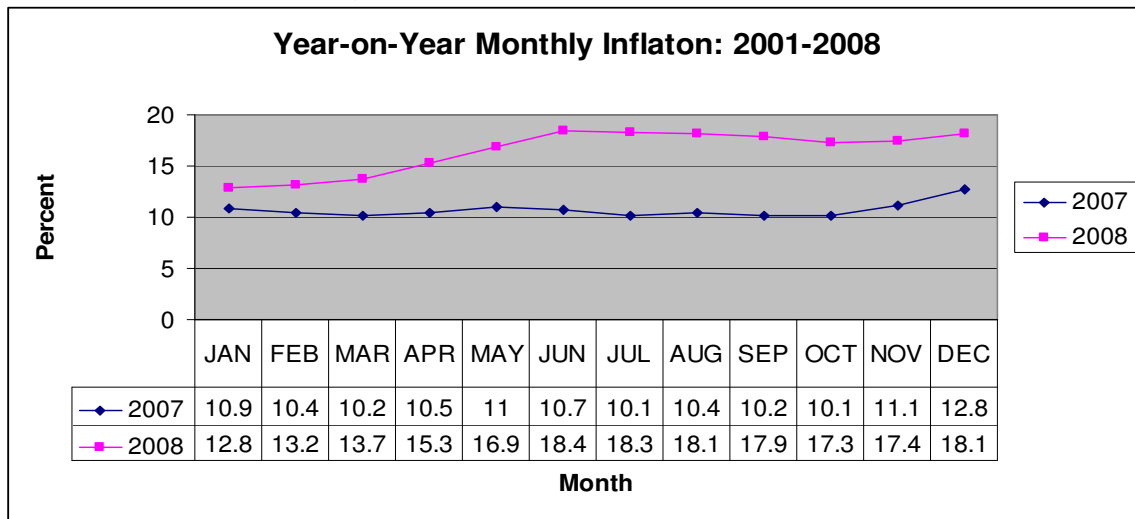
The food and beverages sub-sector contributed 46.7% towards the upward movements in the national index while the non-food inflation contributed 53.3%. Monthly changes in inflation registered an average increase of 1.4% in 2008, higher than the 1.0% average increase in 2007.

Figure 2.1: Annual Rate of Inflation (2001 – 2008)



Monthly inflation in 2008 continued from the 2007 peak of 12.8% achieved in December by recording 12.8% in January 2008 and maintained an upward trend ending the year at 18.1%.

Figure 2.2: Year-on-Year Inflation, 2008

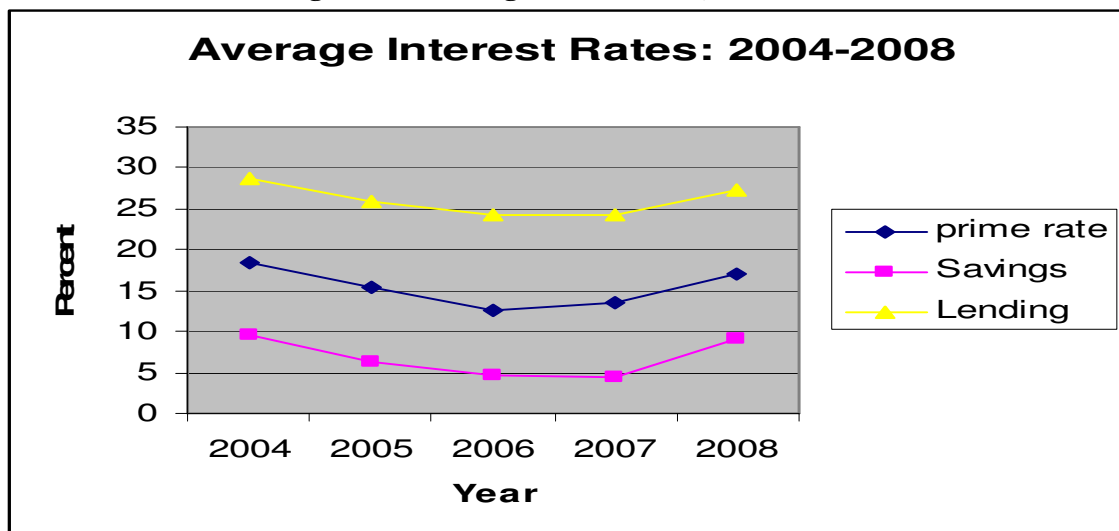


2.2.3 Interest Rates

Interest rates in Ghana followed the general trend in the WAMZ, moving upwards in 2008. The Prime Rate was increased on three occasions from 13.5% at the beginning of the year to 14.25% in March, 16.0% in May and to 17% in July. The decision to raise the prime rate, according to the Monetary Policy Committee (MPC) of the Bank of Ghana (BOG) was informed by increased risks to price stability.

In response to the prime rate trends, average interest rates on government securities and on the interbank market also went up during the year. The average interest rate of the 91-day Treasury bill increased from 14.1% to 24.8%, while the average interest rate on the 1-year and 2-year fixed rate notes also increased by 7.7% and 8.2% to 20% and 21% respectively. The interbank weighted average rate also gained 7.05% to close the year at 19.03%.

Figure 2.3: Average Interest Rate, 2004 - 2008



Commercial banks' average deposit and lending rates also followed the general trend of increases in rates. Average base rate quotations of the banks were revised upward to 27.2% in the fourth quarter and were in the range of 22.5% - 27.8% in the third quarter of 2008. Banks' average savings deposit, 3-month time deposit and lending rates increased by 4.45%, 7.38% and 3%, respectively, to record 9%, 16.38% and 27.25% at the end of 2008.

2.2.4 Developments in the Fiscal Sector

Fiscal outcomes fell out of projection partly reflecting the fiscal costs of the measures implemented to mitigate the burden of the external shocks experienced during 2008. Provisional fiscal data for 2008 indicate that fiscal policy during the year under review was expansionary. Revenue outcome was robust and were mostly above budget targets; and in line with the strong momentum in economic activity during the year. Budget estimates for expenditure in 2008 were, on the other hand, exceeded by wide margins

i. Domestic Revenue and Expenditure

The fiscal outturn for 2008 indicates that total receipts, comprising domestic revenue, grants and other receipts amounted to GH¢9,538.2 million, equivalent to 55.4% of GDP. The outturn was 34.2% higher than the budget estimate of GH¢7,107.2 million and 56.8% higher than the outturn for 2007.

Domestic revenue, made up of tax and non-tax revenue totaled GH¢4,802.4 million. This amount which was equivalent to 27.9% of GDP was also 0.8% higher than the budget estimate of GH¢4,763.2 million and represents a 31.5% increase over the outturn for 2007.

Total payments for 2008, comprising discretionary and statutory payments, amounted to GH¢9,538.2 million, 34.2% higher than the budget estimate of GH¢7,107.2 million. Total statutory payments which include interest payments, amortization, transfers to households, and statutory funds, amounted to GH¢2,356.5 million, equivalent to 13.7% of GDP, against a budget estimate of GH¢1,728.9 million, equivalent to 10.6% of GDP. The outturn indicates a 36% increase over the outturn for 2007 and a 36.3% increase over the budgeted figures.

Total discretionary payments representing Personnel emoluments (Item 1), Administration expenditure (Item 2), Service expenditure (Item 3), and Total Investment Outlays (Item 4) amounted to GH¢7,181.8 million, equivalent to 41.7% of GDP, against a budget target of GH¢5,378.2 million, equivalent to 33% of GDP. Thus Government's discretionary payments were 33.5% above the budgeted figures.

ii. Overall Budget Deficit

The 2008 Budget Statement and Economic Policy targeted an overall budget deficit including divestiture of 4.0% of GDP and a deficit excluding divestiture of 5.7% of GDP.

The overall budget deficit excluding divestiture, amounted to GH¢2,557.6 million, equivalent to 14.9% of GDP. This compares with a budget estimate of a deficit of GH¢929.2 million, equivalent to 5.7% of GDP. Adding divestiture receipts, however, reduced the deficit to GH¢1,982.9 million, equivalent to 11.5% of GDP.

The overall budget balance including divestiture, showed a deficit of GH¢1,982.9 million, equivalent to 11.5% of GDP compared with a budgeted deficit of GH¢653.4 million, equivalent to 4.0% of GDP.

The overall budget deficit including divestiture was financed from both domestic and foreign sources. Net Domestic Financing of the budget amounted to GH¢1,152.7 million, equivalent to 6.7% of GDP (and 14.3% of money stock), while financing from foreign sources totaled GH¢830.2 million, equivalent to 4.8% of GDP. Of this amount GH¢581.9 million, equivalent to 3.4% of GDP was a drawdown on the receipts from the sovereign bond issued in 2007 on the international capital markets.

2.2.5 Developments in the External Sector

External sector performance in the West African sub-region was mixed, to the extent that although most countries recorded marked growth in gross external reserves, the steep rise in import prices led to the decline in reserves in terms of months of import cover. The Ghana Cedi lost ground against all the major currencies from the second quarter, partly as a result of re-alignments of the major international currencies, a surge in demand for foreign exchange to meet higher oil bills and food prices, servicing of external debts, and high expenditures on infrastructural development.

i. Exchange Rate:

On the inter-bank market, the Ghana Cedi was steady during the first quarter. However in the second quarter, it weakened sharply and by the end of the first half it had depreciated by 6%, 4.6% and 11.7% against the US Dollar, the Pound Sterling and the Euro, respectively.

The foreign exchange market continued to be active in the third and fourth quarters of the year, in terms of re-alignments of exchange rates both on the domestic and international markets. The Ghana Cedi continued to depreciate against the US Dollar and the Euro but traded strongly against the Pound Sterling in the second half of the year. On an annual basis, the Ghana Cedi depreciated by 20.1% and 16.3% against the US Dollar and the Euro, respectively. Against the Pound Sterling it appreciated by 8.1%.

The movement of the Ghana cedi against the US Dollar and the Euro on the forex bureau market was similar to the movement on the inter-bank market. It recorded annual depreciations of 20.6% and 16.1% against the US Dollar and the Euro, respectively, but appreciated by 5.2% against the Pound Sterling.

ii. Balance of Payments

The balance on the financial and capital account was less than enough to finance the deficit on the current account, resulting in an overall balance of payments deficit of US\$940.7 million, equivalent to 6.1% of GDP. In the corresponding period of 2007, the overall balance of payments recorded a surplus of US\$413.1 million, equivalent to 2.8% of GDP.

Total merchandise export earnings which was US\$2,845.6 million at the end of the second quarter of 2008, were provisionally estimated at US\$5,275.33 million at the end of the year, up by 26.4% from the 2007 level. With the exception of minerals, all the principal exports performed well. While minerals increased by 5.1%, cocoa products recorded the highest growth of 66.9% followed by gold, cocoa beans and timber products with 30.2%, 28.9% and 24.1%, respectively.

Total merchandise import which was US\$5,000.8 million at the end of the second quarter rose by 27.2% from US\$8,066.11 million in 2007 to US\$10,260.97 million. This was mainly boosted by a significant growth of 32.5% in non-oil imports. Total oil imports for the period under review is provisionally estimated at US\$2,349.22 million up by 12.1% compared with US\$2,095.00 million in 2007. The bill for petroleum products in 2007 was mainly due to increased consumption of oil products following the electricity load shedding that the country experienced during most part of 2007. The 2008 bill on the other hand, was mainly accounted for by the increase in oil prices on the world market, which reached a high of US\$147 per barrel in July 2008.

There was considerable rise of 32.5% in non-oil imports from US\$5,971.11 in 2007 to US\$7,911.75 in 2008. This was mainly due to increased consumption and continued investment activity within the economy.

Provisional estimates of the current account balance in 2008 indicated a deficit of US\$3,473.47 million, equivalent to 20.87% of the GDP, compared with a deficit of US\$2,151.48 million, equivalent to 14.7% of the GDP in 2007. The deficit was due primarily to widening of the trade deficit that more than offset an improvement in the invisibles (services, income and current transfers) account.

iii. Foreign Reserves

Gross international reserves also fell by US\$800.4 million from a stock of US\$2,836.7 million at the end of 2007 to US\$2,036.2 million, mainly as a result of a drawn down in foreign bond proceeds to finance planned capital investments. The gross international reserves as at end 2008 translates into a cover for 1.8 months of imports for goods and services down from the 3.5 months of import cover in 2005 and 3.2 months of cover in 2007. The substantial decline in foreign reserves as a ratio of import cover for the year is attributable to the 27.2% increase in the import bill accompanied by the draw down in the foreign reserves itself.

iv. External Debt

The stock of external debt at the end of 2007 was US\$3,590.4 million (23.9% of GDP). The amount at the end of the first half of 2008 was US\$3,926.8 million (24.4% of GDP), but increased marginally to US\$3,982.6 million (24.8% of GDP) by the end of December 2008.

By creditor categorizations, multilateral debt continued to dominate, constituting about 49.2% of total external debt despite the substantial debt relief under the Multilateral Debt Relief Initiative (MDRI). Bilateral and commercial debts constitute 27.5% and 23.3%, respectively.

External Debt Service for the year amounted to GH¢694.7 million, against a budget target of GH¢293.2 million and an outturn of GH¢439.0 million recorded in 2007. Principal and interest payments were GH¢497.4 million and GH¢197.3 million, respectively.

Interest rate composition of the external debt is distributed in the proportion of 90.1%, 8.4% and 1.5% for fixed, variable and interest-free rates, respectively. The high proportion of the fixed interest rate is as a result of the high share of multilateral, bilateral and the Euro bond debt which bear fixed interest rates. The variable interest rates mainly emanate from the export credit facilities and commercial loans while interest free facilities are mainly from the Chinese Government and some bilateral creditors.

2.2.6 Domestic Debt Stock and Domestic Debt Service

i. Domestic Debt Stock

In 2008, gross public debt rose by about US\$667.8 million to an end year position of US\$8,073.3 million, which is about 9% increase over the 2007 position of US\$7,405.5 million. The increase in public debt during the year was mainly driven by about US\$392.2 million and US\$275.6 million increase in external and domestic debts, respectively. By end 2008, public debt consisted of 48.6% and 51.4% of external and domestic debts, respectively

Domestic borrowing in 2008 supported the execution of the budget, refinancing of maturing government bills, and the development of the financial market. The total sale of Government of Ghana securities from January to December 2008 amounted to GH¢3,848.27 million, while maturities were GH¢3,012.10 million, resulting in a net borrowing of GH¢836.17 million. For the same period in 2007, a total sale of GH¢3,969.31 million with maturities of GH¢3,107.53 million was done, resulting in a net sale of GH¢861.72 million.

The stock of marketable debt resulting from the issuance of Government of Ghana securities stood at GH¢3,370.70 million as at end December 2008. This constitutes an increase of 34.11% over the 2007 stock of GH¢2,513.46 million. The short term debt

now constitutes about 52.01% of the marketable debt, while the 5-year treasury bond and the Golden Jubilee Savings bonds issues represent about 9.95%.

ii. Domestic Debt Servicing

Provisional figures indicate that interest payment on domestic debt in 2008 amounted to GH¢481.9 million up from the 2007 value of GH¢322.2 million, representing a 49.6% increase from the previous year. This also represents a 36.7% deviation from the budget estimate of GH¢352.3 million.

2.3 TRENDS IN SELECTED POVERTY INDICATORS

Ghana appears to be on track with the first Millennium Development Goal target of halving poverty by 2015. With the good track record of growth and poverty reduction over the period, World Bank staff estimates of the trends in the incidence of poverty indicate that a 5% growth in real GDP annually should see Ghana reducing the overall incidence of poverty to 24% by 2011.

According to the Ghana Statistical Service, national poverty incidence was 28.5% in 2005/2006, down from 39.5% in 1998/99 indicating a decline of 11%. This implies that the proportion of the population living in poverty declined by an average of 1.5% on an annual basis, and represents about 44.9% decline from the 1991/92 level of 51.7%. The survey also indicated that poverty in Ghana fell significantly between 1998/99 and 2005/06 in all localities, except Accra, which recorded a poverty incidence of 11%, up from 4% in 1998/99. The decline in poverty incidence was also not equal across ecological zones.

On the other hand, the proportion of the population living in extreme poverty has declined from 36.5% in 1991/92 to 26.8% in 1998/99, and then to 18.2% in 2005/06. This represents about 50.1% decline in the incidence of extreme poverty over the period 1991/92 to 2005/2006, and makes Ghana the first Sub-Saharan African country to achieve the MDGs target of reducing by halve the proportion of the population in extreme poverty ahead of the target date of 2015. The challenge now for Ghana is to sustain the trend and ensure that people do not fall back into extreme poverty ahead of the 2015 MDGs target date.

2.4 DEVELOPMENTS IN THE MACROECONOMIC AND ECONOMIC POLICY ENVIRONMENT

The section examines specific actions, in terms of policy implementation undertaken during the year in an effort to create the enabling environment for sustained economic growth and poverty reduction. With respect to fiscal policy, the analysis looks at Government's efforts at ensuring improvement in expenditure management including transparency in the use of statutory funds; promoting effective debt management; and

improving fiscal resource mobilization in 2008. Efforts made to improve liquidity management, improve the institutional, legal and regulatory framework of the financial sector and to deepen capital markets are also discussed.

2.4.1 Management of Fiscal Policy

i. Improving Expenditure Management

Ensure Transparency in use of Statutory Funds:

To ensure effective and efficient Public Financial Management at all levels, the Ministry of Finance and Economic Planning organized training programmes for Metropolitan, Municipal and District Budget Officers to enable them prepare Composite Budgets for 2009.

The Ministry in conjunction with the Bank of Ghana and the CAGD also initiated the process of developing a Treasury Single Account with the objective of ensuring prudent and efficient cash management and reducing domestic borrowing.

Procurement Entities (PEs) were assessed by the Public Procurement Authority to ascertain their compliance level with provisions in the Public Procurement Act 2003, (Act 663) and 2000 public officials were trained in the various aspects of public procurement. A contract for the development of a price database for common user items was awarded.

Enforce Budget Controls on State Owned Enterprises (SOEs):

To improve budget implementation and monitoring, the Ministry of Finance and Economic Planning in collaboration with the Office of the President and NDPC developed a harmonized budget implementation monitoring template. This was complemented with training of MDAs in monitoring and cash management planning. Policy review meetings were also organized for all Chief Directors and their Directors of Policy Planning, Monitoring and Evaluation.

In addition the Ministry commenced the implementation of its responsibilities under the Inter-Governmental Fiscal Framework by initiating two studies. These are: the effectiveness and efficiency of the current mechanisms for the transfer of resources to MMDAs; and a review of the existing budget and planning systems at the MMDAs with the objective of harmonizing them with the national system.

ii. Promote Effective Debt Management

The main goal of domestic debt management policy in 2008 was to deepen the money market, and maintain the domestic debt stock at sustainable level.

Monitor the Size of the Domestic Debt:

Government continued to use the domestic-debt-to GDP ratio as the fiscal anchor, and re-affirmed its commitment to monitor the target to ensure that this remains sustainable over the medium to long-term. In the 2008 Budget Statement, the net domestic-debt-to GDP ratio was projected to be 8% in 2008 declining from a projected 12% in 2007. It also estimated that the gross domestic-debt-to GDP ratio will decline from the projected 21.2% in 2007 to about 16% in 2008.

To ensure that this objective is achieved Government in 2008 undertook a Debt Management Performance Assessment (DeMPA) of Ghana's debt management operations. The Ministry of Finance and Economic Planning also conducted a medium term debt sustainability analysis to assess the relative costs and risks of various debt management strategies. The analysis identified desirable debt compositions and corresponding financing strategies consistent with maintaining debt at sustainable levels.

Restructure the Domestic Debt Stock:

The Government's debt strategy in 2008 was geared primarily at the reduction of debt servicing costs; and extending the maturity profile of the debt stock. A key component of the strategy was to shift from the heavy reliance on short term domestic financing to longer term maturity bonds open to non-resident investors. This was to help diversify the investor base in government securities and to avoid bunching up of maturing debt in the short term.

Due to the commodity crisis which triggered high inflation, the shift to longer term securities was unsuccessful as there was strong preference for short term instruments by domestic investors. The financial crunch also discouraged the re-opening, and new issuance of medium term securities to non-resident investors.

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

As part of the HIPC agreement, Government is to apply 20% of HIPC resources to the reduction of the domestic debt stock. However, Government rarely achieves this objective. Out of the GH¢159.43 million HIPC financed expenditures, only GH¢8.27 million, representing 4.9% was spent on the reduction of the domestic debt stock. This is well below the budget target of GH¢31.88 million even though the total amount of HIPC funds actually released was above the planned expenditure.

Table 2.3: Utilization of HIPC Fund in 2008 – Planned Expenditures and Releases

Pillar	Planned (Gh¢ million)	Share (%)	Releases (Gh¢ million)	Share (%)
1. Human Dev't	75.41	47.30	87.43	52.18
2. Private Sector Dev't	40.70	25.53	35.88	21.42
3. Good Governance	11.44	7.18	35.96	21.46
4. Domestic Debt	31.88	20.00	8.27	4.94
Total	159.43	100.0	167.54	100.0

iii. Improve Fiscal Resource Mobilization

Minimize Revenue Leakages in all Collecting Agencies:

In 2008, the Revenue Agencies Governing Board expanded the special tax audit of companies to cover 13 medium and small scale businesses in the informal sector. The reports on the audits have been published. The Customs, Excise and Preventive Services (CEPS) set up Transit Monitoring Units to prevent diversion of goods.

The Ministry of Finance and Economic Planning also provided additional resources to the Preventive Department of CEPS to build up their capacity to combat smuggling activities and prevent revenue leakages. Separate reports were produced on exemptions regime and diplomatic exemptions. As a result, the Ministry began the process of reviewing several aspects of the schedule of reliefs, waivers and exemptions, including diplomatic exemptions.

To improve revenue forecasting, the Tax Policy Unit of MOFEP and the Revenue Agencies, in 2008, initiated work on the development of a macroeconomic model on revenue forecasting.

Review and Revise Existing Taxes, Fees and User Charges:

To broaden the tax base and improve revenue generation, the Communication Service Tax (CST) 2008, (Act 754) was passed by Parliament, effective June 1, 2008. Special CST units were set up by VATS to enhance administration of the tax. To date, 63 CST traders have been identified and notified to charge the tax. Implementation guidelines and return forms have been developed and distributed to CST traders.

Strengthen Revenue Collection Institutions

The programme to re-equip the Communications Department and Laboratory offices at Kotoka International Airport and other stations to improve communication and monitoring activities started in 2008. Evaluation of tenders for supply of equipment was completed and approved by the Entity Tender Committee.

The Internal Revenue Service (IRS) initiated the programme to fully automate its business processes with the engagement of a contractor to build a data centre at the head office. The programme will begin with the automation of all Accra districts on a pilot basis. The Kinbu and Osu district centres have been completed.

To expand access to the GCNet to increase the data analysis and information sharing capabilities, a GCNet Unit was established at IRS. IRS head office is now able to provide information to its district offices to aid tax audit and follow-up actions.

The VAT Service continued the registration of retailers and also intensified public education on the VAT Flat Rate Scheme (VFRS). In all, 14,800 VFRS traders were registered. The Service also organized VFRS seminars for members of the Ghana National Chamber of Commerce and distributed public notices on VFRS to traders. Radio discussions were also held on the scheme. The Service commenced a project to promote the use of Cash Registers by VAT-registered businesses to enhance VAT collection. A contract was awarded for the supply of the cash registers to the traders.

Strengthen MDAs for Improved Non-Tax Collection

Twenty-two MDAs presented proposals to use retained IGFs to leverage funding to improve their logistics and infrastructure base to enhance revenue generation. Work is currently on-going with the affected MDAs in order to ensure that the projects selected are viable and provide value addition to revenue enhancement policy of Government.

The on-site banking programme involving 15 MDAs and 7 banks commenced in March 2008. The guidelines on accounting and reporting under the On-Site Banking and Daily Cash Collection Arrangements were issued to help reduce revenue leakages, resulting in improved revenue lodgments and management in these MDAs.

2.4.2 Monetary Policy

i. Improve Liquidity Management

Broad money (M2+) at the end of December 2008 showed annual growth rate of 40.2%, compared to 35.9% in 2007 and 36.3% in 2006. Foreign currency deposits amounted to GH¢1,816.8 million, compared to GH¢992.9 million in 2007, an increased of 83%.

Credit to the private sector and public institutions by deposit money banks (DMBs) during the year 2008 increased by GH¢1,820.3 million (43.9%), compared with GH¢1,626.7 million (64.6%) in 2007. The private sector accounted for GH¢1,586.2 million (87.1%) of the credit flow, bringing the private sector credit outstanding to GH¢4,884.3 million by the end of 2008.

Enterprises accounted for 77.8% of the increase in credit to the private sector, compared to 69.5% in 2007, while the share of households, mostly in the form of consumer loans, went down to 20.6%, from 28.5% in 2007. Distribution of the annual credit flow

continued to be broad based with the Services sector accounting for 35.9%, Commerce and Finance (19.1%), Manufacturing (10.3%) and Import Trade (6.7%).

Total assets of the banking industry saw a growth of about 37.2%, compared with 50.4% for 2007. Generally, all the banks maintained capital adequacy ratios above statutory required minimum of 10%.

ii. Improve the Institutional, Legal and Regulatory Framework

The Borrowers and Lenders Bill and the Non-Bank Financial Institutions Bill were passed by Parliament on November 7, 2008, for assent by the President.

The two bills are part of a comprehensive set of legislation and financial laws that are aimed at positioning the financial sector to promote and deliver financial services within a modern financial system infrastructure. This is built around a common electronic platform for payments and settlements on real time basis; and is a critical component of the overall growth strategy.

- **The Borrowers and Lenders Bill** will strengthen the regulatory framework of the financial sector; ensure high level disclosure in creditor and borrower relations. It will give clarity to lending conditions and rights and obligations of lenders and borrowers, including respect for contracts and role of collateral.
- **The Non-Bank Financial Institutions Bill** will provide a framework to promote effective prudential regulation and supervision of the wide range of non-bank financial institutions, put all financial institutions essentially on a level regulatory playing field; reduce the scope for regulatory arbitrage, and improve the efficiency of the credit system as a whole; including orderly functioning of microcredit institutions seeking to extend financial services to the non-bank segment of the population.

The following other Bills were also passed into law in 2008:

- National Pension Act, 2008 (Act 766)
- Non-Banking Financial Institutions Act, 2008 (Act 774)
- Home Mortgage Finance Act, 2008 (Act 770)
- Borrowers and Lenders Act, 2008 (Act 773)
- Anti Laundering Act, 2008 (Act 749)
- Anti Laundering Regulations (L.I. 1925)

iii. Deepen the Capital Market

In 2008 Government made progress in the implementation of a Financial Sector Reform Project through the EMCB-FSR Project. Key among the achievements were the:

- completion of the automation of trading on the Ghana Stock Exchange and operationalization of the new Central Securities Depository for equities as well as review of the new Rules Book to include automation and insider trading;

- establishment of four Joint Venture Financing Companies under the Venture Capital Trust Fund namely; Bedrock Activity, Fidelity Equity Fund II, Ghana Growth Fund and Activity venture;
- introduction of the E-Zwich payment system and the licensing of the first Credit Reference Bureau Company

Implement Schemes to Increase Long-Term Savings/Funds:

Due to the commodity crisis in 2008, which triggered high inflation, the shift to longer term securities was unsuccessful as there was strong preference for short term instruments by domestic investors. The financial crunch also discouraged the re-opening, and new issuance, of medium term securities to non-resident investors.

iv. Strengthen the Financial Sector

Facilitate the Development of Database for Credit Management:

Together with the Credit Reporting Act 2008, Act 726 passed during the year, the establishment of a credit reference bureau which is scheduled to begin operations in 2009, should serve to reduce information asymmetry, adverse selection within the credit system, and improve the quality of asset portfolio, reduce the cost of lending and interest rate spreads.

2.4.3 International Trade Policy

i. Improve Import Competitiveness

A number of legal, regulatory and institutional reform programmes were completed by the Ministry of Finance and Economic Planning in 2008. These included a study on Effective Rate of Protection (ERP), preparation for the establishment of Trade Tariff Advisory Board, installation of equipment for the electronic tracking of trucks for Transit Trade, credit to 100 MSME through the BDS funds, and drafting the Competition Bill for submission to Cabinet. The Tariff Advisory Board is expected to be set up in 2009.

The Ghana Standards Board (GSB) intensified its inspection activities at the ports including critically examining over 120,000 imported high risk goods. Additionally, 1,337 health and export certificates were issued to exporters to enhance export competitiveness. About 837 export consignments, factories, fishing vessels and manufacturing establishments were inspected.

ii. Diversify and Increase the Export Base

Promote new areas of Competitive Advantage

As a result of efforts by Ghana Export Promotion Council (GEPC) to improve market access, orders worth over US\$20.0 million were received for medicinal plants and seeds.

The market access programmes undertaken included Rand Show in Johannesburg, South Africa; SIDIM Fair in Montreal, Canada; Vita Foods International 2008 in Geneva, Switzerland; African Fair 2008 in Tokyo, Japan; Joint Agriculture Show in Tehran, Iran during the Ghana-Iran Permanent Joint Commission for Cooperation meeting; and the Royal Agriculture Show 2008 in United Kingdom.

The Ministry also developed and operationalised the Technical Barriers to Trade/Sanitary and Phyto-Sanitary (TBT/SPS) website, a draft Consumer Protection Policy and designed Model Markets for Metropolitan, Municipal and District Assemblies.

Engage Fully in Multilateral Trading Negotiations

Ghana showed its commitment to engaging fully in Multilateral Trade negotiations by successfully hosting the UNCTAD XII Conference to bring to the fore trade and development issues confronting the world.

iii. Institute Mechanism to Manage External Shock

The overall objective for the external sector in 2008 was to build up adequate reserves to cushion the economy from any possible external shocks. This objective of shoring up reserves is in a context of a global economic crisis with potential risks to our sources of foreign exchange, exports, remittances and aid flows. The reserve build up in 2006-2007 served the economy well and allowed it to withstand the oil and food price shocks in 2008 to a large extent. The deterioration in fiscal outcomes observed during the year under review was partly reflecting the fiscal costs of the measures implemented to mitigate the burden of the external shocks, as Government drew down accumulated foreign reserves to manage the shocks.

2.5 SUMMARY OF POLICY RECOMENDATIONS

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

1. The Ministry of Finance and Economic Planning, and the Ministry of Trade and Industries will require improved capacity, institutional strengthening and appropriate negotiation skills to allow them to effectively engage in the several parallel international trade negotiations they are currently involved in.
2. Government should take steps to widen the tax net to cover eligible private and public sector employees, self-employed persons and companies especially in the informal sector.
3. Government should pursue vigorous measures aimed at improving customs valuation and tax examination measures to further strengthen compliance.
4. Government should seek to reduce the extent of deviation of budget expenditure outturns from projections by improving the management and coordination of the budget implementation process.

5. Government should seek to pass the Fiscal Responsibility Act in the light of the significant fiscal slippage that resulted in 2008.
6. There is the need for Government to track the rising Public Debt to ensure that it does not become a source of inflationary pressures.
7. Prudent public sector financial management should be a priority for the Government
8. MOTI should ensure the establishment of the Trade Tariff Advisory Board.
9. Government should also ensure the passage of the Competition Bill in 2009.

Table 2.4: Action taken on 2007 Policy Recommendations

2007 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2008	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: ✓ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
CAGD	1. The Controller and Accountant General's Department should provide training for MDAs on the management of public funds including Internally Generated Funds and Donor Funds.	✓	The MOFEP in conjunction with the Bank of Ghana and the CAGD initiated the process of developing a treasury single account to ensure prudent and effective cash management and reduce domestic cash
	2. The Controller and Accountant General's Department payment system should be aligned to the MOFEP MTEF system which allows expenditure releases to implement the GPRS II to be tracked on a regular basis	✓	The controller and Accountant General's Department undertook a pilot study on Budgeting and public expenditure management Systems(BPEMS) with 8 selected MDAs including ministry of Agriculture, Health, Education etc to obtain reliable and broad-based computerized budget and expenditure system. The project was intended to improve the accuracy and up-to-date information on actual expenditure. This project is on-going and yet to be evaluated
	3. The budget division of MOFEP and CAGD should develop a common and consistent format based on GPRS II thematic and key focus areas to capture releases and actual expenditures. This would improve the quality of data on releases and also minimize deviations and time spent on reconciling data on releases from the two institutions	✓	MOFEP commenced the implementation and monitoring of finance, its responsibilities under the Inter Governmental Fiscal Framework by initiating two studies. These are the effectiveness and efficiency of the current mechanisms for the transfer of resources to District Assemblies; and a review of the existing budget and planning systems at the District Assemblies with the objective of harmonizing them with the national system.
IRS, RAGB	4. Accelerate the process of computerization of the internal revenue service which is still underway	✓	1. Four (4) pilot sites (Kinbu, Osu, Achimota and Legon) are now operating within a local area network environment. A registration and payment software developed by the computer department is running at all 4 sites. PAYE and Withholding tax software, also developed by the computer department, at Kinbu, Osu, Legon and Tema, with Achimota to follow shortly. A vehicle income tax software is additionally being piloted at Achimota 2. A data centre located at the IRS head office is currently under construction and it is about 50% complete. Local area network has been completed in 16 out of the 20 sites identified in Greater-Accra. Development of the integrated tax software is on schedule. The system is expected to go live at the end of March 2009. 3. Initial bids on the PPP project have been rejected due to the high bids that were submitted. The world bank has given no objection to the proposal to reject all the bids that were received on the 30 th October 2008 and to re-bid. Currently re-evaluation is taking place in order to get a new tender in place
	5. The formulation of the strategic plan of the revenue agencies governing board (RAGB) should be accelerated to allow for its implementation	✓	The committee has gathered and analysed its data. The draft report will be made available to stakeholders for discussion by March 31, 2009.

2007 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2008	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: ✓ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
NTRU/ MOFEP	6. The process of reviewing obsolete and unrealistic charges by MDAs should be accelerated	×	Comprehensive action is yet to be taken on this policy recommendation. Review of the road toll, and hotels and restaurant licensing fees begun.
	7. MoFEP should strengthen its internal mechanisms for capturing releases especially the release of statutory funds and link it to GPRS II thematic and key focus areas	×	National Expenditure Tracking System (NETS) developed to facilitate the capturing all sources of public sector funds and expenditure continued to be weak. Parallel arrangement for release of funds continued to exist at MOFEP, and not all fund released from MOFEP goes through the desk officers, making it impossible to keep records of all public sector funds and expenditures.
	8. Desk officers for MDAs at MoFEP must be trained on how to capture and generate all data based on GPRS II thematic and key focus areas for their respective MDAs	×	Plans were made to build the capacity of desk officers for MDAs at MOFEP in the management and analysis of data on the GPRS II but the training could not be implemented due to time constraint and lack of logistical support
	9. GOG must deepen the linkage between spending priorities and the GPRS II costing framework (APRchpt6)	✓	Policy review meetings were organized for Chief Directors and their Directors of Policy, Planning, Monitoring and Evaluation
	10. Development partners must be encouraged by GOG to align their spending priorities to GPRS II costing framework	✓	Suggestions to this effect have been made to DP's at Consultative Group (CG) meeting. There have been some improvement in the spending priorities of DP's but there is more room for improvement
	11. To deepen the alignment process, efforts must be made to expand the total coverage of MMDAs using the composite budgeting format	✓	The Ministry of Finance and Economic Planning organized training programs for MMDAs budget analyst to enable them prepare a composite budget for 2009
BOG	12. The seven financial sector laws that received Presidential assent in 2007 should be operationalized to provide a facilitative framework to strengthen financial market infrastructure	✓	a) Credit Reporting Act (Act726). A credit reference bureau has been licensed by BOG b) Banking Amendment Act 2007, Act 738. Barclays Bank licensed to operate offshore banking services c) Anti-Money Laundering Act 2007, Act 749. There is a collaboration among BOG, MOFEP & National Security to establish a financial intelligence centre to operationalise the Act

CHAPTER THREE

PRIVATE SECTOR COMPETITIVENESS

3.1 INTRODUCTION

The main objective of policies outlined under the Private Sector Competitiveness thematic area of the GPRS II is to achieve accelerated growth through modernized agriculture and agro-based industrial development, led by a vibrant and competitive private sector. The broad areas of policy interventions in this thematic area include:

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

This chapter therefore attempts to review the progress made in 2008 towards achieving the objectives outlined under these broad policy areas.

3.2 STATUS OF SELECTED INDICATORS, AND KEY POLICY MEASURES, AND STRATEGIES IN 2008

The following is the assessment of progress made in 2008 using specific indicators adopted to track progress of implementation, and key policy measures and strategies implemented to bring about the expected change.

3.2.1. Private Sector Development

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

In order to track progress towards the attainment of the objectives outlined in this policy area the following indicators were adopted:

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

Status of Selected Indicators:

The private sector continued to show some measure of resilience in 2008 in the face of severe global food, crude oil and financial crisis. The crisis impacted negatively on the macroeconomic and business environment. Despite missing the macroeconomic targets including inflation, fiscal and current account deficit, economic activity was high as shown by the overall GDP growth, Bank of Ghana's Composite Index of Economic Activity, FDI net inflows, and credit to the private sector.

The real GDP registered a significant growth of 7.3% and the Bank of Ghana's Composite Index of Economic Activity (CIEA) showed a steady growth in economic activity into the fourth quarter of 2008 with a year-on-year growth of 21.1%. Even though the Agricultural sector continued to constitute the bulk of the GDP (about 33.6% in 2008), the major share of the GDP growth of about 9.3% observed in 2008 was attributed to the Services sector, which also led the growth in 2007. The sources of the growth in the Services sector were largely wholesale and retail trade, restaurants and hotels (10.2%), government services (9.7%) and finance, insurance, real estate and business services (9.6%).

Outstanding credit to public and private institutions by deposit money banks rose by 43.9% (Gh¢1.8 billion) at the end of the year, of which private sector credit accounted for 87.1% (Gh¢1.59 billion) of this credit flow. This brings the aggregate private sector credit outstanding to Gh¢4,884.3 million in 2008.

The stock market continued to record significant improvements against the backdrop of tumbling stock prices in major stock exchanges in the world. The GSE All-Share index, which measures the stock market performance and the private sector access to equity capital, showed an increase of 58.1%, driven mainly by growth in Finance (5.7%), Manufacturing (63%) and Food and Beverages (50.6%). Increases in equity prices and additional listings during the year significantly pushed up market capitalization by 44.7% to Gh¢17,895.12 million (US\$14,912.6 million), compared to 0.4% in 2007.

The impact of policy reform measures aimed at improving the environment for doing business recorded mixed results in 2008. The number of days to register a limited liability company which stood at 5 days in 2007 remained at 5 days in 2008, while the number of days spent on resolving commercial disputes reduced to 30 days in 2008 compared to 80 days in 2007. Access to domestic credit by the private sector which stood at 22.5% of GDP in 2007 increased to 29.7% in 2008 (Table 3.1). About 35.9% of the total credit flow went to Services, followed by the Commerce and Finance (19.1%), and Manufacturing (10.3%), while only 6.7% went into import trade.

Indigenous enterprises absorbed nearly 77.8% of total credit flow, while 20.6% went into household consumption.

Table 3.1: Private Sector Development

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Ease of Doing Business ranking	Within the first 55 countries in the world by 2009	94	87(out of 175 countries)	87 out of 181 countries)	Steady progress
2. Complementary Indicator: Composite Index of Economic Activities (CIEA)					
CIEA – Nominal Movement =		285.69%	347.39%	420.63%	Significant progress
CIEA – Year-on-Year growth (Nominal) =		26.8%	24.79%	21.08%	
CIEA – Real Movement =		140.17%	208.00%	228.23%	
CIEA – Year-on-Year growth (Real) =		12.6%	16.63%	9.73%	
3. FDI net inflows (in millions of US\$)	Na	636.01*	970.3*	2,120.41	Significant progress
4. Private fixed investment (as % GDP)	18.5%	17.4%	18.3%	18.7%	Target exceeded
5. Number of days for registering a Limited Liability Company	2	5	5	5	Steady progress
6. The number of days for resolving a commercial disputes	80	90	80	30	
7. Domestic credit to the private sector as a ratio of GDP	19.6% by 2009	18.0%	22.5%	29.7%	Target exceeded

Source: MOTIPPSI/BOG, 2008

*=Revised data

According to the “Doing Business Report” for 2008 issued by the World Bank, the ease of doing business ranking for Ghana remained at 87th in 2008 out of 181 countries assessed, compared to 87th out of 175 in 2007.

Strong investor confidence (both domestic and foreign) in the economy led to an increase in the private fixed investment of 18.7% of GDP in 2008, compared to 18.3% in 2007. FDI net inflows increased from US\$970.3 million in 2007 to US\$2,120.41 million in 2008.

Box 3.1: Overview of FDI in 2008:

Ghana continued to attract significant amount of FDI in 2008. Available estimates from GIPC indicates the following:

- The total new investments for 2008 was Gh¢3.17 billion (US\$3.19), a significant increase of over 160% from Gh¢1.15 billion (US\$1.2 billion) recorded for 2007.
- The total re-investment for 2008 amounted to Gh¢2.1 billion (US\$2.18 billion), a increase of about 102% over the 2007 level of Gh¢1.01 billion (US\$1.08 billion).
- 309 new projects were registered for 2008 with a total estimated value of Gh¢4.83 billion (US\$4.89 billion), a decrease of 14% from 2007 of which a total number of 308 projects registered recorded a total estimated value of Gh¢5.27 billion (US\$5.67 billion).
- A total of 10 liaison offices were registered for the year 2008.
- The total number of jobs expected to be created from the projects registered in 2008 stand at 30,080. This is 87.9% increase over 16,008 jobs recorded for 2007.
- The total equity transfers for 2008 amounted to Gh¢1.02 billion (US\$1.02 billion), an increase of about 550% over the 2007 level of Gh¢144.0 million (US\$154.9million).

However challenges continued to exist in the area of weak capacity and low competencies at the firm level to efficiently take advantage of the emerging

opportunities in the economy. New SME strategy and Industrial policy are currently being developed and the implementation of interventions under these initiatives is expected to address these constraints in order to position the domestic firms to operate competitively at the international and national levels.

Key Policy Measures and Strategies:

The following specific policy measures were pursued by Government in 2008 to support the development of the private sector:

Improve Ghana's Competitiveness in the Global Market

To enhance Ghana's competitiveness in global and regional markets, policy reforms continued to be implemented to lower trade barriers, lower cost of doing business and promote greater efficiency among local entrepreneurs. The following are the major policy interventions pursued in 2008:

i. Trade Policy

The planned activities under the Trade Sector Support Programme (TSSP) continued to be implemented. The highlights of activities include the following:

- *Multilateral Trade*
 - a number of legal, regulatory and institutional reform programmes were completed by MOTIPSD/PSI in 2008. These included a study on Effective Rate of Protection (ERP), installation of equipment for the electronic tracking of trucks for Transit Trade, offering credit to 100 MSME through the BDS funds and drafting of the Competition Bill for submission to Cabinet;
 - MOTIPSD/PSI developed and operationalized the Technical Barriers to Trade/Sanitary and Phyto Sanitary (TBT/SPS) website, a draft Consumer Protection Policy and designed Model Markets for Municipal and District Assemblies;
 - MOTIPSD/PSI successfully facilitated the hosting of UNCTAD XII in Accra;
 - Ghana signed the Interim or Stepping Stone Economic Partnership Agreement (EPA) with the EU.
- *Trade Facilitation*
 - the inter-agency meetings by key institutions involved in trade facilitation which was initiated in 2006 continued in 2008. The membership of the inter-institutional committee (IIC) was recomposed and a number of meetings on the structures for international trade negotiations held;
 - overseas trade office and trade information centres were developed and equipped in Geneva, Brussels and Abuja. In order to develop the Trade negotiations skills of staff and participate effectively in WTO/ECOWAS negotiations, staff received training in negotiation skills.
 - to develop specific negotiating strategies including data analysis, a trade data training programme was designed and implemented in 2008. Data accuracy workshop was organised for key staff;
 - to address gaps in implementation of WTO valuation procedures, a national valuation appeals committee was established, and a gap audit study conducted.

The report of the study was forwarded to CEPS and the implementation road map developed;

- to review current fee structure for goods clearance a sub-regional study covering fees charged in Ghana, Cote d'Ivoire, Togo and Nigeria was completed by MOTIPSD/PSI with harmonisation of fees yet to be done;
 - the design of Customized Doing Business Methodology which began in 2007, as well as the indicator survey on “Trading Across Borders” were completed by MOTIPSD/PSI in 2008;
 - key MDAs and public institutions, Customs Posts, Freight Forwarders, Clearing Agents and Destination Inspection Companies were all connected to the GCNNet to enable them access data on the system for the performance of their statutory functions;
 - import Declaration Form (IDF) can now be obtained online, particularly for clearance through Kotoka International Airport; and
 - electronic transit tracking system is now operational and axle weigh-bridges have also been installed along the Tema-Paga corridor.
- *Import-Export Regime*
 - all the necessary documentation including legislative framework as well as the rules of procedure and the office for the establishment of a Trade and Tariff Advisory Board have been completed .The Board members are yet to be nominated. Meanwhile a draft cabinet memo on the establishment of a Ghana International Trade Commission has been prepared and yet to be sent to cabinet;
 - capacity to administer Trade contingency measures is being strengthened through training; and
 - a template for determining Effective Rate of Protection (ERP) has been created and is in use.
- *Export Trade Support Services*
 - under the market access programmes, Ghana Export Promotion Council (GEPC) established four mango nursery centres at Ho and Nkonya-Kwamekrom in the Volta Region, Kpalo-Salaga in the Northern Region and Ada-Afiadenyingba in Greater Accra Region, involving a total of 120,000 grafted seedlings of export variety exotic mangoes;
 - in order to undertake fundamental best practice review of export promotion services and harmonise with investment promotion, TIPCEE provided a consultant who is helping with the review of the activities of GEPC;
 - under the Export Development Investment Fund (EDIF) an amount of Gh¢42,056,566 was disbursed. Credit facility under this was for 19 projects and grant facilities were for 77 projects;
 - a National Export Support Strategy is under development; and
 - measures are being put in place to open up Trade missions in China, India, South Africa and Burkina Faso between 2009 and 2010.
- *Domestic Trade and Distribution*
 - as part of the efforts to increase the patronage of “made in Ghana” goods, a process to establish a web-based product gallery for made in Ghana products was initiated in 2008;
 - a web based site has been created and in use; and

- a process to develop a made-in-Ghana branding strategy was initiated in 2008 with the advertisement for the expression of interest.

ii. Quality Standards:

Key measures to enhance Ghana's competitiveness in 2008 included the following:

- reviewing quality standards institutional arrangements including labs and regulatory framework (GSB), Standards, Quality Assurance, Accreditation and Metrology (SQAM) review report. Experts were engaged to review Standards, Quality Assurance, Accreditation and Metrology. Report on proposed SQAM infrastructure was completed and is expected to be forwarded to Cabinet for approval in 2009;
- under the Swiss/UNIDO Trade Capacity Building Project of the MOTIPSD/PSI, initiative begun to upgrade key laboratories of standard institutions and regulatory bodies in order to enable them obtain international accreditation;
- quality assurance inspection procedures at the ports were streamlined and RFP prepared, awaiting the final decision of MOTIPSD/PSI entity tender committee;
- to implement barcode system, the Ghana Institute of Packaging initiated a process to implement a bar-coding system in 2008. Also guidelines for food importers was revised, while five guidelines and code of practice were drafted; and
- a nationwide survey of artificial colourants and other additives in locally produced foods and drugs begun and palm oil and coloured powder samples has so far been submitted to the laboratory for analysis. Following this work a two 3-day training programme was organized for 85 stakeholders.

iii. Investment Promotion

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

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

China and India continued to be the major sources of foreign investment. Others include Lebanon, UK, Norway, USA, Canada, Germany, the Netherlands, Nigeria, France, South Africa, Korea, Austria, Bahrain, and Sweden. An overview of the implementation of priority activities in 2008 is as follows:

- a process to develop a well defined strategy to attract FDI for the next three years was initiated with the hiring of an expert to help train GIPC staff on how to attract investment using ICT;
- as part of the on-going review of the Investment Act, an Investment Promotion and Protection Agreement is currently being developed. This is to ensure that new instruments are developed to attract more investors;
- a review of the current investment law was initiated. A draft report has been reviewed by the Parliamentary select committee on Trade, Industry and Tourism and changes are being effected for onward submission to the Attorney-General's office;

- to help decentralize the investment promotion process and promote domestic investment in the Ghanaian economy two regional offices of the GIPC were opened in Kumasi and Tamale; and
- net private capital inflows increased by US\$1,150.36 million to US\$2,211.84 million. The main contributing factor to the increase was a major improvement in divestiture receipts, mainly from the sale of Ghana Telecom, and a significant upward shift in direct investment, which was estimated at US\$ 1,220.41 million compared with an inflow of US\$ 855.38 million for 2007.

Enhance Efficiency and Accessibility of National Markets

i. Macroeconomic Environment

The enhancement of the macroeconomic environment is essential in promoting efficiency of the national market and business growth. The following are the highlights of the major activities undertaken in 2008 to enhance the macroeconomic environment:

- to improve the participation of the private sector in macroeconomic policy formulation and implementation, four stakeholder workshops on the 2008 Budget Statement and Economic Policy were held in Accra and at the regional level;
- extensive pre-budget consultations were also organized, to provide a platform for the private sector to directly make input into the draft 2009 Budget Statement and Economic Policy.

ii. Financial Sector Reforms

Ghana's financial sector has moved from a repressed era to a more liberal environment. Several benefits, which are reminiscent of a liberal financial market have been enjoyed as evidenced by the contribution of the financial liberalization policy to the improved economic growth and development of the Ghanaian economy. Ghana became the first West African Country to enter the International Bond Market, selling a benchmark issue to raise US\$750 million in 2007.

The Bank of Ghana (BoG) has secured the ISO/IEC 27001:2005 certification, which is the world's highest accreditation for information protection and security. The independent assessment was carried out by UK-based Lloyds Register Quality Assurance (LRQA), one of the few companies in the world to perform ISO 27001 audits

The implementation of financial sector reforms embarked upon under the Financial Sector Strategic Plan (FINSSP) continued in 2008. The highlights of some of the key achievements in 2008 are as follows:

- listing of 3 new corporate entities on the Ghana Stock Exchange as a result of the continuous interest in the capital markets;
- about 80% of the banks in Ghana have signed on to have their quotes on the real time dealer screen which is part of the initiative to acquire equipment to support gathering and dissemination of market information;
- a Credit Reference Bill has been passed;
- the banking system has grown rapidly, fuelled by fast credit expansion. Banks now account for about 70 percent of the financial sector; and
- Ghana is rated B+, in the speculative grade category by Standard & Poor.

iii. Public Sector Reform

The activities implemented under the public sector reforms in 2008 continued to focus on the key areas of the reforms, including establishment of client services units, implementation of customer charters, and delivery of the culture change programmes.

Highlights of activities included the following:

- cultural change training programme has so far been developed and consultant recruited to develop training plan and manual. It is expected that public awareness of functions and procedures will be enhanced after the implementation of interventions.
- nine client service units (CSUs) were refurbished in 2008, and advertisement placed for the purchase of equipment and furniture for 30 MDAs and MMDAs. The process to operationalize the complaints software and the development of websites for the CSUs has also been initiated.
- an office space and identification of staff for the establishment of Rapid Response Unit at MPSR was done. It is expected that the implementation of rapid response intervention by the unit will help deliver improvement in service quality within 100 days. Also 72 Charters for MDAs were developed, printed and launched in 2008.

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

To enhance customs clearance procedures, the following initiatives were undertaken in 2008:

- CEPS officers were trained in document verification and compliance procedures as well as commodity classification
- valuation procedures and development of transaction price database was strengthened through the training of valuation officers to take over from Destination Inspection Companies.
- the creation of customer care and complaints unit begun with initial training organised for identified staff. The Tema and KIA collections points have been earmarked for siting of first set of Bureau and Customer Care Offices.

Business Registration Reforms:

The highlights of activities implemented in 2008 under these reforms include the following:

- to ensure effective implementation of the Business Registration and Filing Reform Project, an implementation team, comprising of a Project Manager, Human Resource Management and procurement consultants, was formed.
- to ensure that staff of RGD is equipped with the requisite skills, customer services training was organized for staff in Kumasi, Takoradi and Accra offices, while network administration training held for three IT personnel. Also office procedure manuals have been completed and printed. This is aimed at developing customer friendly front office at the Registrar-General Department (RGD).
- review of 22 types of forms used in business registration was undertaken and it is awaiting final design.
- workshops were organized in selected District Assemblies in the ten regions in Ghana to gather information on business operating permit, building permit process and fee fixing resolution process. Data collated from the workshops have been

analyzed and a composite report submitted to aid policy decision making in respect of licensing fees, taxes, levies, procedural bureaucracies in local tax administration.

- in order to provide a customer friendly and focused services at the regional offices, a customer friendly front office with on-site bank facility has been set at the regional level.

Judicial Service Reforms

The objective of reforming the judicial system in order to make it more responsive to the business community and ensure overall confidence in the judicial system remains paramount. The highlights of interventions implemented in 2008 under this objective include:

- a programme to equip 5 Circuit Courts in Kumasi, Takoradi, Cape Coast, Sunyani and Koforidua, continued in 2008. Minor refurbishment of these courts was undertaken and all equipment for automation delivered to the selected courts.
- following the preparation of a draft ADR process manual and guidelines for use in the commercial court in 2007, about 2,000 copies of the final ADR manual was printed and delivered to the Judicial Service in 2008.
- the Accra Community Centre was refurbished and used as Claims Court. So far 50 mediators have been trained and are now operating at the Commercial Courts.
- training was organized in Judicial Ethics and Anti-corruption for Judges and Magistrates in order to build their capacity to fight corruption, while 65 officers of Commercial and Fast Track Court received training in customer care and corruption practices.

Business Law Reforms

Under this initiative the following interventions were implemented in 2008:

- to build the capacity of Attorneys in business investment law, 40 Attorneys received training in commercial investment law organized by Benneh Law Consult. Three Attorneys are on internship programme with an international law firm to acquaint themselves in energy, telecommunication and consumer protection laws. Forty more Attorneys are currently undergoing similar training in commercial law;
- to undertake reform of intellectual property rights, a three year technical assistance project agreement was signed with Swiss Government in December 2008 for Swiss Intellectual Property Institute to support Ghana in Intellectual Property Rights policy formulation, awareness creation, capacity building and modernization of Intellectual Property offices and laws;
- a process was initiated to prepare corporate insolvency regulation. The drafting of the bill was outsourced to the Ghana Association of Restructuring and Insolvency Advisors. A report is expected to be submitted to a Committee of Experts in 2009 for review;
- to promote competition, national competition policy and instructions was developed, and it is for submission to Cabinet. Also technical assistance and funding was secured for the establishment of competition commission from UNCTAD and PSDS Pooled Fund;
- a draft consumer protection policy was prepared, and EOI for Framework law on Consumer Protection is to be advertised.

Strengthening Firm's Competency and Capacity

Highlights of the activities towards increasing competence and capacity at firm level in 2008 include the following:

- in the area of general business support services, technical and financial proposals in respect of the development of a branding strategy were evaluated for approval by the Entity Tender Committee;
- the National Industry Policy which is expected to provide the framework for industrial development is being developed. Consultants were awarded the contract to prepare a draft Industrial Policy. Four clusters made up of twenty thematic areas were identified. Final policy options papers are being worked on;
- the government has secured a loan facility of US\$118 million for the development of the MSME sector;
- under the District Industrialization Programme, financial support was provided to a number of companies including Ginger project at Atwima Nwabiagya, Hatchery Project at Dormaa Ahenkro, Cassava Project at Damongo and Hohoe, Vegetable Oil Project at Jirapa and Bongo, Agro-processing (plantain chips production) project and Juaboso and Citrus processing at Mankessim. Others include Northern Star Tomato Company at Pwalugu, and Volta Star Textile Company at Juapong;
- the National Board for Small Scale Industries (NBSSI) organized Business Improvement Programmes for 5,600 enterprises and provided advisory and extension services to 10,500 entrepreneurs to enhance their efficiency. Additionally, 80 micro and small enterprises were supported to improve product packaging and quality. Training seminars were organized for over 1,000 students aimed at enhancing their capability to start their own business.

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

The highlights of the activities undertaken in 2008 in this area were as follows:

- in terms of management and coordination of policy relating to the private sector, a PIET/PRIA policy analysis and impact assessments templates have been developed and included in the new cabinet memorandum manual;
- to operationalize PSDS M&E system based on indicators and milestones in work plan, training programme on the use of Microsoft Projects was organized for staff of MOTIPSD/PSI, CEPS, MPSR, RGD, GIPC and the Judicial Service;
- a pilot Management Information System (MIS) was developed and installed at the MOTIPSD/PSI. The MIS is to monitor policies aimed at the development of the private sector, and selected staffs of six MDAs namely, MOTIPSD/PSI, CEPS, GIPC, RGD, Judicial Service and the former Ministry of Public Sector Reform were trained in the use of the software.

3.2.2. Modernized Agriculture

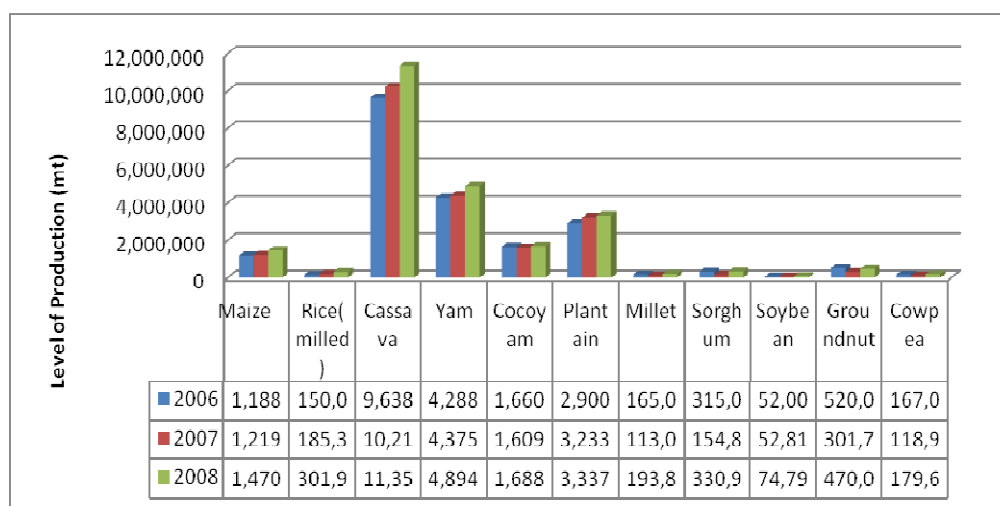
Status of Selected Indicators:

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

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

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

Figure 3.1: Production Levels of Selected Staple Food Crops (2006-2008)



Source: MOFA, 2008

Review of performance in 2008 showed that the contribution of agriculture to the economy of Ghana remains dominant even though its share in total GDP continue to decline from 35.8% in 2006 to 34.3% on 2007 and to 33.6% in 2008. The growth rate which reduced from 4.5% in 2006 to 2.5% in 2007, however increased to 5.1% in 2008.

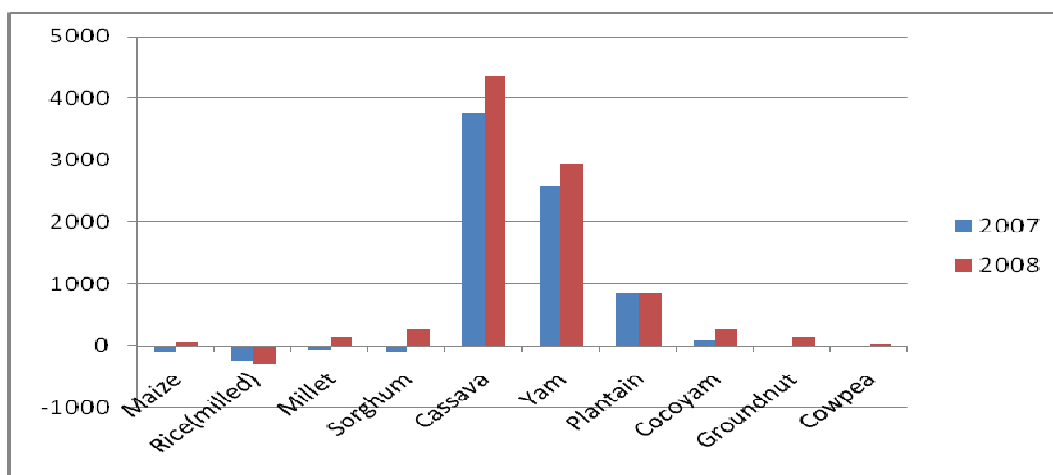
The relatively impressive performance is as a result of the favourable weather and the interventions that were implemented in 2008 to mitigate the effect of the global food crisis, and drought and floods experienced in 2007. The interventions including the introduction of fertilizer subsidies, strategies like one acre demonstrations and special maize programme, largely contributed to increased agricultural production during the year.

Total domestic production of major staple foods recorded a significant increase from 21,547,000 metric tonnes in 2007 to 24,097,000 metric tonnes in 2008 representing 13.4% increase (Figure 3.1).

Total production for human consumption in 2008 of 18,688,000 metric tonnes far exceeded the national consumption needs of 9,863,200 metric tonnes, implying that food security of the country was met. The total surplus recorded for all staples was estimated at 8,794,000 metric tonnes in 2008 as compared to 6,726,000 metric tonnes in 2007. This was accounted for by the improvements in the production of maize,

cassava, yam, millet and groundnut which recorded increases of 20.5%, 11%, 12%, 71.5% and 55.8% respectively (Figure 3.2).

Figure 3.2: Supply and Demand of Key Staples (Deficit/Surplus MT)-2007 – 2008



Source: MOFA, 2008

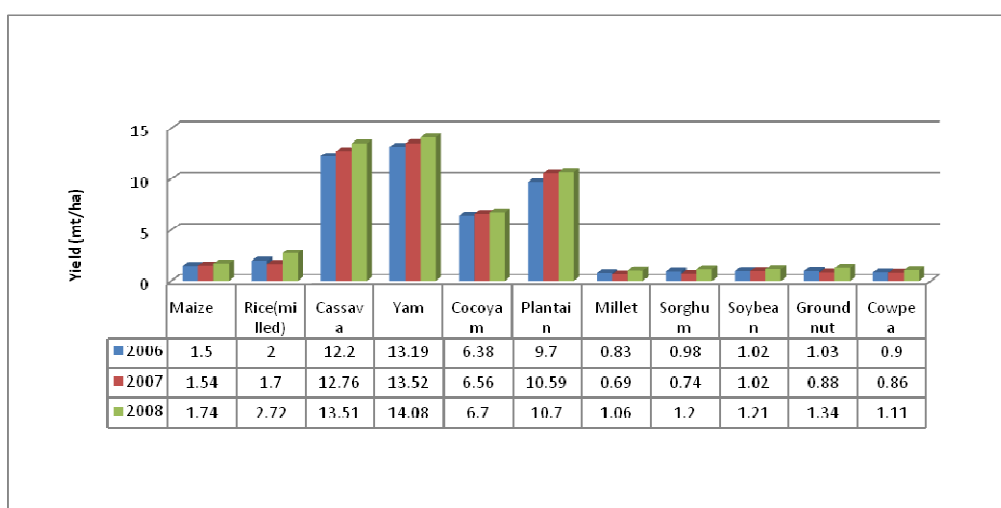
Progress made in specific areas of the GPRS II is as follows:

i. Sustainable Increase in Agricultural Productivity and Output:

The decline in yields of millet, sorghum, groundnut and cowpea observed in 2007 was reversed in 2008 (Figure 3.3 and Table 3.2a). The average increase in yields of these staple crops in 2008 was estimated at 46.7%. The increase in yield of millet was estimated at 53.6%, while those of sorghum, groundnut and cowpea were estimated at 62.2%, 18.6% and 52.3% respectively.

Meanwhile improvements in yields continued to be recorded in maize, rice, cassava, yam, cocoyam and plantain. Yield in maize increased by 13% compared to 6% in 2007, while that of rice increased by 60% compared to 41.7% in 2007. Yields in cassava, yam, cocoyam and plantain increased by 5.9%, 4.1%, 2% and 1% respectively, compare to 6.0%, 2.04%, 2.8% and 9.2% in 2007.

Figure 3.3: Yield Levels of Selected Agricultural Commodities (2006-2008)



Source: MOFA, 2008

On the average the yield of the major staples recorded an increase of 0.41mt/ha instead of the target of 0.77mt/ha envisaged for 2008 (Table 3.2a). The single major increase in yield of 1.02mt/ha was recorded in rice, while the lowest increase of 0.11mt/ha was recorded in plantain. The yields in millet, sorghum, groundnut and cowpea which recorded declines of an average of 0.11 mt/ha in 2007 as a result of the drought and floods that occurred in the northern part of Ghana which is the major producing area of most of these crops, increased by an average of 0.35mt/ha.

Table 3.2a: Productivity of Crops and Livestock

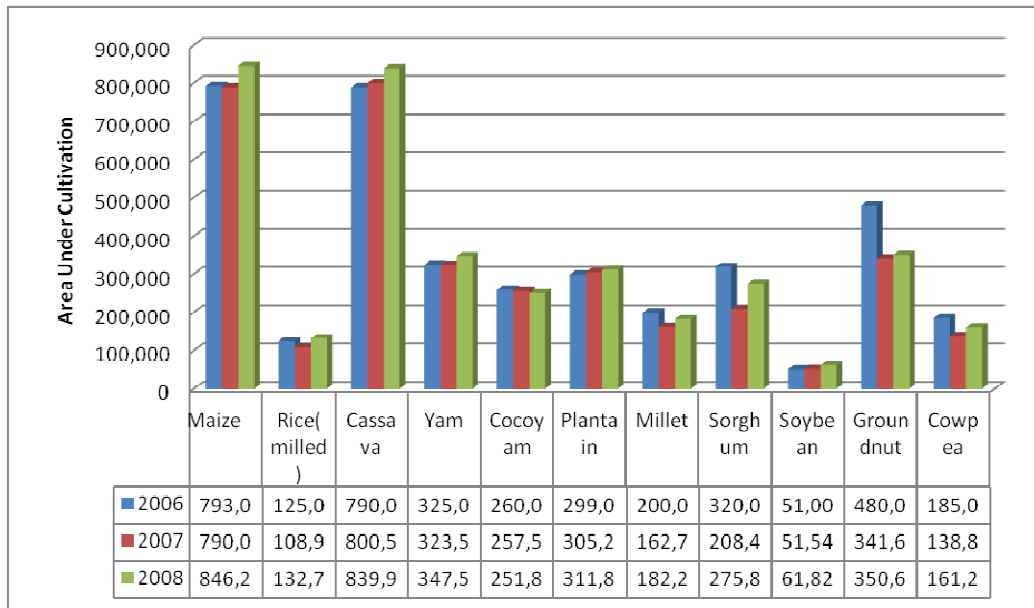
INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Change in yield of selected traditional crops and productivity of livestock.					Steady Progress
Maize	0.47	-0.08	0.06	0.2	The yield of the major staples recorded an increase of 0.41mt/ha instead of the target of 0.77mt/ha envisaged for 2008
Rice(milled)	1.42	0.02	0.50	1.02	
Cassava	0.69	- 0.56	0.63	0.75	
Yam	0.59	0.11	0.33	0.56	
Plantain	0.69	-0.38	0.45	0.14	
Cocoa	Na	0.46	0.58	0.11	
Poultry	0.12	Na	Na	Na	
Sheep	0.09	Na	Na	Na	
Goat	0.05	Na	Na	Na	
Cattle	0.12	Na	Na	Na	
2. Percentage change in export volume and value of non traditional crops.					Slow progress
Pawpaw					Total volume of pawpaw and pineapple exported continued to decline, but a slower rate in 2008, while that of mango and banana continued to increase. With the exception of banana, the total value of export of pawpaw, mango declined in 2008
Volume =(3,751,947Kgs in 2004)	Na	-54.0	-37.56	-18.9	
Value =(US\$1,226,695 in 2004)	Na	-35.0	8.94	-67.2	
Mango					
Volume = (375,911Kgs in 2004)	Na	-52.0	351.45	4.1	
Value =(US\$163,850 in 2004)	Na	-34	1099.6	-47.7	
Pineapple					
Volume = (71,804,617Kgs in 2004)	Na	196	-33.4	-13.2	
Value =(US\$13,316,459.48 in 2004)	Na	33.0	-29.40	-12.1	
Banana					
Volume = (725,365Kgs in 2004)	Na	1,830	17.79	34.0	
Value =(US\$208,938 in 2004)	Na	1,291	-3.54	27.6	

Source: MOFA, 2008

With the exception of cocoyam production, land area under production of the major staple crops was increased in 2008. The land area under these staple crops increased by an average of about 11%, compared to 2007 when land area under cultivation was reduced by about 10%. Sorghum production experienced the largest expansion in land area under cultivation (32%), followed by rice (22%), while groundnut production experienced the least (2%) (Figure 3.4).

Given that yields and land under cultivation of major staple crops were increased, it can be concluded that the increases in overall production observed in 2008 resulted from both land intensification and land expansion, instead of the situation in 2007 when increases in production resulted primarily from land intensification.

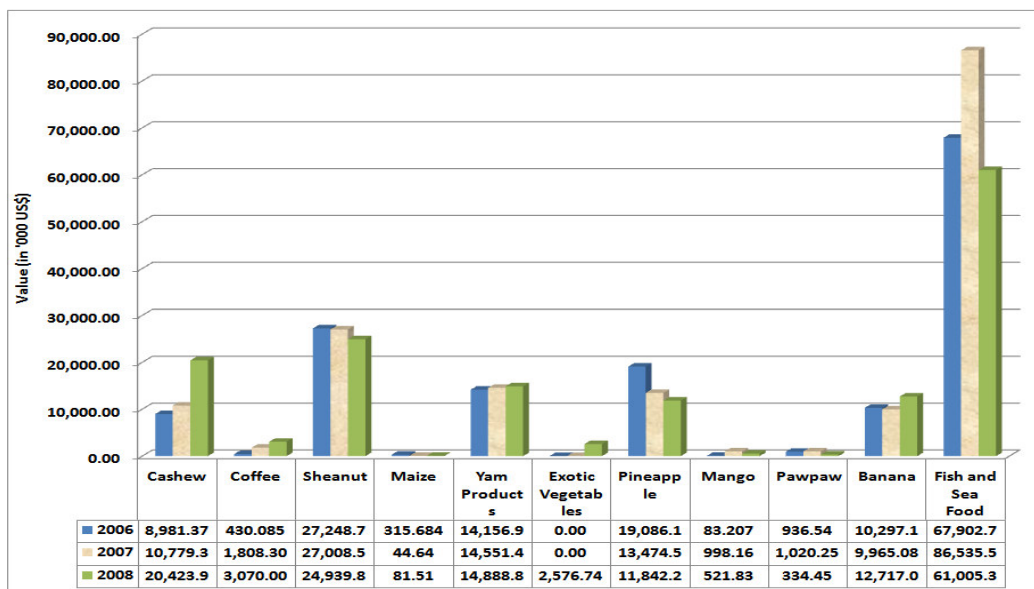
Figure 3.4: Area under Cultivation of Major Staple Crops (2006-2008)



Source: MOFA, 2008

The declining pattern observed in the value and volume of some export crops in 2007 persisted in 2008. Total volume of pawpaw and pineapple exported continued to decline, albeit at a slower rate in 2008, but that of mango and banana continued to increase (Table 3.2a). The values of selected exported crops including pawpaw, pineapple, mango and banana are shown in figure 3.5. Cashew nut and banana recorded the highest increases in 2008, compared to 2007 where cashew nut and fish and seafood recorded the highest increases in value.

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



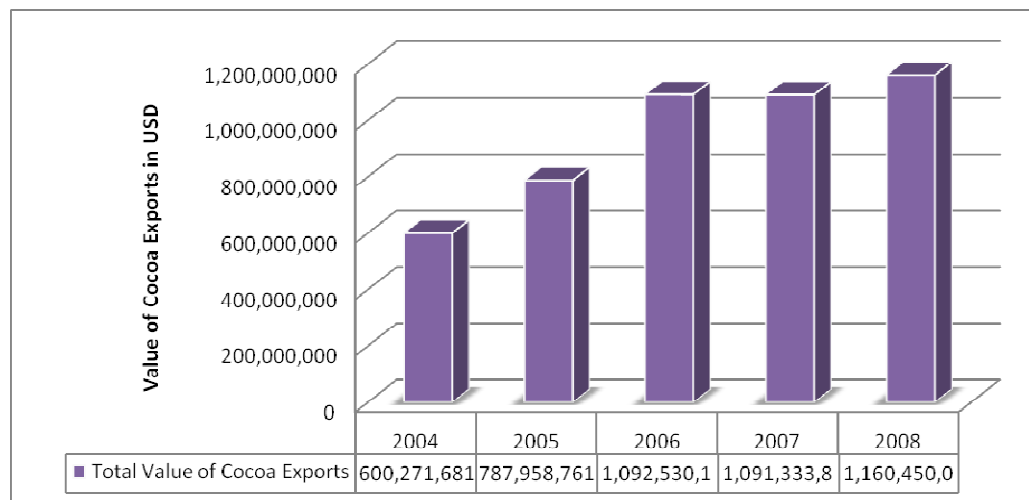
Source: MOFA, 2008

During the 2007/2008 crop season, a total of 680,780.00 metric tonnes of cocoa were declared purchased, representing 10.8% increase over the 2006/2007 level. The

producer price of cocoa during the early part of the 2007/2008 crop season was GH¢950.00 per tonne, representing 70.97% of the net f.o.b. In February, 2008 it was increased to GH¢1,200.00, representing about 74.62% of the net f.o.b price.

To improve on the storage and warehousing of cocoa, a 50,000 metric tonne capacity warehouse complex was commissioned at Tema. Currently the country has the capacity to process nearly 46% of the cocoa production. The current installed domestic processing capacity is about 313,000 metric tonnes and it is envisaged that about 50% of the cocoa production will be processed locally by 2010/2011. The total value of cocoa exported is estimated at US\$1.16 million, representing an increase of about 6% over the 2007 level (Figure 3.6).

Figure 3.6: Total Value of Cocoa Exports (2004-2008)



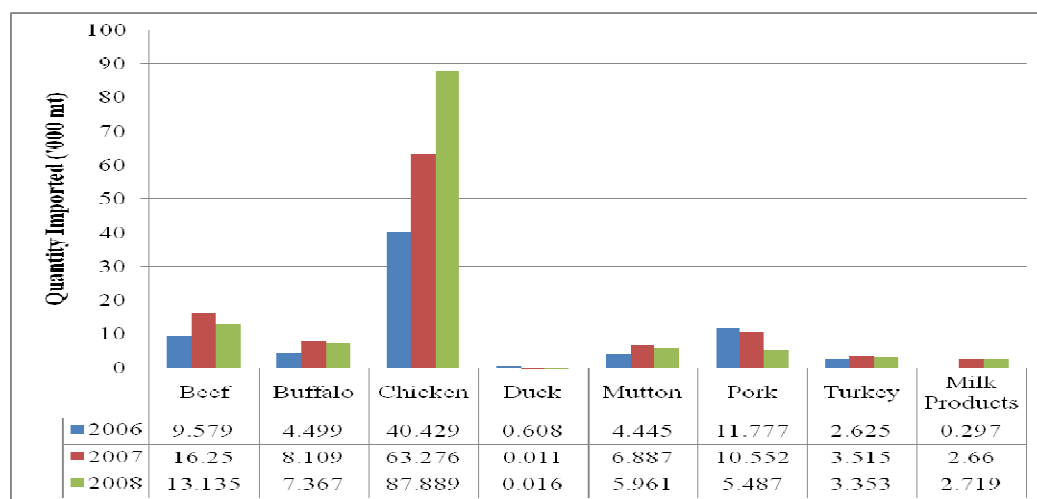
Source: MOFA, 2008

In the livestock subsector, available estimates show that the rate of growth in the production of the various species has increased by an average of 4.5%, compared to 4.2% observed in 2007 (cattle; 1.07%, sheep; 3.2%, goat; 5.0%, and poultry; 8.84%). It is estimated that a total of 1,422,055 cattle, 3,530,472 sheep, 4,405,800 goats and 40,312,159 poultry were raised in 2008, while a total of 3,997 heads of live animals (cattle, sheep and goats) were imported compared to 19,938 heads of live animals imported in 2007. The observed increases in the livestock production have been attributed, in part, to good animal husbandry practices; good housing and high patronage in vaccination due to a free vaccination programme. However, the drastic fall in imported live animals has been attributed to the continuous conflicts and imposition of curfew in several parts of the northern regions including the Bawku area, which represent the entry point for these imports. Most imports (99%) come from the northern neighbours (the Sahelian countries of Burkina Faso, Mali, and Niger) through Upper East and Upper West regions, and most traders were afraid to use the Bawku entry route which is the largest for such imports.

On the other hand, imports of meat and other livestock products have seen a steady increase from 64,948.90 tonnes in 2005 to 125,927.35 tonnes in 2008. Total quantity of meat and other livestock products increased by 13%, from 111,248.75 metric tonnes in 2007 to 125,927.35 metric tonnes in 2008. The quantity of chicken imported has consistently increased from about 40,000 metric tonnes in 2006 to 63,000 metric tonnes in 2007 to 88,000 metric tonnes in 2008. This continues to be detrimental to the growth of local poultry industry. The price of locally produced chicken is about

three times higher than the imported ones. This is as a result of the high cost of production and the reduction of import tariff on meat products due to pressure from WTO two years ago.

Figure 3.7: Meat and other Livestock Products Imported (2006 – 2008)



Source: MOFA, 2008

Key Policy Measures and Strategies:

The attainment of the overall objective of the Growth and Poverty Reduction Strategy (GPRS II) is anchored on the agricultural sector showing a strong growth, and leading to increased productivity, employment and incomes. In line with this, the following policy interventions were implemented in 2008:

Crops Sub-Sector

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

Grains and Legumes:

Under its cereal programme, the Grains and Legumes Development Board (GLDB) produced 50 metric tonnes, 16 metric tonnes and 2 metric tonnes of maize, rice and sorghum foundation seeds, respectively, for food production. In addition, 16 metric tonnes and 40 metric tonnes of cowpea and soybean foundation seed were supplied to farmers for the production of certified seeds.

Roots and Tubers:

To increase the production of root and tuber crops in the country, 100,000 yam setts and 70 hectares of cassava planting materials were produced.

Horticulture:

To supply quality planting materials to farmers standards for planting materials on mango, pineapple and citrus was developed. As part of the planting materials certification process, three mango farms were selected and maintained as budwood gardens.

Also 550 pheromone traps for the monitoring of fruit fly (*Bactrocera invadens*) populations in selected mango farms in outbreak zones in affected regions was procured and distributed to farmers.

Under the Cashew Development Project, 4 metric tonnes of Cashew seed nuts were procured and sold to farmers to add on about 1,913 ha of cashew farms.

The Cocoa Industry:

Ghana Cocoa Board (COCOBOD) paid a total of GH¢21,214,468.62 to cocoa farmers as the first tranche of bonus and intensified its Diseases and Pests Control Programme (CODAPEC). The Hi-Tech programme started by COCOBOD was continued in 2008, with farmers encouraged to adopt fertilizer application and improved planting materials. Also the scholarship scheme which offers financial aid to children and wards of our cocoa farmers was given tremendous support during the 2007/2008 Crop season. An amount of GH¢2,000,000.00 was used to support the scheme, with about 7,500 wards benefitting from the scheme.

The COCOBOD also established a Stabilization Fund of GH¢29.30 per tonne to provide guaranteed stable incomes for cocoa farmers in the event of a drastic fall in the world market prices of cocoa during the 2008/2009 crop season.

The tarring of selected roads in the remote cocoa growing areas to improve efficiency of cocoa evacuation continued in 2008, with the awarding of contracts for over 600 km of cocoa roads. Also the Department of Rural Housing (DRH), completed the construction of 10 unit houses in the Western Region under the Cocoa Farmers Housing Scheme. The Scheme seeks to provide affordable houses for cocoa farmers and it has been extended to the Central, Ashanti and the Brong Ahafo Regions.

The Shea nut Industry:

To promote the growth and development of the sheanut industry and to increase the incomes of sheanut farmers, COCOBOD assisted sheanut farmers with Wellington boots, hand gloves and anti snake-serum. COCOBOD also provided funding for three Licensed Buying Companies to purchase sheanut from farmers.

Plant Protection and Regulatory Services

To enhance food security and sustainable production of major staples 508,576 actives of *Typhlodromalus manihoti* were produced for the control of Cassava Green Mite and 39,000 actives of *Teretrius migrescens* against the Larger Grain Borer. Also three insectaries were equipped, while three pest and disease surveys were conducted in three zones of the country.

Livestock Services

As part of the livestock development programme the government supplied improved breeds of livestock to farmers and trained them in good animal husbandry practices. In this regard 259 sheep, 125 goats, 548 pigs, 96 cattle and 539 rabbits were supplied as breeding stock to farmers. Over 15,000 ruminant farmers were also trained in utilization of forage for dry season feeding of livestock. About 162 hectares of communal grazing grounds were cropped with forage legumes. In addition, the government secured 2 sites for use as permanent

grazing grounds and finalized arrangements with the African Development Bank for procurement of 70,000 breeding sheep and goats;

Other specific activities include:

- the extension of livestock technologies such as rabbit & grass cutter production and processing, meat hygiene, pest and disease recognition and treatment, and breed improvement technologies to farmers;
- 5.3 million doses of NDI-2 vaccine were produced to help control endemic poultry diseases such as Newcastle in rural poultry. About 122,800 doses of anthrax spore vaccine, 62,400 doses of Black vaccine and 47,000 doses of hemorrhagic septicaemia vaccine were distributed at Pong-Tamale to enhance the peri-urban dairy cattle production; and
- to conduct active surveillance of Avian Influenza (Bird Flu), staff of VSD and 350 Community Animal Health Workers (CAHWs) were trained and equipped to facilitate their work.

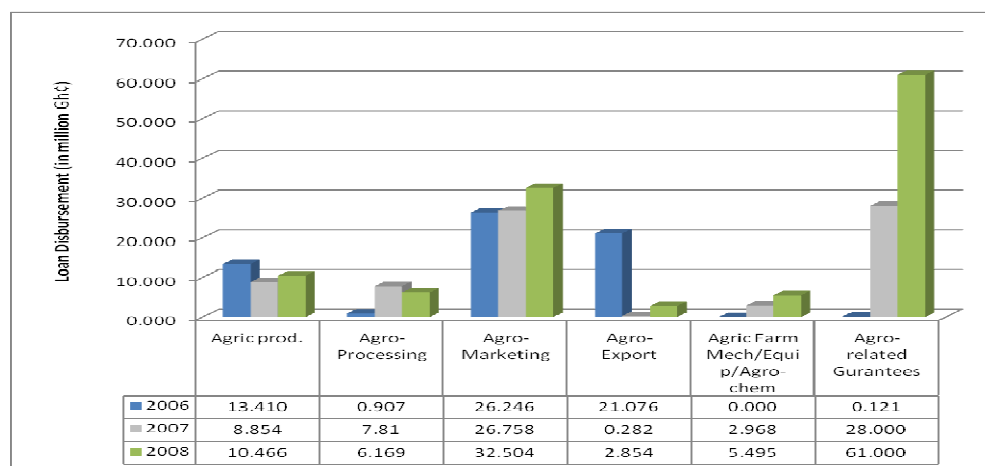
Agricultural Financing

The major sources of financing agriculture in Ghana are the Deposit Money Banks, Small Loans and Credit Schemes operated by government through a number of MDAs, and microfinance schemes by NGOs. The government in collaboration with the Agricultural Development Bank (ADB) has been extending credit to farmers. So far a total amount of Gh¢118.5 million were disbursed in 2008, compared to Gh¢30 million in 2001.

Available data indicates that agricultural farm machinery did not receive support in 2006. However, in 2007 it received support for the first time and increased further in 2008 as shown in Figure 3.8. This is evidenced by Government's objective to facilitate agricultural development through mechanized farming. Disbursement for agro-marketing increased consistently between 2005 and 2008.

Loan disbursed for agricultural production and agro-processing fluctuated between 2005 and 2008, while disbursement to agro-export experienced a sharp increase of 911.2% to Gh¢2.57 million in 2008, after a decline from Gh¢21.1 million in 2006 to Gh¢282,200 in 2007.

Figure 3.8: Loan Disbursement by Agricultural Development Bank to Agriculture (2005-2008)

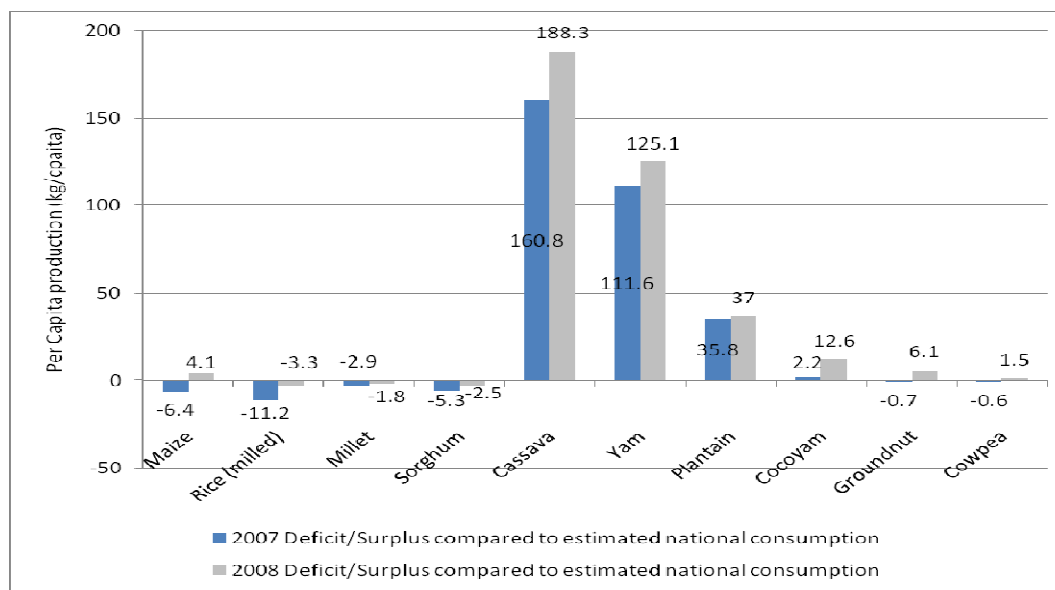


Source: MOFA, 2008

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

In terms of the per capita production of key staple foods, which is an important indicator of the level of food security, the results show that the total production of staples increased by 11.8% which is above the average population growth rate of 2.7%. The per capita production for all major crops except cocoyam showed an increment over the previous year's figures. Both legumes and cereals increased from 20.5kg to 27.8kg and 70.2kg to 92.8kg respectively from 2007 to 2008 while roots and tubers generally increased from 856.0kg to 910.1kg over the same period (Figure 3.9).

Figure 3.9: Per Capita Production of Key Staples (kg/capita), 2007 – 2008



Source: MOFA, 2008

In addition, food access continued to improve with additional weekly food distribution points, better mobility of commodities and relatively good access road network. The number of food access points increased by 188 nation-wide representing an increase of 8.44% in 2008 over 2007. The average weekly/daily number of food distribution points per district is 13, with Ashanti region recording the highest number (96) of food distribution points per district and Upper East region recording the minimum number (2) of food distribution points per district. The general food access situation was favourable in most rural areas, however the second half of the year experienced heavy rainfall in some parts of Western region destroying most motorable roads and making access to food outlets difficult.

The number of household members earning an income may be an indication of the level of vulnerability of the household. The more income earning activities a household has at its disposal, the less vulnerable the household. The average number of people earning an income at household level did not change between November 2007 and November 2008. The average number of household members engaged in income earning activities was 1.7 individuals at the national level, while the average number of household members engaged in income earning activities increased from the south to the north of the country, with an average of 1.5 people in the coastal zone to 2.3 people in the northern savannah.

Table 3.2b: Farm Household Incomes and Food Security

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Per capita production of key staple foods (crops), livestock and fish; (in kg/Annum, except * which is in live animal/annum)					
Maize	63.0	54	55.6	62.9	Significant progress Nearly all selected staple foods and livestock, except three recorded improvement over the previous year's level, with four exceeding their target
Rice(milled)	46.0	11	9.4	12.9	
Sorghum	9.0	14	7.3	14.2	
Millet	19.0	7	5.4	8.3	
Cassava	154.0	436	459	485.4	
Yam	43.0	194	197	209.3	
Plantain	85.0	131	147	142.7	
Cocoa	Na	33.5	46.2	29.1	
Poultry*	1.94	1.52	1.57	1.72	
Sheep*	0.18	0.15	0.15	0.15	
Goat*	0.23	0.18	0.18	0.19	
Cattle*	0.07	0.06	0.06	0.06	
Fish	22.0	17.1	17.2	17.0	
2. Farm Household incomes	= > 60%	61%	63%	63%	Steady progress
Non-farm Household income	= < 40%	39%	37%	37%	

Source: MOFA, 2008

+Estimated Ghanaian Population of 23,382,848

Key Policy Measures and Strategies:

Post-Harvest Losses:

In an effort to develop the appropriate policy response and targeting mechanism for the implementation of policies, a study on post-harvest losses was conducted in 2008 to establish the baseline losses of the various commodities along the value chain. A team is reviewing the M&E system proposed as part of the study to make it user friendly and to enable government establish its post harvest losses every two years. This is expected to influence farmer training by Agriculture Extension Agents (AEAs) along the value chain to reduce the losses.

Nine hundred metric tonnes of maize were stored using the pro-cocoon technology in Ejura, Wenchi and Sunyani, in order to help respond adequately to any emergency food needs of victims of natural hazards and other calamities.

Under the Market Oriented Agriculture Project (MOAP), four solar driers were procured in 2008 and are being used to train farmers in the drying of fruits and vegetables. FBOs have been strengthened and value chains for some commodities such as pineapple and mango have been emphasized and supported.

In the area of value addition to agricultural products, particularly horticultural products, Blue Skies Company, Tongu Fruits Ltd., Pinella, First Catering Ltd, and Athena Foods Ltd, currently process pineapple, oranges, papaya, mango, coconut, etc as fresh cut pre-packaged, dried fruit or juice for export. This value-addition processing has not only created jobs but has also increased income for practitioners in the sector and also foreign exchange earnings for the country.

iii. Improving the Environment for Increased Agricultural Productivity:

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

Efforts made at moving towards commercial farming continued to yield positive results as the target set to attain subsistence-commercial farming ratio of at least 2.5 in 2008 was achieved, up from ratio of 3.16 recorded in 2006.

Similarly the cultivated lands under irrigation increased from 15,108.3 hectares in 2007 to 23,657 hectare in 2008, representing about 50% increase over the 2007 level. It is estimated that 15,774 hectares are under informal irrigation, while the remaining were under formal irrigating. This put the cropped area under formal irrigation at 7,904.5 hectare in 2008 compared to 6,380 hectares in 2007. This reflected in an improved land intensification ratio¹ of 0.85 in 2008 as against the previous year's figure of 0.71. This ratio for formal irrigation in 2008 was 0.85 while that for informal irrigation was 0.48, indicating that there was much more efficiency in land use on formal irrigated area than on informal areas in 2008. The combined ratio of 0.65 obtained for both formal and informal irrigation also shows that in 2008, about 65% of total area developed under irrigation were cropped.

Available data indicates that the share of credit to agriculture, fisheries, and forestry (excluding cocoa) continued to decline from 5.38% in 2006 to 4.28% in 2008. The medium term objective is to ensure that the overall credit to agriculture is maintained above 10% in order to support the agenda of modernizing agriculture. The decline in this indicator reduces the opportunities for increased investment in agriculture by the private sector.

Table 3.2c: Improving the Environment for Agricultural Productivity

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Ratio between subsistence crop/livestock and commercial crop/livestock farming	2.5	3.16	2.51	2.37	Target exceeded Gradual shift towards commercial agriculture
2. Percentage of cultivated lands under irrigation (Area developed for irrigation/ha)	0.34	0.21% (14,928.5)	0.21% (15,108.3)	0.89% (23,657)	Target exceeded
3. The Share of Credit to Agriculture, forestry and Fishing by Deposit Money Banks (excluding Cocoa)	≥10%	5.38%	4.41%	4.28%	Target not achieved

Source: MOFA, 2008

¹ Land intensification ratio shows the efficiency of land use, comparing total cropped area to total developed area.

Key Policy Measures and Strategies:

Irrigation

Under the Small Farm Irrigation Project, construction of irrigation facilities for an area of 492 hectares was completed for crop production, while under the Small Scale Irrigation Development Project, an area of 939 hectares was developed and handed over to farmers for cropping.

A feasibility study into surface water extraction for irrigation was carried out by the Ministry of Food and Agriculture. Documentation on six sites in the Eastern Region was submitted to Millennium Development Authority (MiDA) for implementation. Also twenty tractor-mounted drill rigs for the promotion of sustainable water harvesting and efficient water management was procured by the Ministry of Food and Agriculture and tested.

Agricultural Mechanization Services

To facilitate the mechanization of agriculture in Ghana, government imported 732 brand new tractors with implements, 200 maize threshers, 200 power tillers, 20 rice milling machines, 16 water pumps for distribution to farmers across the country. For small scale farmers, 250 pieces of vari-mini lower capacity tractors and 200 power tillers were imported and are currently being distributed to farmers. Also government established an initial 9 mechanization Service Centres across the country to improve farmers' access to mechanization services, particularly for those who lack the purchasing power to purchase and own agricultural machines.

Tractor operators and mechanics were also trained in the proper use and maintenance of the agricultural machinery and implements that have been procured and distributed. At least 3 training sessions has been held in each of the 10 regions. To update the skills of operators, government approved a proposal to set up a mechanization training centre at the Kwame Nkrumah University of Science and Technology (KNUST) for short-term training of tractor operators, mechanics and tractor owners.

Extension Services:

To enhance the application of science and technology in food and agricultural development all agricultural extension agents were retrained on how to demonstrate best practices and proven technologies in both crop and livestock production to about 60,000 farmers countrywide.

To ensure the sustainable management of land and environment, appropriate integrated soil fertility management practices were developed and extended to farmers by conducting on-farm testing of new technologies and integrated nutrient management technologies.

Development of agricultural research, technology dissemination and adoption

In 2008, various technologies were reviewed with agricultural research institutes and disseminated to farmers. A total of thirty two (32) agricultural technologies in the area of crops and livestock were transferred to 1,105,702 stakeholders (including farmers,

processors and sellers) as against 592,834 in 2007. A total of 367,554 (33.24%) females benefited. In all there were nineteen (19) technologies for crops and 13 technologies for livestock.

Also 200 lead irrigation farmers were trained in efficient soil and water management technology, while 3,000 seedlings of moringa were also supplied free of charge to farmers to facilitate lakefront protection.

Six other technologies were extended to 32,261 farmers. These included the use of weighing scales, construction of fire belts, sensitization of butchers on nutrition, preparation of dry season supplementary feed, group cohesion dynamics, savings mobilization and the dangers of singeing.

3.2.3. Fisheries and Aquaculture Development

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

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

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

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

Estimated total supply of fish for the year 2008 stood at 587,988.30 metric tonnes, representing about 0.6% decline over the 2007 level. Out of this figure, nearly 54% is accounted for by marine fisheries, while 32.6% is from imports. Production from aquaculture accounted for about 1.0% of the overall fish supply, while inland capture fisheries accounted for 12.4%. Compared to 2007, marine fish production increased by 8.4% in 2008, while fish imports declined by 10%. On the other hand, production from aquaculture increased by 72%, while inland capture fisheries declined by 12.5%. The decline in overall fish supply is accounted for by decline in both inland captured fisheries and imports (Table 3.3).

The increase in marine fisheries has been attributed in part to an improved favourable oceanographic environment in 2008. The artisanal canoes contributed 66.7% of the total catch followed by tuna vessels with 21.9%. Industrial trawlers contributed 5.2% to the total landings, while pair trawlers accounted for 0.4%.

The total surface area under functional fish ponds increased marginally from 1,150.45 hectares in 2007 to 1,163.0 hectares, even though productivity of fish ponds, particularly from small-scale fish farmers, continues to stagnate at the 2005 level. A total of 253 new ponds covering 12.99 hectares were constructed in 2008 in five regions, compared to 152 new ponds covering 18.59 hectares of earthen ponds and 0.113 hectares of concrete ponds in 2007.

About 66.7% of these new ponds were in the Ashanti region, while the rest were in the Western, Central, Greater Accra and Eastern regions in that order. Most of the ponds were stocked with fingerlings of tilapia species, catfish, heterotis and chrysichthys species. The highest numbers of ponds stocked were from the Ashanti region, where 10.401 hectares of ponds were stocked with 496,690 fingerlings.

Fish production from cages increased from 1,504.0 metric tonnes in 2007 to 3,508 metric tonnes in 2008. Overall a total of 5,000 fish farmers and over 30,000 fish ponds and cages exist throughout the country.

Table 3.3: Fisheries and Aquaculture Development

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Total Fish Supply (mt)					
a. Marine		334,409.9	293,398	318,146.0	Total domestic production increased by 5% while output from aquaculture increased by 72%
b. Inland Capture fisheries		14,481	82,989.8	72,590.1	
c. Harvesting of Ponds/Cages		1,667*	3,256.87	5,595.7	
- Ponds & Reservoirs		1,248.97	1,725.67	2,807.2	
- Cages		418.50	1,504.0	3,508.0	
Total Domestic Production (mt)		350,557.9	378,654.7	396,331.8	
d. Import		165,559.7	212,945.4	191,656.5	
2. Quantity of fish produced per hectare of pond per year	2.5 mt/ha/yr	1.5 [#]	1.5 [#]	1.5 [#]	Commercial farms estimated at 6.0mt/ha/yr and exceeded the target
3. Total surface water Area under fish farming (excluding cages)	600 ha	508.58	1,150.45	1,163	Target exceeded

Source: MOFI, 2008

* = Data updated based on recent field validation

= Largely from small-scale fish farms

Key Policy Measures and Strategies:

The overall objective of the fisheries sub-sector is to promote sustainable and thriving fisheries enterprises through research, technological development and extension services to fishers, processors and fish mongers. To achieve the objectives of the fishery sub-sector the following interventions were pursued in 2008:

- a draft fisheries and aquaculture policy document which will allow for a smooth management of the fisheries sub-sector was approved at a stakeholders' workshop. In addition, a draft fisheries regulation bill was submitted to Parliament for passage into law;
- quayside inspections of vessels were carried out during the year. A total of 574 vessels called at Tema port and were inspected during routine inspections. The inspections were centered on safety certificates, certificate of competency of crew, fishing logbooks, fishing licence, fishing gears and other relevant documents. The breakdown of vessels inspected were 404 trawlers, 161 tuna vessels, 5 shrimpers and 4 carriers. There was an increase in the number of

vessels that called at the port during the year under review compared to 551 in 2007;

- as part of the plans to increase the capacity of the Pilot Aquaculture Centre (PAC) to produce fingerlings, a 30 square meter pond was constructed. The ongoing works will provide 300 square meter pond area for nursing fries to fingerling stage. Similar works at the Ashaiman hatchery resulted in the provision of artificial incubators in the wet lab for the hatching of eggs and subsequent production of all male tilapia fingerlings. Additionally, four (4) earthen ponds averaging 80 meter square each were constructed for rearing fries up to 10 gram size for sale to prospective fish farmers;
- two groups of pond construction gangs were trained in the Hohoe and Keta districts in the Volta region. The groups are in Hohoe and Anyanui and are made up of ten (10) and six (6) members respectively;
- a total of one hundred and fifty one (151) requests for technical assistance were received and attended to in all the regions by the Ministry of Fisheries. The requests were for survey of sites for the construction of ponds, cages and pens. The highest number was from the Brong Ahafo region followed by the Volta and Central regions respectively.

3.2.4. Restoration of Degraded Environment and Natural Resource Management

Status of Selected Indicators:

Strengthening environmental governance is key to ensuring that natural resources contribute to greater wealth, sustainable growth and poverty reduction. The major policy measures implemented in 2008 were all aimed at achieving the following set of policy objectives outlined in the GPRS II: (i) secure the current natural resources through the promotion of sustainable natural resource management practices and the restoration of degraded natural resources, (ii) improve environmental and natural resource governance through the building of the requisite institutions and strengthening of the regulatory framework; (iii) ensure that benefits are equitably distributed to resource owners; and (iv) take advantage of opportunities existing under the various regional and global arrangements to build linkages toward the management of natural resources.

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

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

Review of performance in 2008 reveals challenges in achieving key targets. The cost of environmental degradation as a percentage of GDP continued to be high, accounting for nearly 7% of GDP in 2008, while hectares of degraded forest, mining, dry and wet lands rehabilitated or restored stood at 10,146 hectares compared to 17,000 hectares established in 2007. The focus of policy was to maintain the previous

year's plantations rather than adding on more plantations. This explains why there was drastic reduction in the hectares established in 2008. Cumulatively, about 123,750 hectares has been established since 2002.

According to the estimate by Economic Sector Work (ESW) on National Resource Management and Growth (2005) and the Country Environmental Analysis (CEA-2007), the cost of environmental degradation as percentage of GDP is expected to reduce in the coming years due to the massive reforestation programme and other complementary conservation measures being adopted government.

The number of Timber Utilization Contracts (TUC) awarded through competitive and transparent process in 2008 stood at 61, compared to zero in 2007 when bid winners were unable to pay the Timber Right Fees (TRFs). Subsequently the number of Social Responsibility Agreements (SRAs) signed in 2008 were 61, consisting mainly of competitive bidding of natural forests. The number of TUCs awarded in 2008 therefore exceeded the target of 52 set for 2008.

Significant progress continued to be recorded in the time taken to register land, and the proportion of timber royalties going to resource owners in both on-reserve and off-reserve areas in 2008. The time taken to register land reduced further from 5 months in 2007 to 3 months in 2008. This has been attributed largely to the land reform initiatives embarked upon under the Land Administration Projects (LAP). A total of 28 Customary Land Secretariats were established in 2008 with regional distribution as follows: four in Greater Accra, two in Eastern, one in Volta, two in Western, two in Central, three in Brong Ahafo, three in Northern, two in Upper West, three in Upper East and six in Ashanti. This brings the total number to 38.

The gains recorded under the policy objective of ensuring more equitable distribution of the benefits from natural resources in favour of resource owners, was sustained in 2008. The ratios of revenue sharing on-reserve still remain at 50% for Forestry Commission and 50% for other stakeholders. With regards to off-reserve revenues the ratios also remain 40% for Forestry Commission and 60% for other stakeholders.

In the mining sub-sector, total output of a several minerals, including diamonds, bauxite, and manganese, recorded a decline of 38.9%, 32.5%, and 29.9% respectively. Gold on the other hand recorded an increase in production of about 11.9%. The overall investment into the sector also declined from US\$665.30 million in 2007 to US\$527 million in 2008, while mineral rights granted for mining lease, prospecting, reconnaissance, salt, quarry, clay, sand winning, small scale gold/diamond, mica increased from 110 in 2007 to 278 in 2008. Total employment generated by the sector increased marginally (0.2%) over the level in 2007 to 525,717, while taxes and royalties from mineral revenues increased by 4.2% and 40% over the 2007 level (Table 3.4).

Table 3.4: Restoration of Degraded Environment and natural Resource Management

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Cost of environmental degradation as a ratio of GDP (lands, forests, fisheries)	4%	6% ²	7%	<7%	This estimate was provided by the analysis of the Economic Sector Work (ESW) on National Resource Management and Growth (2005) and the Country Environmental Analysis (CEA- 2007). The figure is expected to reduce in subsequent years due to the massive reforestation programme of government and other complementary conservation measures being adopted by MLFM and the Forestry Commission.
2. Rate of deforestation	0.8%	1.2%	1.2%	65,000 ha per annum (FAO estimates)	This estimates were provided by FAO in 2005/2006 and need to be up-dated to reflect the reforestation programmes of Government
3. Number of Timber Utilization Contracts (TUCs) awarded					
a. <u>Natural Forest:</u>	52 Consists of: Conversion to TUC's = 42 Next Comp. Bidding (Nat.Foests) = 10	4 TUCs signed and ratified by parliament	0	61	61 TUCs were signed by the government but could not be ratified by Parliament.
b. <u>Plantation:</u>	25	16 TUCs signed	3TUCs Signed	0	No TUCs were awarded in plantations
4. The number of Social Responsibility Contracts (SRC) signed	35 Consist of: SRA (Nat. Forests) = 10 SRA (Plantation) = 25	18 Consist of: SRA (Nat. Forests) = 4 SRA (Plantation) = 14	3 Consist of: SRA (Nat. Forests) = 0 SRA (Plantation) = 3	61 Consist of: SRA (Nat. Forests) = 61 SRA (Plantation) = 0	The 61 TUCs signed will also be accompanied by over 61 SRAs to be signed with communities within the TUC areas.
5. Hectares of degraded forest, mining, dry and wet lands rehabilitated/ restored ³					
a. Forest	20,000 ha	17,500ha	17,000 ha	12,315 ha	The focus of the government in 2008 was to maintain the previous year's plantations rather than adding on more plantations. This explains why there was drastic reduction in the hectares established in 2008. Cumulatively, about 123, 750 ha have been established since 2002.
b. Mining	238ha	Na	238ha	Na	Significant work is being done by mining companies to reclaim mined sites. However, actual figures of land reclaimed are not readily available
6. Proportion of timber royalties going to resource owners		50:50 40:60	50:50 (on reserve) 60:40 (off reserve)	50:50 (on-reserve) 60:40 (off-reserve)	The ratios of revenue sharing on-reserve still remain 50% for FC and 50% for other stakeholders. With regards to off-reserve revenues the ratios also remain 40% for FC and 60% for other stakeholders.
7. Statistical Overview of the Mineral Sector					

² CEA report of the World bank

³ Data on degraded dry and wetland restored is currently not available. However conservation measures for the protection of wetlands are being pursued.

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
a. Mineral Production					
- Gold (thousand ounces)	Na	2,423,265	2,500,000	2,796,834	Total output of mineral declined by 14.7% over that of 2007)
- Diamonds	Na	967,864	980,000	599,007	
- Bauxite	Na	753,320	850,000	574,389	
- Manganese	Na	1,607,176	1,800,000	1,261,000	
b. Labour					
- Large Scale	Na	21,950	24,742	25,717	Employment increased marginally by 0.2%
- Small Scale (legal & illegal)*	Na	570,000	500,000	500,000	
c. Foreign Direct Investments (in million US\$)	Na	900	665.30	527	Foreign Direct Investments (FDI) declined by 78.9%
d. Benefits of Mining					
Mineral Revenues (Gh¢)	Na	32,890,498	42,174,316	59,000,000	Mineral royalties increased by 39.9%, while tax revenues increased by 4.2%
- Royalties	Na	22,890,920	85,425,417	89,000,000	
- Taxes	Na	Na	Na	Na	
- Corporate Social Responsibility					
e. Mineral Rights Granted (Mining Lease, Prospecting, Reconnaissance, Salt, Quarry, Clay, Sand Winning, Small Scale Gold/Diamond, Mica)	Na	189	110	278	Mineral rights granted increased by 152.7% over 2007
8. Time to register land	4mths	7mths	5mths	3mths	Target exceeded

Source: MLFM, 2008

Key Policy Measures and Strategies:

The attainment of the objectives of the Growth and Poverty Reduction Strategy (GPRS II) is expected not to be at the expense of the environment. In order to ensure proper environmental governance and natural resource management, the following policy interventions were pursued in 2008.

Forestry Sub-Sector

The following activities were undertaken in 2008 in the forestry sub-sector:

- the Forestry Services Division (FSD) harvested a total of 21,849 plantation trees with a volume of 5,466.73 cubic meters from off forest reserve areas while 184,813 trees with a volume of 62,752.81 cubic meter were harvested from on reserve areas during the year. In addition, a total of 1,116,069 seedlings of various species were raised by FSD and private nurseries during the period which exceeded the target of 1,021,680 by 10%;
- to increase the nation's forest cover, FSD surveyed and demarcated 1,440 hectares under the Community Forest Management Project (CFMP) and 178 hectares under FSD model plantation programme. The division also prepared 195 hectares under the Modified Taungya System, 152 hectares under the FSD model plantation programme and 891 hectares under the CFMP. About 789,050 seedlings were delivered under the modified taungya system and 104,434 seedlings of various species were raised in FSD nurseries during the period under review;
- under the HIPC Plantation Programme 1,127 hectares were surveyed and demarcated during the period. In addition, 1,405 hectares were prepared and 752,000 seedlings were delivered for planting. The programme still maintained the 12,100 workers engaged previously to continue with 2009 target. Also the programme accomplished the establishment of 26,600 hectares of plantation

forest. It has facilitated the establishment of 15,000 hectares of plantations in off-reserve forests under its CFMP, while 3,000 hectares under its Urban Component were planted. The programme also supplied 4,000,000 seedlings to the Greening Ghana Project;

- the Wildlife Division inaugurated Community Resource and Environmental Management Areas (CREMA) at Mognori near Mole National Park and trained Community Collaborative Unit staff. Under the Institutional Capacity Development Training Plan, 150 wildlife guards in Bia and Digya National Parks were trained. Revised syllabus for training of Wildlife Rangers was also prepared;
- the Voluntary Partnership Agreement (VPA) was initialed between the Government of Ghana and the European Union. The implementation of the VPA will see the establishment of more effective forest law enforcement, log tracking systems, revenue collection, and an external verification system for export of timber; and
- Ghana's Readiness Project Idea Note (R-PIN) among other country proposals for reducing emissions from deforestation and degradation (REDD) under the World Bank Forest Carbon Partnership Facility (FCPF), was reviewed.

Mining Sub-Sector

The following activities were undertaken in 2008 in the mining sub-sector:

- the mining sector continued to strengthen internal controls in adherence to the administrative directives by the Kimberly Process Certification Scheme (KPCS). In compliance with the directives, the diamond sub-sector continued with the identification of artisanal diamond mining sites with the view to registering them and capturing their production. As at the end of December 2008, 5,000 small scale diamond miners have been registered;
- additionally, sensitization and educational programmes were held for security agencies at three border posts namely; Elubo, Sampa and Bole as part of the measures to inform the security agencies to identify and prevent the smuggling of conflict diamonds into Ghana;
- one hundred (100) prospecting companies were visited by the Mineral Commission to monitor their activities. Small-scale mining sites were also visited for the purposes of education on best mining practices in the industry as well as transfer of technology. Twenty eight (28) training sessions were organized on mercury pollution abatement in the seven District Mining Centres by the Minerals Commission to increase awareness of dangers of mercury pollution by small scale miners;
- in pursuance of the alternative livelihood agenda to extend the frontiers of sustainable development to selected mining communities in the Wassa West District, a 10,000 acre oil palm estate programme is being undertaken with funding from HIPC funds. The project is expected to be implemented over the period 2007 - 2012. A total of 6,000 acres of land have been planted with 360,000 of oil palm seedlings. Additionally, two oil palm nurseries with a total capacity of 350,000 have been established for use during the 2009 planting season;
- a geodatabase has been developed for the sector to assist its agencies in the capture, analyses and provision of data to prospective investors on a timely basis. As at December, 2008 about 40% of available data has been captured into the database;

- Satellite Imagery Interpretation and Magnetic and Spectrometry survey of Keta and Voltaian Basins were completed. Regional Time Domain ElectroMagnetic (TDEM) Airborne Surveys were commenced in six (6) selected areas and as at December 2008 about 95% of the work was completed;
- under the geological mapping component of the programme, six (6) map sheets in the Central, Upper West, Western and Volta Regions were mapped and production of the respective maps were in progress. Two additional map sheets were selected in the Brong Ahafo and Eastern regions for geological mapping in the first quarter of 2008. This is expected to assist in the exploration of traditional and non-traditional minerals in Ghana and forms the basis for the compilation and upgrading of the existing geological map of Ghana. About 100% of field work, covering the six map sheets was carried out;
- about 1,200 geochemical samples were collected from 3 field sheets for analysis. Out of this, 100 have already been analyzed to assist in the exploration of non-traditional minerals in Ghana as well as develop capacity in new geochemical mapping techniques;
- the first phase of mercury pollution abatement component of the MSSP was completed in 2007. Direct smelting of concentrates, which is a high-temperature processing technique for recovering metals from ores and concentrates, was found to be the most appropriate. Additionally, “sika bukyia”, a locally manufactured furnace that uses charcoal as fuel was designed. Field demonstration of the equipment was carried out in some selected sites across the country. Training of selected miners in the usage of the furnace was also undertaken. Contract was awarded to consultants to implement the second phase of the programme which included resolving some of the technical problems identified during the first phase and for countrywide trials and education of the new system;
- under the Environmental Impact Assessment/Strategic Environmental Assessment (EIA/SEA) component of the Mining Sector Support Programme (MSSP), field work on several selected areas were completed and samples taken for analyses. The results of the analysis led to the selection of some areas for pilot remediation trials;
- draft regulations to give effect to the Minerals and Mining Act 2006, Act 703 were prepared and subjected to multi-stakeholder review. The document is expected to be forwarded to Parliament after comments have been collated for inclusion in the final document;
- the Mineral Commission has operationalized a Mining Revenue Task Force to enhance revenue collection from the mining sector
- tender documents of various activities to improve the socio-economic lives of people living in mining communities have been evaluated pending award; and
- under the objective of improving mining sector revenue collection, management, and transparency, an Action Plan has been prepared. Additionally, a Fiscal Model was developed and applied to one mine. This model will be applied to two other mines during 2009. The model is expected to help increase mining sector revenue to Government.

Lands

The following activities were undertaken in 2008:

- the Lands Commission Bill was passed with new institutional arrangements for land administration. This established a commission with four functional divisions

namely survey and mapping, land registration, land valuation and state and vested lands management. An organization, management and operations study to define the capacities and appropriate skill mix for the new agency is ongoing;

- the government concluded the inventory of state acquired/occupied lands and began finalizing policy proposals and implementation of lands already inventorized. Government decided that portions of lands acquired for the Accra Training College, Madina Social Welfare, West Africa Secondary School, Odorgonno Secondary School and the Ghana Atomic Energy Commission be given back to the original owners. Government also directed that the encroachments on sites acquired for the Abeka Sports Complex, Ofankor Police Depot and Training School, Ofankor residential area and others be regularized by the Lands Commission;
- a contract was awarded for the procurement of equipment for the establishment of the five permanent geodetic reference stations in Accra, Kumasi, Takoradi, Tamale and Bolgatanga. The application has been sent to the National Communications Authority for licenses for the frequencies needed to operate the radios on the equipment;
- the Survey Department produced three sectional maps. Out of these, two were approved for use while one is undergoing checks for approval. The department also produced a total of 2,884 individual plans made up of 1,241 cadastral plans and 1,643 parcel plans. In addition, a total of 26 applications for composite plans were received, out of which 19 were completed for settlement of disputes;
- the Survey Department embarked on the production of Orthophoto maps of selected areas for land use planning throughout Ghana. Pre-marking of photo blocks were successfully completed. On customary boundary demarcation, the first phase for Ejisu was completed and the second phase is ongoing. Work in the Wassa Amenfi Traditional Council also started;
- to speed up land titling, the Land Title Registry (LTR) has embarked on systematic titling in Kumasi and Accra. Maps covering North Labone and Ringway Estates in Accra involving 1,400 parcels were produced. The registry also re-surveyed two sectional maps using Digital Plane Tabling (DPT). The Land Administration Project has procured 16 additional DPT to encourage its use by professional surveyors in the country. In addition, two satellite offices of LTR are operational in Accra;
- Land Valuation Board (LVB) continued the supervision of private sector participation in inventory of state acquired and occupied lands in 10 pilot districts in Brong Ahafo, Eastern and Ashanti Regions. The others were Yilo Krobo, Manya Krobo, Suhum-Krabo-Coaltar and Birim South in the Eastern Region. The others were Amansie East, Atwima-Nwabiagya and Sekyere West in the Ashanti Region and Sunyani, Techiman and Wenchi in the Brong Ahafo Region;
- the LVB assisted 12 Metropolitan/Municipal/District Assemblies to revalue properties in their jurisdiction for revenue generation purposes. These assemblies were Accra Metropolitan, Twifu – Hemang Lower Denkyira District, Sekyere East District, Techiman Municipal, Assin South District, Ga West Municipal, Amansie East District, Sunyani Municipal, New Juaben Municipal, Cape Coast Municipal, West Akim District and Tema Municipal District. The revaluation of properties also started in three District Assemblies namely Dangme East, Manya Krobo and Kpando. A consultant completed a study on the development of a computerized mass appraisal system to develop a national database for land valuation; and

- the Town and Country Planning Department provided support for the Land Use Planning and Management Projects on pilot basis in Kasoa in the Central Region, Asankragwa in the Western Region and Ejisu in Ashanti Region. Mobile planning teams provided technical services to District Assemblies in need;

Fisheries

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

- a study was initiated to obtain scientific information on the ecological status of the fisheries of the coastal lagoons in Ghana. It is to enable probable re-stocking of coastal lagoons with fingerlings. Monthly investigations were carried out in Keta and Sakumono lagoons, from June to December 2008. The major species obtained from the Keta lagoon were *Gerris melanopterus*, *Oreochromis niloticus*, *Sarotherodon melanopteron*, *Tilapia zillii*, *Mugil hoeferi*, *Caranx spp.* and *Belone belone*, whiles *Sarotherodon melanopterus*, *Mugil hoeferi*, *Gerris melanopterus*, *Clarias spp.*, and *Sarotherodon galilee* were obtained from the the Sakumo lagoon.
- training of beneficiaries in Alternative Livelihoods at Immuna Ekumfi was undertaken during the year. After the initial selection of enterprises by GRATIS Foundation at the request of the Ministry of Fisheries, a follow up visit by the M&E Unit of the Directorate of Fisheries confirmed the choice of enterprise by beneficiaries as follows; sheep keeping, grasscutter keeping, bread baking and doughnut frying, soap and cosmetics making, and petty trading; and
- also GHACOE Womens Ministry was contracted to train a total of 110 women and 10 men in the rudiments of soap making, bread baking, and doughnut frying. In addition, 25 beneficiaries made up of 15 females and 10 males were trained in the rudiments of sheep keeping. Over 200 beneficiaries including the above listed groups and those who opted for petty trading are being taken through group dynamics and simple book keeping by the Department of Co-operatives of the Central region. The programme is expected to continue for one year.

Environmental Management

In the area of good environmental management, the following activities were undertaken in 2008:

- The Environmental Protection Agency (EPA) prepared Strategic Environmental Assessments (SEAs) at sector level, and reported on climate change impacts and vulnerability;
- Government of Ghana hosted a major UN climate change meeting in August 2008 and is developing instruments on adaptation financing, technology transfer and forests, to benefit Ghana and Africa.
- A Memorandum on Climate Change was submitted to Cabinet, and a draft National Climate Change Adaptation Strategy has been prepared in consultation with national stakeholders with ten priority action programmes identified.
- EPA continued air and noise quality monitoring in Accra and the other major cities and also issued over 800 environmental permits and certificates countrywide for operators in various sectors of the economy. It also organized training programmes for pesticide inspectors and finalized guidelines for the safe transport of hazardous chemicals and shortlisted PR/Advertising firms for the

production of TV documentaries on national environmental issues. The Agency continued monitoring programme for mining companies;

- dredging and allied works on the Korle Lagoon including planning, investigation and surveys for the maintenance of the Odaw, Onyasia and Chemu were completed and the contract awarded. Initial activities comprising access roads and drainage works to facilitate the relocation of people in old Fadama and the bulk market to Adjen Kotoku started as part of the overall redevelopment scheme. This particular activity involves the provision of physical and social infrastructure including roads, electricity and water supply at the new site. Work on the project involving the dredging of the 1,200 metre long lagoon and breakwater was completed to ensure safe passage and berthing of 500-700 canoes. The completion of the dredging of the lagoon has also enhanced landing of bigger fishing vessels;
- a €100.0 million financing proposal for the Ada Coastal Protection Works and Volta Estuary was submitted to the Ministry of Finance and Economic Planning for assessment and approval;
- efforts were made to improve environmental sanitation and waste management in almost all the districts. A draft National Environmental Sanitation Strategy and Action Plan (NESSAP) was prepared and baseline data on Environmental Sanitation in all the 138 old MMDAs were collected;
- training in Supervisory Management was provided for District Environmental Health officers and waste management staff from 30 Districts and to review waste management monitoring tools. Logistics including vehicles were provided for Western, Eastern, Volta and Brong Ahafo Regional Environmental Offices to enhance their monitoring and supervisory responsibilities;
- the Hydrological Services Department (HSD) completed the following flood control projects; desilting of storm water drains at Teshie, Teshie/Nungua and Madina; channel opening of choked drains at Haatso, Agbogba, Madina Ritz Junction, Communities 5 and 20 at Tema, Ashaiman, Mile 7 Junction, Apenkwa, Santa Maria, Gbawe, Mallam, Weija/Dunkonah, Kwabenya, Chemu at Tema, Dansoman, Dodowa, Chantan and La. Further, the construction of storm water primary drains at Asylum Down, Osu, Odorna, Ashaiman, Kwabenya, Madina Social Welfare, Odorkor SDA Area, Dansoman were completed. Culverts were constructed at Achimota Mile 7, Osu, Madina Social Welfare and Santa Maria. As a result of these works, there was a reduction in the incidence of flooding;
- channel improvement works as a flood control measure on the 1000 metre stretch of the Densu River at Nsawam was completed thus reducing flooding within the immediate environs. Also 100,000 cubic metres of channel improvement works have been undertaken at the Government affordable housing project sites at Kpone and Borteyman respectively; and
- interventions at some critical areas undergoing sea erosion along the coast at Dixcove, Shama, Axim, and Ngyiresia in the Western Region, has been ongoing with HIPC support. The Hydrological Survey Department also completed channel improvement works for flood control and sanitation systems in the Tamale metropolis with particular attention to the central business district.

3.2.5. Promoting Trade and Industrial Development

Status of Selected Indicators:

As part of the strategic growth framework of the GPRS II, the trade and industry sector was expected to play a supporting role, as well as act as a catalyst towards the long-term objective of an agro-industrial economy. Within this strategic objective, policy measures continued to be implemented in 2008 towards: (i) ensuring proper integration of the nation's production sector into the domestic market; (ii) enhancing access to export markets; (iii) increasing industrial output and improving the competitiveness of domestic industrial products; (iv) strengthening the legal, regulatory and institutional framework to support industrial production and trade; and (v) ensuring the health, safety and economic interest of consumers.

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

- percentage change in value of non-traditional exports (NTE);
- average number of days for clearing goods from the nations ports;
- manufacturing value added share in GDP;
- share of manufacturing in total export;
- composite index of competitive industrial performance (CIP); and
- time taken to get duty drawback.

Review of performance in 2008 showed an overall industrial sector growth of 8.1% compared to 6.6% recorded in 2007. The major sources of growth for the industrial sector were Electricity and Water, and Construction sub-sectors which recorded 19.4% and 12% growth respectively. Available data indicates that manufacturing value added share of GDP declined marginally to 7.9% in 2008 compared to 8.1% in 2007. This notwithstanding, the share of manufacturing in total exports continued to rise from 15.2% in 2007 to 21.6% in 2008.

Overall, domestic and international trade continued to register strong growth during the year. Estimates of trade statistics show that total merchandised exports for 2008 amounted to US\$5,275.3 million, compared to US\$4,172.14 million in 2007. Exports of cocoa beans and products amounted to US\$1,501.7 million in 2008, compared to US\$1,362.96 million recorded in 2007. Gold export was US\$2,246.3 million as against US\$1,733.78 million recorded in 2007. Increased earnings from cocoa and gold (in both volume and value terms) contributed significantly to the higher export earnings.

Non-traditional exports recorded a modest growth of 8.3% amounting to US\$1.3 billion in 2008 compared to US\$1.2 billion recorded in 2007. This falls short of the 12% growth target set for the year. Total merchandise imports grew by 23.6% to US\$10,260.9 million in 2008, compared to US\$8,066.1 million recorded in 2007. Petroleum and related products accounted for nearly 22.9% of the total import bill in 2008, compared to about 26% recorded in 2007. Capital and intermediate goods accounted for 76% of the total import bill in 2008, as was the case in 2007.

On the domestic front, Wholesale and Retail Trade continued to record substantial growth of 10.2% in 2008 compared to 10.6% recorded in 2007. This level, though lower than the 2007 level, is higher than the 6.1% target set under the GPRS II. Trade through the ports was further enhanced by the introduction of simplified procedures

for transactions at the ports and the provision of additional ports infrastructure, and the involvement of the private sector in ports operations. The number of days to clear goods from the ports remained at an average of 2 days, compared to an average of 4 days pertaining in 2005.

On the other hand the time taken to get duty drawback has not seen major improvement since 2005. Instead of less than 3 weeks envisaged under the GPRS II, the total number of days to get duty drawback remains at more than 6 months. The situation has been attributed, in part, to lack of specialized fund to provide duty drawbacks promptly.

Table 3.5: Promotion of Trade and Industrial Development

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Percentage change in non-traditional exports (NTE) = (Value in Million US\$)	12%	15% (892.88)	30.5% (1,200.0)	8.3% (1,300.0)	Target not achieved
2. Average number of days for clearing goods from the nations ports	24hrs	2days 6 hours at the airports	2days at the sea port; 6 hours at the airports	2days at the sea port; 5 hours at the airports	Target not achieved
3. Industrial Sector Performance:					
a. Manufacturing value added share in GDP	Na	8.8%	8.1%	7.9%	Marginal decline
b. share of manufacturing in total export	Na	14.2%	15.2%	21.6%	Significant progress
c. composite index of competitive industrial performance (CIP)	Na	Na	Na	Na	Lack of data
4. Time Taken to get duty drawback	≤3wks	6 months	6 months	6 months	Slow progress

Source: MOTIPPSI, 2008

Key Policy Measures and Strategies:

Some of the major policy interventions that were undertaken in 2008 are as follows:

- as a result of efforts by Ghana Export Promotion Council (GEPC) to improve market access, orders worth over US\$20.0 million were received for medicinal plants and seeds. The market access programmes undertaken included Rand Show, Johannesburg – South Africa, SIDIM Fair in Montreal, Canada, Vita Foods International 2008, Geneva – Switzerland, African Fair 2008, Tokyo – Japan, Joint Agric Show held in Tehran-Iran during the Ghana-Iran Permanent Joint Commission for Cooperation meeting and the Royal Agriculture Show 2008, - United Kingdom;
- under the Cassava Starch PSI, 65 acres of high-cassava-starch-content planting material for multiplication were cultivated near Kasoa in Central Region. This is to enable the PSI to increase the output of raw material for starch production;
- to make available trained workforce for the garment industry, 2,000 sewing machine operators were trained. Apart from this, officers participated in Apparel Shows in the USA which resulted in securing orders to the tune of US\$2.5 million for the production of sportswear, ladies' and Men's wear, and overall uniforms;
- through the GRATIS Foundation over 300 rural women were trained in various employable skills, including batik/tie and dye production and marketing. Furthermore, 74 final year apprentices graduated and took the Craft Certificate Examination (CCE) of the Ghana Education Service (GES). Sixty-four (64) new

- technical apprentices were also placed on a three-year apprenticeship training programme in metal machining, welding and fabrication, foundry and woodwork;
- the Ghana Standards Board (GSB) intensified its inspection activities at the Ports including critically examining over 120,000 imported high risk goods. Additionally, 1,337 health and export certificates were issued to exporters to enhance export competitiveness. About 837 export consignments, factories, fishing vessels and manufacturing establishments were inspected;

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

Status of Selected Indicators:

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

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

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

With respect to road transport, the inventory of national network size of roads in 2008 was estimated at 67,291km, representing about 5% increase over the 2007 network size. About 19% of these roads are trunk roads, 63% are feeder roads, while 18% are urban roads. The increase in network size is attributed largely to an increase of 2,636 km in urban roads and 183km in feeder roads.

The region with the largest road network size is Brong Ahafo, averaging 15% of the total national road network size, while Upper East has the lowest network size, representing 4% of the total network size. Nearly 59% of all feeder road network are located in Brong Ahafo (17.5%), Northern (15.5%), Ashanti (13.2%), and Western (13%) regions, while 68.5% of all urban roads are in Greater Accra (50.9%) and Ashanti (17.6%) regions. On the other hand, Northern, Brong Ahafo, Western and Ashanti regions have the highest trunk road network size, constituting 18.6%, 14.3%, 12.7% and 12% of the total trunk road network respectively.

The road condition report indicated a road condition mix of 42% in good condition, 32% fair and 31% poor, representing an improved road condition mix compared to that of 2007. With the exception of the trunk road network which experienced

deterioration, the remaining two road types recorded improvements during the year under review. The road condition mix for the trunk road network constitutes 40% good, 32% fair and 28% poor, compared to 57% good, 26% fair and 17% poor recorded in 2007. The urban road network which experienced a deteriorating condition in 2007 showed a significant improvement in road condition mix from 34% good, 2% fair, and 64% poor in 2007, to 59% good, 3% fair and 38% poor. The feeder road network, on the other hand, showed mixed results in which case both the proportion of road network in good and poor conditions increased simultaneously.

Similarly, road density (in km/sqkm) continued to increase since 2000 due to the expanding road network size. The overall road density has increased from 0.162km/sqkm in 2000 to about 0.273km/sqkm in 2007. Greater Accra region currently has the highest road density of about 1.88km/sqkm, while Northern region has the lowest of 0.13km/sqkm. Most of the increases in the national road density have resulted from increased in feeder and urban road density. The feeder road density has increased from 0.10km/sqkm in 2000 to 0.182km/sqkm in 2007, while the urban road density has increased from 0.45km/sqkm in 2000 to 0.99km/sqkm in 2007.

The main sources of funding for the road sector are the Road Fund, Consolidated Fund, and the Donor inflows. Overall the total amount of funds disbursed on the road sector in 2008 amounted to US\$502 million, of which the Road Fund constitutes about 39%, Consolidated Fund about 26.5% and donor inflows 34.7%. This represents about 51% increase over the 2007 total funds disbursed by the sector.

Out of the total amount disbursed by the sector in 2008, US\$338.66 went into routine maintenance, periodic maintenance, minor reconstruction and upgrading works. This represents 67.5% of total funds disbursed by the sector, and 32.4% increased over the 2007 level.

Overall the total length of roads maintained or rehabilitated in 2008 was 31,295km, representing 76% of the total road network that required maintenance. Even though the amount of resource required for routine maintenance, periodic maintenance, minor reconstruction and upgrading work, relative to the maintenance needs increased significantly in 2007 and 2008, the bulk of the resources went to settle road maintenance arrears. In all, trunk roads accounted for the bulk of all maintenance and rehabilitation works for 2008, constituting about 50%, followed by feeder roads (38%) and urban roads (8.6%) in that order.

The annual road accident rate continues to be high, inspite of showing a decline of 6.8% from 12,038 in 2007 to 11,214 in 2008. This still put the accident rate beyond the projected target of not more than 10,110 envisaged under the GPRS II. Fatalities resulting from these accidents also showed marginal improvement, yet high, averaging 1 for every 7 accidents, compared to 1 for every 6 accidents recorded in 2007. Total injuries arising out of these road crashes on the other hand increased from 14,373 in 2007 and 14,531 in 2008.

Table 3.6a: Development of the Road Transport

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Total funds disbursed for routine maintenance, periodic maintenance, minor rehabilitation relative to the maintenance needs of the road network	90%	(\$152.89mil = 84.4%)	(\$255.70mil = 132.5%)	(\$338.66mil = ...%)	Significant progress
2. Proportion/length of roads maintained/Rehabilitated	100%	(36,021km) 85.4%	(28,243km) 65.4%	(31,295km) 76%	Steady progress
<u>Trunk Roads (in km):</u>					
a. Routine maintenance	13,130	12,825.1	8,114.94	13,755	
b. Periodic maintenance	378	135.33	208.63	555	
c. Minor Rehab & Reconstruction	540	166.86	347.33	115	
d. Major Rehab & Reconstruction	200	142.18	183.55	200	
<u>Urban Roads (in km):</u>					
e. Routine maintenance	4,598	3,634.79	2,827.34	2,679.0	
f. Periodic maintenance	360	360.87	249.0	252.0	
g. Minor Rehab. & Reconstruction	255	56.18	282.29	Na	
h. Major Rehab. & Reconstruction	16	Na	7.0	7.0	
<u>Feeder Roads (in km):</u>					
i. Routine maintenance	26,048	17,340.0	13,620.0	11,937.0	
j. Rehabilitation	1,113	557.0	481.0	560.0	
k. Regravelling	552	50.0	32.6	3.0	
l. Spot Improvement	1,771	1,162.0	1,403.0	965.0	
m. Reconstruction	0.0	Na	Na	Na	
n. Surfacing	316	176.0	267.3	267.3	
3. Annual accident statistics for each transport mode (Total number of road accidents)	10,110	11,668	12,038	11,214	Steady progress
4. Road condition mix					
<u>National:</u>					Significant progress
Good	64,131km = 57%	48,381km =45%	62,954km 32%*	66,160km** 42%	
Fair	= 27.3%	= 28%	29%*	32%	
Poor	= 16%	= 27%	39%*	31%	
<u>Trunk Roads:</u>					
Good	13,367km = 52%	11,723km =46%	11,180 km 57%	11,618 km** 40%	
Fair	= 32%	=29 %	26%	32%	
Poor	= 16%	= 25%	17%	28%	
<u>Urban Roads:</u>					
Good	9,764Km =62%	4,064Km =46%	9,764km 34%	12,450km 50%	
Fair	= 20.9%	= 30%	2%	3%	
Poor	= 17.1%	=24 %	64%	38%	
<u>Feeder Roads:</u>					
Good	41,000Km = 56%	32,594Km =34 %	42,010km 35%	42,092km 38%	
Fair	= 29%	=15 %	37%	32%	
Poor	= 15%	= 51%	28%	30%	

Source: MRT, 2008

* Re-base network size of roads, with computation based on new estimate of road network size.

** Data excludes trunk roads under rehabilitation

In the area of rail transport, both passenger and goods traffic continued to decline in 2008. Passenger traffic by rail which stood at 26,000 (thousand passenger-km) in 2007 declined by 42% to 15,000 (thousand passenger-km) in 2008, while goods traffic by rail in thousand tones-km fell by 61.5% in 2007 to 46,770 (in thousand tones-km) in 2008. This situation has arisen because of the persistent drop in the proportion of rail lines which are in operation. Out of a total length of 1,300km of rail track, the proportion in operation dropped from 90.2% in 2001 to about 43.7% in

2003. This is as a result of the deterioration of the rail lines. The proportion of rail line in operation, however begun to increase in 2004 and it currently stands at 46%.

Also transport of goods and passengers on the Volta Lake continue to decline since 2004. The Volta Lake is the major inland water transport for the movement of people and goods. The Volta Lake Transport Company Limited (VLTC) is the main transport services provider on the Volta Lake. The type of cargo transported includes petroleum products and cement. The volume of cargo transported over the lake since 2004 has declined from 85,175 tonnes to about 47,867 tonnes in 2008. However the passenger traffic increased from 23,815 in 2004 to 37,114 in 2008. The drop in cargo transport and passenger transport has been attributed in part to the inadequate inflow of water into the Volta Lake.

On the other hand, maritime traffic (goods loaded and unloaded) continued its fluctuating trend. While cargo transport (goods loaded) declined from 8,346,518 tons in 2006 to 7,471,198 tons in 2007 at the Tema port, it however picked up in 2008 to 7,580,758 tons. Similar trend occurred at the Takoradi Port. Vessel calls at have experienced downward trend due to dredge of berth 11 and 12 which now receives larger vessels. In 2006, 2,642 vessels called at both ports reduced to 2,266 in 2007. This reduced further to 2,183 in 2008.

Generally, total traffic fluctuated between 2006 and 2008. While total traffic fell from 14,446,713 tonnes in 2006 to 12,973,707 tonnes in 2007, it slightly increased to 13,337,177 tonnes in 2008.

The Tema Port continued to receive the bulk of cargo and containers due to a number of infrastructural developments that have taken place at the port in recent years.

Table 3.6b: Development of the Rail and Maritime Transport

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Passenger traffic and goods traffic by railways					
a. Passenger traffic (in 1000 passengers-km)	104,400	38,000	26,000*	15,000	Target not achieved
b. Good traffic (1000 tonnes-km)	219.88	181,250	121,700	46,770	Target not achieved
2. Maritime traffic : Goods loaded and unloaded (in 1000 tonnes)					Steady Progress. Targets not achieved for Goods loaded.
a. Goods loaded (in 1000 tonnes)	4,359	4,359	3,706.9	3,948.9	2008 Traffic by location (in tonnes):
b. Goods Unloaded (in 1000 tonnes)	9,266	8,038*	8,725.4	9,388.3	<u>Goods Loaded</u> Tema - 1,587,234 Takoradi - 2,361,659 Total - <u>3,948,893</u> <u>Goods Unloaded</u> Tema - 7,680,760 Takoradi - 1,707,526 Total - <u>9,388,286</u> <u>Total vessels</u> Tema - 1,365 Takoradi - 608 Total - <u>2,183</u>

Source: MPHR, 2008

*revised

With the exception of total air freight, the number of aircraft flying into the airspace, and the number of air traffic passengers continued to record increases in 2008. The number of air traffic passengers increased over the 2007 level by 11.6% in 2008, while the number of aircraft movement also recorded 11.2% increase over the 2007 level (Table 3.6c).

Domestic flight movement, as well as passenger traffic continued to increase as a result of improved infrastructure at the regional airports including Kumasi, Takoradi and Tamale. The number of domestic air traffic passengers increased from 85,115 in 2007 to 132,087 in 2008.

Table 3.6c: Development of the Air Transport sector

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Total air freight and number of air traffic passengers:					
a. Total air freight in thousand tonnes	57.3	49.5	59.5	55.5	Target not achieved
- Loaded		33.2	33.5	32.7	
- Unloaded		16.3	26.0	22.8	
b. Number of air traffic passengers (arrival and departure) in thousand	1,162.367	926.6	1,063.0	1,186.557	Target exceeded
- Arrival		458.8	524.6	587.745	
- Departure		467.7	541.4	598.812	
c. Number of air craft movt (arrival and departure) in thousand	18,047	13.733	15.723	17.481	Steady Progress
- Arrival		6.868	7.950	8.738	
- Departure		6.865	7.773	8.743	
d. Number of domestic air traffic passengers	Na	Na	85,115	132,087	Significant progress

Source: MOA, 2008

Key Policy Measures and Strategies:

As a strategic support sector under the GPRS II, the following key activities were undertaken in 2008 under the key sub-sectors of road, rail, water and air transport.

Road Transport:

Cabinet approved the National Transport Policy which is expected to guide the preparation of future integrated transport development plans and programmes. Subsequently a Transport Sector Development Programme (TSDP) for all modes of transport based on the National Transport Policy was also finalized. In addition, preparatory work on the Integrated Transport Plan (ITP) started.

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

The government is undertaking the development and maintenance of phase 2 of the Nsawam road which includes that from Kwame Nkrumah Circle to Achimota. This involves works on the Alajo by-pass and extension at the Achimota transport terminal of which about 65% is completed. On-going works on the Accra Central Business District roads is also about 70% complete.

For the Kumasi Road and Urban Development project, construction works on four lots for the provision of facilities at the new site earmarked for woodworkers is substantially completed and work started on the Oforikrom-Asokwa bypass (including an interchange at Timber Gardens). The detailed design of the 70km Kumasi Outer-Ring roads intended to route traffic flow around the Kumasi metropolis to reduce local traffic within the Central Business District (CBD) is currently being undertaken. Acquisition surveys and property impacts have been completed and compensation payments have begun. A consultant was engaged to undertake feasibility studies and preliminary design of the facility. Also, the rehabilitation works at Kejetia Terminal is 85% complete.

The design review for the Awoshie-Pokuase road project is also in progress, while the construction of the Kumasi-Sunyani road with interchanges at Sofoline roundabout and Komfo Anokye Teaching Hospital is on-going with 15% completed.

The Driver and Vehicles Licensing Authority (DVLA) finalized the regulatory framework and standards for private garages, and has licensed six private garage operators to begin construction of fully equipped garages for vehicle inspection.

A National Road Safety Policy document was prepared for submission to Cabinet. This policy document is expected to be used to develop road safety strategies and action plan for implementation by all stakeholders.

The National Road Safety Commission (NRSC) undertook a number of road safety education programmes to promote the safety of road users across the country. These included, outreach programmes for 148 churches, 75 mosques and 253 lorry stations in the various regions and a media sensitization programme to present NRSC programmes and activities. In addition, a total of 160,000 copies of posters and handbills were produced and distributed.

Government Technical Training Centre (GTTC) continued to offer skill training for the automobile industry, as well as provide assistance in part time schooling for wayside mechanics and the under-privileged in society. In 2008 the Centre carried out training for a total of 118 people both in the formal and informal sectors. About 58 trainees were attached to various firms for on-the-job training and another five benefited from workshops and seminars to upgrade their skills.

Water Transport

In pursuance of the strategic objective of making ports competitive through infrastructural development and provision of increased opportunities to the private sector, the nine private stevedoring companies licensed to handle 75% of the general cargo at Ghana's ports continued to carry out their work. Other services provided by the private sector at the ports include clearing and forwarding services, tank firms,

commercial warehousing, off-Dock terminals for container storage, bunkering services, port clearing and shore handling.

To improve on the regulatory service of Ghana Maritime Authority (GMA) the following draft bills have been developed; the Maritime Pollution legislation, Ghana Shipping (Licensing of Ghanaian vessels under 24 meters or 150 tons in weight and vessels operating solely in inland waters of Ghana) Regulations, Miscellaneous Subsidiary Legislation made by virtue of the Ghana Shipping Act 2003 (Act 645) including Port State Control Regulations and Ghana Shipping (Crew Services Licensing) Regulations.

To support and provide backbone for delivery of competitive services, a number of port infrastructural projects were completed in 2008. These include:

- the completion of a flyover bridge and dualisation of the arterial road at the western gate at Tema Port;
- completion of transit shed at Takoradi Port to facilitate and sustain transit trade;
- completion and commissioning of a new ultra-modern marine block as part of Quay 2 extension project to house marine operation staff and the hydrographic section.

In addition, inland water safety code was developed and disseminated to all users. The draft Legislative Instrument (LI) on the construction and use of boats has been submitted to the Attorney General's Department for their opinion.

The development of Boankra inland port, a project which is being facilitated jointly by the Ghana Shippers Council and the Ghana Ports and Harbours Authority continued in 2008. Strategic investors are expected to participate in the financing of the project. The project completed so far include:

- the Administrative block;
- extension of utility services (water and electricity); and
- award of contract for the construction of access road from the Accra-Kumasi Highway.

Rail Transport

To provide the legal framework for regulating the railways sector, Parliament passed the Railway Act 2008, Act 779.

To provide other cheaper and faster means of transport as well as decongest the roads, government commenced feasibility studies on the Western Corridor (Western Rail line and Port of Takoradi) and has completed a feasibility study on the multimodal freight transport between Tema and Buie via Akosombo.

A pre-feasibility study on the Kumasi-Paga; Tamale-Yendi and a proposed Accra-Tema Railway line along the coast was completed.

Air Transport

During the year under review, bilateral air service agreements with Egypt, Morocco Germany and Belgium were reviewed. This was in addition to the bilateral air service agreements negotiated with Saudi Arabia, Germany and China in 2007. Also a

number of applications were received from proponents for the issuance of Air Carrier's License for the operation of air transport services. A final detailed aviation policy guidelines was developed in 2008.

In the area of infrastructure development, the scope of works for the Phase III rehabilitation of the Kotoka International Airport was signed and the loan agreement concluded. Also the contract for the first phase of the regional airports rehabilitation works which cover terminal building rehabilitation, construction of new VVIP lounges, runway rehabilitation and the provision of temporary lights for Kumasi, Takoradi and Tamale airports was completed. Installation of permanent lighting for the regional airports commencing from Takoradi airport has also been commenced.

A private company dealing with assembling of micro-light aircraft in the country has embarked on the manufacture of two-seater and 4-seater ultra-light aircrafts for pilot training, medical evacuation and agricultural development. The company began building 4-seater aircrafts in 2008.

A number of aviation seminars to sensitize the public on the benefits of general aviation was organized, eight pilots were trained and issued licenses in basic pilot training.

A number of licenses were also issued to indigenous airlines to enable them commence provision of air transport services. One of the domestic airlines was designated to fly to the United Kingdom and the Federal Republic of Germany during the year under review.

3.2.7. Energy Supply to Support Industry and Households

Status of Selected Indicators:

To ensure a consistent energy supply to support industry and household consumption, the medium term policies under the GPRS II were aimed at: (i) modernizing and expanding power infrastructure; (ii) improving the regulatory environment in the power sector, (iii) ensuring full cost recovery for power supply and delivery while protecting the poor; (iv) ensuring increased access to modern forms of energy for the poor and vulnerable; and (v) ensuring productive and efficient use of energy.

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

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

Firewood and charcoal continued to dominate the final energy source reaching the consumer (63%), while petroleum products and electricity followed with 21% and 16% respectively. Household consumption of energy represented about 63% of total supply on the account of high fuel wood usage. The proportion of households with access to electricity increased from 45% in 2005 to 54% in 2008.

The soaring world price of crude oil reached its peak of US\$147/barrel in May, 2008. Subsequently the government suspended the automatic price adjustment formula until October, 2008 when world crude prices fell to about US\$ 66/barrel, leading to under recovery of about US\$186.2 million. Overall, the National Petroleum Authority (NPA), responsible for regulating domestic prices, adjusted prices 14 times, between January and December 2008 constituting an overall downward price adjustment of 1.34% for gasoline and 0.86% for gas oil in 2008. The per capita consumption of petroleum per annum declined from 0.0905 tonnes of oil equivalent (TOE) to 0.0742 tonnes of oil equivalent (TOE), while per capita consumption of LPG stagnated at 0.005 tonnes of oil equivalent. The decline in consumption of petroleum in 2008 has been attributed, in part, to the end of the domestic power crisis resulting from improvement in the Volta Lake which made it possible to substitute thermal generation for hydro as well as reducing the use of fuel powered generators by individual and some industrial consumers in generating power.

In the absence of the domestic electricity supply crisis which hit the country in 2006, per capita consumption of electricity improved marginally from 0.0244 per annum (in tonnes of oil equivalent (TOE) in 2007 to 0.0246 per annum (in tonnes of oil equivalent (TOE) in 2008. As a result, the average number of hours of electricity outages per consumer per year fell from an average of 435 hours/year in 2007 to 130 hours/year in 2008, about 30% higher than the minimum threshold of 100 hours/year set under the GPRS II.

Transmission and distribution losses of electricity continued to be high in 2008 despite continued improvement in the transmission and distribution system. Transmission losses increased from 3.36% recorded in 2007 to about 3.46% in 2008, while the distribution losses from Electricity Corporation of Ghana (ECG) increased from 23.96% in 2007 to 24.24% in 2008. On the other hand, the distribution losses through Northern Electrification Development (NED) declined from 22.86% in 2007 to 19.20% in 2008, thereby meeting the PURC benchmark of 25%.

Table 3.7: Energy Supply to Industry and Households

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Per capita consumption of energy per annum (in Tonnes of Oil Equivalent(TOE) a. Electricity b. Petroleum c. LPG		0.0282 0.0798 0.0040	0.0244 0.0905 0.005	0.0246 0.0742 0.0053	Steady Progress
2. Average number of hours of electricity outage per consumer per year - ECG - NED	100 100	112 367	124 746	107 153	Steady progress Significant progress
3. Percentage reduction in transmission and distribution losses: a. Transmission b. Distribution - ECG - NED	2.8% 21% 25%	3.56% 24.26%* 24.41%	3.36%* 23.96%* 22.86%	3.46% 24.24% 19.20%	Target Not achieved Target not achieved Target exceeded
4. Percentage of households covered by electricity supply		48%	54%	54%	Steady Progress

Source: Ministry of Energy (MOE), 2008

* Revised

Key Policy Measures and Strategies:

The following key activities were undertaken in the energy sector in 2008:

i. Power Sub-sector

As part of the medium-term arrangements to secure power supply, a number of power projects which were initiated at the wake of the power crisis in 2006/2007 were continued in 2008. The 126 MW Tema Thermal Power Project (TT1PP); 49.5 MW Tema Thermal 2 Power Plant (TT2PP); engineering, procurement and construction of Gas Turbine Generators and balance of plant for the 230 MW Kpone Thermal Project are in progress.

The Power Purchase Agreement signed with Balkan Energy Company to operationalize the 125 MW Osagyefo Power Barge at Effasu – Mangyea is still in progress. However the refurbishment and ancillary works expected to be carried out by Balkan Energy could not be completed for the plant to be operational in March 2008 as envisaged under the work programme. Works on the power plant, transmission lines and substations to evacuate power from the power plant are still in progress.

Work on the Bui Hydro Project which begun in 2007 continued in 2008. Activities undertaken included clearing works on the dam site, topographic surveys, geological and hydro-geological investigations, relocation and resettlement to Jama in the Brong Ahafo Region of three communities living at dam site. River closure was achieved in December 2008 paving the way for works on the river beds to commence.

Meanwhile the 126MW Emergency Power Plants put up by government and 80MW Power Plant by consortium of mining companies in the wake of the 2006/2007 energy crisis have been put on standby for emergency situation.

West African Power Pool

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

- 330kV Aboadze - Tema transmission line;
- upgrade of electromechanical equipment at Akosombo/Tema line;
- Supervisory Control and Data Acquisition (SCADA) and Communication Systems Upgrade;
- Accra Third Bulk Supply Point; and
- Kumasi Second Bulk Supply Point.

Distribution System Improvement Project (DSIP)

A number of projects were initiated to improve the reliability and quality of power supply as well as reduce system losses. These include:

- continuation of the construction of 33kv primary substations in Ofankor, Accra, Amanfrom, Kumasi and the commissioning of Abuakwa, Kumasi substation which all begun in 2007;
- Expanding the number of customers under the prepayment metering system.

Also under the ECG distribution system improvement project, preliminary activities on switching stations and substations were carried out in the following regions; Greater Accra (Dodowa, Tokuse), Eastern (Akuse Junction), Western (Bogoso, Bawdie), Ashanti (Ejisu, Kuntunasi), Volta (Jasikan) and Central (Dunkwa, Winneba, Swedru, Kasoa).

Rural Electrification

Work on the government-supported electrification of communities under the Self Help Electrification Programme (SHEP) continued in 2008. Work in 251 communities were completed and connected to the national grid under SHEP-4. Under the extension of power supplies to 5+ communities per district initiative, work commenced in communities with low voltage (LV) poles. A total of 11 communities in the Greater Accra and Volta Regions were completed.

Under the US\$90.0 million electrification project with the China EXIM Bank/GoG funding which commenced in August 2007, over 380 communities were connected to the national grid throughout the country. Work in 31 communities in West Akim District was completed and commissioned under the Japanese Government Grant Aid electrification project. Material supply for the extension of power supply to 16 communities in Upper Denkyira District is almost completed.

ii. Petroleum Sub-Sector

West African Gas Pipeline Project

Under the West African Gas Pipeline Project (WAGPP), the entire off-shore main high pressure pipeline from Itoki in Nigeria to Takoradi was completed. The gas pipeline from the Regulation and Metering (R&M) Station to VRA plant at Aboadze, the gas conditioning facility, and gas turbine works were also completed. Free flow (non-compressed) gas, which is in the pipeline at Takoradi is yet to be delivered to the power plant at Aboadze.

Cabinet approved six Legislative Instruments (LI) for regulating the Secondary Gas Market. Out of these, 4 were approved by Parliament. The remaining 2 are being reviewed at the Attorney General's Department before submission to Parliament.

Liberalization of the Petroleum Downstream sub-sector

In line with the deregulation of petroleum downstream sub-sector and for the promotion of private sector in the petroleum industry, the National Petroleum Authority (NPA) undertook monthly reviews of petroleum pricing to ensure full cost recovery, reasonable return on investment and competitive prices for petroleum products. The government suspended the petroleum price adjustment mechanism in May, 2008 after the global price of crude oil reached US\$147/barrel and was reactivated in October 2008.

BOST Expansion Projects

The construction of Phase II of Kumasi Depot Expansion Project was 95% complete while Accra Plains Depot Expansion Project was 100% complete.

The construction of 5km of 18 inch diameter petroleum pipeline with ancillary facilities connecting Tema Oil Refinery (TOR) to Accra Plains Depot was 100% complete.

Oil Discovery/Exploration

Another significant event that took place in the energy sector in 2007 is the discovery of oil in commercial quantities. The activities of Ghana National Petroleum Corporation (GNPC) aimed at facilitating the discovery of oil in commercial quantities yielded positive results in 2007 when Kosmos Energy and Tullow made two significant oil discoveries in the Tano/Off Shore and Cape Three Points.

Subsequently, the appraisal programme on the Jubilee fields being managed by Messrs Kosmos Energy and Tullow Oil Ghana Limited was completed in 2008. These companies and other Jubilee partners were preparing the Plan of Development as at December 2008.

3.2.8. Science and Technology to Support Productivity and Development

Status of Selected Indicators:

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

To appreciate government commitment to this agenda, it is important to understand how much public resources are being committed to science and technology development. The evaluation of progress in this respect continued to be challenged by lack of adequate data on the proportion of public resources that has gone into science and technology development on an annual basis. The effort by the Ministry of Education, Science and Sport (MOESS) to institute a mechanism to collect adequate data on this subject in 2008 was constraint by operational difficulties including poor institutional coordination.

Meanwhile figures on budgetary resources (Services and Investment) in 2008 allocated to three main public institutions engaged in science and technology research, namely Science Division of MOESS, Council for Scientific and Industrial Research (CSIR) and Ghana Atomic Energy Commission (GAEC), show an increase from US\$5.03 million in 2007 to US\$39.10 million in 2008, representing 677% increase over the 2007 level in nominal terms. However in real terms this constituted 0.24% of GDP, thereby falling short of the average annual share of between 0.3% - 0.5% envisaged under the GPRS II.

Table 3.8: Science and Technology Development

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Percentage change in Research and Development expenditure (Public)	0.3 – 0.5% of GDP	Na	Na	Na	<p>Data not available to evaluate the indicator</p> <p>2007 Public Expenditure (investment and Services):</p> <p>Institution</p> <p>MES - US\$21,082.66</p> <p>CSIR - US\$514,179.73</p> <p>GAEC - US\$3,131,720.99</p> <p>TERTIARY - US\$1,359,664.49</p> <p>Total - US\$5.03mil (0.03% of GDP)</p> <p>2008 Public Expenditure (investment and services):</p> <p>Institution</p> <p>MES - US\$83,177.57</p> <p>CSIR - US\$948,598.13</p> <p>GAEC - US\$332,542.06</p> <p>TERTIARY - US\$37,732,913.08</p> <p>Total - US\$39,097,230.84 (0.24% of GDP)</p>

Source: MOESS, 2008

Key Policy Measures and Strategies:

Some of the major policy interventions that were pursued in this area in 2008 are as follows:

- funds were made available to expand and equip science laboratories in the tertiary educational institutions to make teaching and learning of science and technology more attractive. Government's policy of ensuring an enrolment ratio of 60:40 in favour of science and technology guided the admission process in the tertiary educational institutions;
- Council of Scientific and Industrial Research (CSIR) developed 20 new varieties of maize, rice, sorghum, groundnuts, Soyabeans, cowpea, cassava, yam and plantain. CSIR also developed pozzolana cement from local clay as a substitute for clinker which is used for the production of portland cement;
- the Food Research Institute (FRI) received accreditation from International Standards Organization ISO 17025 for competence in food quality testing. In addition, FRI adapted and fine-tuned a technology for the production of glucose syrup from High Quality Cassava Flour for use in food, beverage and pharmaceutical industries;
- the Institute of Industrial Research (IIR) developed activated charcoal from local materials for use in reducing and eliminating pollutants in foods, beverages, mining and pharmaceutical industries, while the Water Research Institute (WRI) developed a biological control technique for the control of mosquito larvae;
- Ghana Atomic Energy Commission (GAEC) commenced the upgrading of the Gamma Irradiation Facility (GIF) for the treatment of food and medical items for export and domestic use. It also started the construction of the National Accelerator building project to house the accelerator facility for research and training and in addition, and completed about 90% of the construction works on the lecture halls and hostel for the Graduate School of Nuclear and Allied Sciences.

3.2.9. Developing Information and Communication Technology (ICT)

Status of Selected Indicators:

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

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

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

The improved policy and regulatory environment, as well as the positive sustenance of competition and investment in the sector continued to impact positively on the sector with telephone penetration rate increasing from 36.3% in 2007 to 53.2%, thereby far exceeding the target for the year. The impact of these developments on social transformation has been significant. Mobile phones continued to be a major form of communication for many of the country's rural farmers, micro businesses and other professionals to access information, provide critical services and transact business.

Total mobile phone subscription stood at 11,568,850 in 2008, compared to 7,604,053 in 2007, while fixed lines accounted for 143,900 in 2008 compared to 376,509 in 2007. The decline in fixed lines has been attributed to the removal of dormant subscribers from the GT fixed line network. Meanwhile, total internet usage has increased from about 1.7% in 2006 to 3.8% in 2008, while the total number of internet subscribers has increased from 21,800 in 2006 to 45,000 in 2008. This though representing more than 14% annual increment envisaged under the GPRS II, the size of the population who has access to internet remains low.

According to a survey conducted by the Ministry of Education Science and Technology (MOESS) in 2008, only 56.9% of second cycle schools have functioning computers in their schools. This put the average ratio of students to computers at the national level at 42:1 (i.e. forty two students to one computer), with the Northern region having the highest (worst) at 50:1 and Volta Region the lowest at 33:1. The survey revealed that 40% of all second cycle institutions have a student enrolment of more than one thousand (1000). Also it was observed that nearly 22% of these schools had local area networks, with only 17.7% with access to internet. About 90% of these schools with internet are in urban or semi-urban areas.

On the other hand, the total number of radio and television stations in operation in Ghana has increased from 137 in 2006 to 165 in 2008. This represents about 70% of the total number of FM radio and TV station granted licences to operate in the country.

Though current data on the size of the Information Communications Technology (ICT) industry is not available, the sector represents one of the fastest growing sectors of the economy with average growth rate of not less than 8% over the past three years. The sector has become a major source of employment in Ghana, with direct and indirect employment by telecommunications companies increasing on consistent basis. The country's IT-enabled services industry already provides direct employment for more than 2,500 people.

Table 3.9: Information, Communication and Technology Development

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Size of the ICT industry	US \$750 million by 2011	630.0	863.7	Na	Lack of data
2. Teledensity/Penetration rate:	27%	27.2%	36.3%	52.4%	Target exceeded
a. Fixed Line		1.7%	1.9% (376,509)	0.6% (143,900)	The fixed line figure has gone down because of the removal of dormant subscribers from the network
b. Mobile		25.5%	34.4% (7,604,053)	51.8% (11,568,850)	
3. Internet Access					
a. Subscribers	≥14% per annum	21,800	23,000	45,000	Target exceeded. About 95.7% increased over the 2007 level
b. Users	Na	1.7%	2.8%	3.8%	Significant progress
c. Providers (total number)					
- Number Authorize	Na	99	107	190	Significant progress
- Number in Operation	Na	32	34	36	
d. Number of school with internet access	Na	50 (SHS) 8 (Teacher Training)(SHS) ...(Teacher Training)	89 (SHS) ... (Teacher Training)	Significant progress
4. Electronic Media					
a. FM Radio					
- Number Authorize	Na	165	183	190	Significant progress
- Number in Operation	Na	127	129	146	
b. Television*					
- Number Authorize	Na	25	26	47	Significant progress
- Number in Operation	Na	10	11	19	

Source: Ministry of Communications (MOC)/GIPSA/MOESS, 2008

*Include those who are authorize to operate in more than one region (e.g. GBC, Metro TV, TV3, TV Africa, etc)

Key Policy Measures and Strategies:

A number of important actions were undertaken in 2008 towards the implementation of policies and programmes outlined in the GPRS II.

To promote a wider penetration of ICT services, government facilitated the transformation of Voltacom's Fiber Optic assets into a National Communications Backbone Infrastructure network to provide open access broadband connectivity nationwide. Also the Ghana Investment Fund for Telecommunication development (GIFTEL) completed a total of 39 Common Telecom Facilities and this enabled Telecom Operators to extend their services to about 273 communities.

The government in collaboration with Intel Corporation begun the implementation of the Government Assisted PC Programme (GAPP), with the aim of increasing the use and acquisition of personal computers at affordable prices in Ghana and also grow the local PC Assembling industry. About 11,000 units of computers were sold to the public, private, educational institutions and individuals under the initiative.

To create an effective ICT enabling environment, four bills namely: e-Transactions, the e-Communications, National Communications Authority (NCA) and National Information Technology Agency (NITA) bills, were passed into law by Parliament. Also, to further improve the postal services sector, a National Postal Policy is being developed to enable the government provide policy and regulatory guidelines for the sector.

To enhance extended services to subscribers, the Worldwide Interoperability Microwave Access (WiMAX) and 3G licenses guidelines to facilitate effective implementation of the services was initiated. Ultra High Frequencies (UHF) was issued to existing TV broadcasting stations for the implementation of the digital broadcasting migration.

To further liberalize the telecom sector and improve fair competition the National Communications Authority (NCA) auctioned a sixth mobile license on a competitive basis to Glo Mobile. It is expected that this would provide competition and value added services for the benefit of the ordinary citizens and consumers. Also in order to improve the quality of mobile services to consumers, NCA intensified its monitoring activities and instituted appropriate penalties to defaulting operators to serve as deterrent. The NCA has also set out clear compliance guidelines and inter-connection tariffs between fixed and mobile networks.

The government in pursuance of the promotion of an all-inclusive information and knowledge society to benefit the underserved and rural areas, constructed 90 Community Information Centres (CICs) nationwide. About 38 of these were provided with connectivity and equipment, while another 35 were at various stages of construction.

The ICT Business Incubator supported the establishment of business start-ups to support and nurture entrepreneurial development in ICT. So far four out of 10 local start-ups have grown to maturity. In addition 10 Business Process Outsourcing Companies were established. Data entry clerks were also trained to capture accurate data.

3.2.10. Developing the Tourism Sector for Revenue and Employment Generation

Status of Selected Indicators:

The policy thrust for the tourism sector is to make Ghana a competitive and quality tourism destination while preserving the country's cultural, historical and natural heritage. The strategies and policy measures implemented in 2008 were aimed at: (i) promoting tourism as a major source of national revenue; (ii) promoting domestic tourism to foster national cohesion as well as redistribution of income; (iii) promoting sustainable and responsible tourism in such a way as to preserve historical, cultural

and natural heritage; and (iv) enhancing the capacity and strengthening the legal and institutional framework to support tourism industry.

Among the key indicators adopted to monitor progress of implementation are:

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

The tourism sector continues to be one of the most important and fastest growing sectors of the Ghanaian economy. It is the third largest foreign exchange earner after merchandise exports and remittances, and contributes significantly to the services sector which currently constitutes 31.2% of the GDP. Comprehensive analysis of the growth of the sector is continuously challenged by lack of data. However indications are that tourist arrivals and receipts continued to increase in 2008, particularly due to high profile events including the CAN 2008 African Soccer Tournament, the UNCTAD conference, the High Level Forum on Aid Effectiveness, etc.

Available statistics on domestic tourism for 33 sites indicate that 637,550 resident tourists visited various tourist sites within the country in 2008 and generated income of about GH¢860,950 (US\$717,458.45) in the local economy. Both direct and indirect employment generated by the sector in 2008 was 234,679 of which about 45% went to women.

As result of a number of high profile events including CAN 2008 African Soccer Tournament and the UNCTAD conference which took place in 2008 the number of hotel accommodation increased by 11.5% in 2008 compared to 1.8% in 2007. The total number of hotel establishments registered which stood at 1,430 in 2007 increased to 1,595 in 2008, of which 166 were new. The number of car rental companies registered also increased from 57 in 2007 to 84 in 2008. On the other hand, a number of catering and tour operations establishments folded up due to keen competition in the sector or inability to meet minimum establishment standards.

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

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Percentage change in tourist arrivals	20%	16% (Total arrival = 488,697)	Na	Na (Total arrival = 600,000*)	Steady Progress RECEIPTS (US\$ Million): 2006 = 984.8 2007 = Na 2008 = 1,300* EMPLOYMENT: 2005 = 183,192 2006 = Na 2008 = 232,803
2. Percentage change of investment (stock of tourism facilities) in the tourism sector					
a. Accommodation Establishments (Hotels, Guest houses, lodges etc)		4.5 (1405)	1.8* (1430)	11.5% (1595)	Significant progress
b. Catering Establishment (Restaurants, fast food joints etc)		-32.8 (250)	40.8* (352)	-2.3% (344)	Decline attributed to some facilities folding up due to keen competition

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
c. Travel Agents and Tour Operations Establishment		-5.9 (350)	0.3* (351)	-19.1% 284	Decline attributed to closure of facilities for not meeting minimum standards
d. Car Rental companies		11.3 (59)	-3.4* (57)	47.4% (84)	Significant progress
3. Percentage change in domestic tourism	Na	Na	- (417,558 for 25 sites)	- (637,550 for 33 sites)	Significant progress. The data suggests that nearly 19,320 visited each site in 2008, compared to 16,702 in 2007. This amounts to 15.6% increased over 2007 level per site)

Source: MOTDR, 2008

*=Figure is base on an estimate

Key Policy Measures and Strategies:

The following activities were carried out in line with the objective of the tourism sector in 2008:

- work started on two Tourist Receptive Facilities at Akwamufie and Saltpond in addition to the 21 located at various districts country-wide to open-up these sites for increased patronage;
- aerial photographs and Ortho-photo maps of Ghana's coastline covering an area of 4,716 kilometer square (from Half Assini to Aflao) was produced to facilitate investment in the tourism sector as well as the creation of the proposed Area Coastal Management Authority;
- 2,186 accommodation and catering establishments in both formal and informal sectors were inspected and issued with operational licenses as part of ensuring standards and quality service delivery;
- 30,000 promotional brochures were printed and distributed to target groups, and the 8th National Tourism Awards was held for industry practitioners to promote competition and excellence in service delivery;
- community-based tourism projects have been initiated countrywide to boost tourism and economic activities in some rural communities in collaboration with some development partners and NGO's such as SNV, Nature Conservation Resources Centre (NCRC) and Ricerca e Cooperazione(RC). Notable amongst them were Boabeng-Fiema and Tafi-Atome monkey sanctuaries and the establishment of local trade linkages with tourism plant operators at Busua, Cape Three Points, Miamia and Akwidaa communities;
- the Old Accra Redevelopment Agency (OARA) was established and made operational. Among the activities undertaken by the agency is the rehabilitation and commissioning of Brazil House for tourist visitation as well as the acquisition of land for relocation of residents from Sodom and Gomorrah. Work on the 4km link road to Adjen Kotoku for the re-settlement of the residents from Sodom and Gomorrah and the 1st phase of 259 room five- Star Ambassador Hotel was started;
- to facilitate the Public-Private Partnership forum and prepare a draft Tourism Policy, the Ministry of Tourism and Disporan Relations organized four stakeholder meetings. In addition, a draft Tourism Bill was prepared to restructure tourism administration, including the establishment of the National Tourism Authority to regulate the tourism industry. It also completed the establishment of a Diasporan Unit;
- the Ghana Tourist Board (GTB) in collaboration with FAO, CEDECOM and

Ghana Maritime Academy trained 164 food service providers, trader association executives and 29 life-guards/pool attendants on aquatic life saving; and

- the Hotel, Catering and Training Institute (HOTCATT), a training wing of the Ministry of Tourism and Diasporan Relations, offered pre-industry training for 239 school leavers in the following industry related skills: front desk office operations, housekeeping, food and beverage production, tour guiding and ground handling skills.

3.2.11. The Music and Films Industry for Growth and Job Creation

The music and films industry is a fast growing industry with unlimited potential. As one of Ghana's most significant pioneer industries, the music and film industry is a powerful means of enhancing country's identity and distinctiveness, while simultaneously creating employment and income.

Towards this end the policy objectives proposed under the GPRS II were aimed at promoting the industry to support tourism as well as make it a growth point for job and wealth creation and poverty reduction.

The specific interventions expected to be pursued under the GPRS II include: (i) the provision of the right legal and regulatory framework to develop and promote the music and films industry; (ii) promotion of research into existing policies, legal and legislative framework in order to create, review and revise legislature and policies; (iii) human and institutional capacity building; (iv) expansion of opportunities for specialists and stakeholders in the creative industry (film and music) to acquire industry related knowledge and resources; (v) creation of avenues for distribution, exhibitions, awards and live performances on national and international levels through the Embassies and missions abroad.

These provisions provide entry points for the private sector and other stakeholders to initiate programmes that can help realize the broader objectives of promoting development in these areas. Civil society and other interested local and foreign institutions have taken up the challenge and have designed and implemented some programmes in that regard.

Status of Selected Indicators:

Among the key indicators adopted to monitor progress of implementation are:

- the size of the music and film industry; and
- the number of employment generated by the industry.

Even though adequate data is currently not available to determine the size of the creative arts industry, as well as the number of jobs it generated in 2008, baseline study by Musicians Union of Ghana (MUSIGA) in 2006 estimates the size of the music industry alone at about 0.8% of GDP, and employment of about 21,000 people (Box 3.2). In 2008 the Copyright Society of Ghana (COSGA) registered a total of 783 creative works, including 499 musical works, 207 literary works, 51 audiovisual works, 13 artistic works, 11 logos and 2 software. By their estimation, the overall income of the music and film industry has increased by about 104% over the period

2006 to 2008, while the share of the films industry as percentage of GDP has increased from 0.07% in 2006 to 0.12% in 2008 (Table 3.11).

Box 3.2: Definition of size of Music Industry in Ghana

The definition of the music industry has a large impact on the size and value. The size and value of the music industry in Ghana is defined to include all activities related to music production and it measures the number and income of musicians, the size and income of the production side, the copyright and the sales.

Based on the data of COSGA and the assumption that all musicians have similar average income sizes on gigs and sales (which constitute their biggest income sources), the legal value of sales of the music industry alone, is estimated at Gh¢39,000,000 (US\$42 million). However, if figures on piracy are included sales from music could be more since Ghana is estimated to have a piracy rate of at least 70%.

This means that, the legal music industry sales contribute, at least 0.24% to the Ghanaian GDP, but if piracy is added together with other related industries such as CD and cassette manufacturing, it could be more than doubled. Overall legal income of the music industry (including Musicians, Production, Recording, Retail and Copyright) has been estimated at about US\$ 107 million which is more than 0.8% of GDP.

	<u>Size</u>	<u>People employed</u>
Musicians	6800 MUSIGA members (1646 COSGA composers)	7,292 (2,063)
Production	88 executive producers	515
Recording	225 recording studios	1,485
Retail	3000 shops 3000 hawkers	12,000
Copyright	1982 COSGA members	-
Total		21,292 (16,191)

Source: MUSIGA/Morten Mygent Pedersen (University of Southern Denmark), 2008

To facilitate future assessment of the impact of the industry on the economy a mechanism is currently being put in place by the stakeholders including the Ministry of Culture and Chieftaincy, Ministry of Tourism, Ministry of Trade and Industry, MUSIGA, Ghana Association of Phonographic Industry (GAPI), Institute for Music and Development (IMD), etc to ensure that adequate data is collected on a regular basis.

Table 3.11: The Music and Films Industry for Growth and Job Creation

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
1. Size of the Music and Films Industry	Na	Music = 0.8% (US\$107mil)	Music = Na (US\$...mil)	Music = Na (US\$...mil)	Data is currently not available.
		Films = 0.07% (US\$ 8mil)	Films = 0.10% (US\$14.5mil)	Films = 0.12% (US\$20.5mil)	Amount of royalties due owners of creative arts:
		Other Arts = % (US\$...mil)	Other Arts = % (US\$...mil)	Other Arts = % (US\$...mil)	<u>Year</u> <u>Amount (in Ghe)</u>
					2006 415,200.00
					2007 570,813.00
					2008 267,000.00
					Total 1,253,013.00
2. Number jobs created by the Music and films industry	Na	Na	Na	Na	Data is currently not Available. However 2006 estimates puts the total number of people employed by the music industry alone at 21,000, of which 3000 are shops and 3000 hawkers selling music.

Source: MCC/MOTIPPSI/MOTDR/MUSIGA, 2008

Key Policy Measures and Strategies:

Review of progress shows that the sector attracted substantial donor support in 2008 for the various activities identified under the GPRS II. These include:

- the EU fund of €2 million to create the Cultural Initiative Support programme for artists over the next 5 years;
- the French government's cultural budget of €200,000 being spent annually on music, film and the visual arts. This represents an increase in cultural budget for Ghana as well as addition of project support for regional projects on culture for Ghana, Togo and Benin;
- a €147,000 a year cultural budget from the Goethe Institut;
- the release of US\$170,000 from the Business Sector Advocacy Challenge (BUSAC) fund to GAPI for projects, with another US\$50,000 from Bach Technology in Norway and MICAP Technology Ghana;
- the release of €130,000 from Danish Center for Culture and Development (DCCD) to IMD over two years, as well as the Danida Ghana Cultural fund of US\$4.667 million over a period of three years; and
- about €50,000 from Swedish Trade Union Confederation/Professional Employees (LO-TCO) of Sweden and International Federation of Musicians to train Ghanaian Musicians in the use of contracts, intellectual property rights and developing the Musicians Union.

Under the policy intervention to provide the right legal and regulatory framework for promoting the music and films industry, the French government assisted COSGA and MUSIGA to meet their counterparts in France with aim of developing the right network and to get exposure to the legal framework governing the music sector and its implementation. The team had working visits with SACD, SACEM, CISAC and RFI radio station to learn about the French Collecting societies, copyright and intellectual property issues.

Also a copyright workshop and working sessions were held with an expert from Max Planck Institut in Germany and a team of Ghanaian lawyers on the Copyright Bill and the LI. The findings have subsequently be forwarded to the Attorney General's office for the appropriate action to be taken on the LI by May 2009. A meeting was held with Members of Parliament in Koforidua to deliberate on the proposed copyright regulations for its eventual passage in October 2008. Also a meeting on the proper management of the Collecting society was held between MUSIGA and the COSGA board.

The GAPI received a grant from the BUSAC fund to revise the Cultural Policy for Ghana. A five member team including a representative from the Ministry of Culture and Chieftaincy visited South Africa to meet with various organizations as part of the preparation towards the revision of the policy. A draft has so far been prepared, awaiting stakeholders review.

In order to build the resource capacity of the creative arts industry, the French government supported the establishment of dubbing facility at National Film and Television Institute (NAFTI) where training sessions were held for the players in the music and films industry. Also the digitalization of rare highlife has taken place in Cape Coast with gramophone records, while highlife distribution workshops have been organized for members of MUSIGA.

Also IMD organized training sessions for musicians and music professionals in management, and a rehearsal hall and studio established with equipment and instrument at MUSIGA for the use of professional musicians. In addition, the MUSIGA auditorium is now converted into a Public Performance Hall with the desired acoustics and equipment. Preparations are on the way to set up a music school at MUSIGA for older generation of musicians to teach the younger generation.

The Ghana Cultural Fund has been set up with the collaboration of DANIDA to give grants to the creative industry for artistic projects and professional development. The process has begun to set up a Project with Aspen Institute, USA to create programmes in cultural diplomacy and the environment.

Goethe Institut also organized a number of capacity building workshops for the players in the creative arts industry. These include: workshops in packaging and marketing “Burger Highlife” music; music composition; the African presence in Jazz; digitization and restoration of films and photographs; making Accra a cultural city and cultural management workshops in Germany which included a representative from the National Museums of Ghana.

Some specific activities undertaken in 2008 that were expected to impact directly on incomes and job creation were:

- preparations to establish an appropriate institution such as the National Music Council;
- adoption of minimum wage policy for members of MUSIGA;
- the setting up of microcredit facility by IMD for the music sector with the APEX Bank;
- the creation of a music competition known as “New Music Ghana” for young musicians in 5 regions, with the winners going to the Music Crossroads festival in Zambia;
- the archiving of traditional music and rituals of the Ewe people of Ghana, Togo and Benin which begun with workshops on audio visual activities and archiving;
- the translation and publishing of the Ewe Staemme, the most comprehensive reference book written in the 19th century about the socio cultural life of the Ewes
- the adoption of ICT and multimedia approach to sales, with the establishment of links with Artpages in Norway and the signing of agreements to put 1000 songs on the internet on itunes and yahoo. The next phase is to create a system to monitor the music sales;
- a process has begun to establish a Copyright Investment Bank with Norwegian counterparts (Bach Technology & Artpages) that will give loans to musicians. The process has delayed awaiting the passage of the Legislative Instrument of the Copyright Act 690 of 2005 that will allow the setting up of the collection societies;
- about 25 acres of land has been secured in Accra to create a cultural village for the music industry;
- participation of Ghanaian musicians in music and cultural fairs in Marseilles, France under the French government support programme;
- the organization of two major concerts of “Burger Highlife” by Goethe Institut with Ghanaian musicians living in Ghana and Germany;
- the collection of African works by National Symphony Orchestra for its repertoire as part of the African Composers Series. A programme which gives

opportunity and exposure to various African composers to write large as well as small works for orchestra;

- the organization of regular classes by the National Symphony Orchestra for piano, quiter voice and other orchestra instruments for a small fee to the public as a boost to promoting music education in Ghana;
- digitization of Bokoor African Popular Music Archive Foundation (BAPMAF) archival material in music and the Bell heritage photos and exhibition; and
- the mixed-abled music and dance project which brought together physically challenged musicians and dancers and counterparts who are not handicapped from Germany and Ghana to create a dance piece which was shown in Ghana and is now touring Germany, such as the National Music Council.

3.2.12. Employment Generation and Improvement and Expansion of Safety Nets

The overall objective of the employment sector strategy is to pursue cross-sectoral development interventions that ensure that employment expands along with production and that the benefits of growth are widely shared. Subsequently the focus of policy interventions was aimed at creating employment opportunities, sustaining harmonious labour relations, ensuring safe and healthy working environment, and integrating people with disabilities (PWDs), the vulnerable, extreme poor and the excluded into the mainstream of society to enable them contribute towards national development and growth.

Status of Selected Indicators:

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

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

Available data indicates that the total number of new jobs generated during the year stood at 692,714, of which nearly 80% were in agriculture, 17.6% in Services and 2.1% in Industry. In order to improve the targeting of employment opportunities for the most vulnerable in the society, as well as address the persistent youth unemployment, the interventions under the National Youth Employment Programme (NYEP) which began in 2006 continued in 2008. Overall 108,435 jobs were created under the programme in all the 10 regions. About 72.5% of these jobs were created under agriculture (23.4%), education (23%), health extension workers (13.1%), and waste and sanitation (13%) modules. The Eastern region recorded the highest number of jobs with a total of 12,013 jobs, while Volta region recorded the least with 9,698.

On the other hand, a total of 632 labour disputes were recorded during the year under review, representing a 3.7% decline from the 2007 level of 656. Out of this number, 215 were completely settled, while the rest were at various stages of resolution. The main causes of the labour disputes included unfair termination of employment (23.9%), summarily dismissal (21.2%), unpaid salaries (7.8%), retirement and end of service benefit (7.4%), redundancy lay-off and severance payment (6.7%) and workman's compensation (2.2%).

To provide opportunity for the poor and vulnerable to take part in the growth process the interventions outlined under the National Social Protection Strategy continued to be implemented. Available data indicates that social protection related expenditure as a percentage of GDP declined marginally to 2.3% in 2008 compared to 2.4% in 2007. Though this represents significant progress compared to the level in 2006 of 0.09%, it still falls short of the expected target. It is expected that the social protection expenditures will increase to more than 4.4% in the medium term.

Table 3.12: Employment Generation and Expansion of Social Safety Net

INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target																																																			
1. Number of Labour Disputes	Na	663	656	632	Steady progress																																																			
2. The number of new jobs created by sector	240,000	200,000	Na	692, 714 <i>Serv:17.6%</i> <i>Ind: 2.1%</i> <i>Agric:80.3%</i>	Target exceeded 108,435 jobs created under the youth employment programme, in all 10 regions as at 31 December, 2008. Employment figures as at December 2008 are as follows: <table><tr><td>REGIONS</td><td>SECTORS:</td></tr><tr><td>Ashanti - 11,694</td><td>Agric Biz - 25,383</td></tr><tr><td>Brong Ahafo - 10,992</td><td>Comm. Edu Tech -24,967</td></tr><tr><td>Central - 10,450</td><td>Comm. Protect - 3,047</td></tr><tr><td>Greater Accra – 10,779</td><td>Aux. Nursing - 14,213</td></tr><tr><td>Northern - 9,994</td><td>Waste & s'tion - 14,032</td></tr><tr><td>Upper East - 11,598</td><td>Internship - 6,605</td></tr><tr><td>Upper West - 10,188</td><td>Trades & vocations - 2,400</td></tr><tr><td>Volta - 9,698</td><td>ICT -</td></tr><tr><td>Eastern - 12,013</td><td>Other modules - 8,287</td></tr><tr><td>Western - 10,997</td><td>(Forestry, Rev. Mobi, Volu. Teachers, Sanitation Guards, etc)</td></tr><tr><td></td><td>Programme Staff - 949</td></tr></table>	REGIONS	SECTORS:	Ashanti - 11,694	Agric Biz - 25,383	Brong Ahafo - 10,992	Comm. Edu Tech -24,967	Central - 10,450	Comm. Protect - 3,047	Greater Accra – 10,779	Aux. Nursing - 14,213	Northern - 9,994	Waste & s'tion - 14,032	Upper East - 11,598	Internship - 6,605	Upper West - 10,188	Trades & vocations - 2,400	Volta - 9,698	ICT -	Eastern - 12,013	Other modules - 8,287	Western - 10,997	(Forestry, Rev. Mobi, Volu. Teachers, Sanitation Guards, etc)		Programme Staff - 949																											
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3. Social Protection Expenditure as percentage of GDP	≥4.42%	0.09% (Gh¢19,642,805.7)	2.4% (Gh¢340,245,466.97)	2.3% (Gh¢408,830,342.41)	Steady Progress <table><tr><td>Item</td><td>2007</td><td>Gh¢ 2008</td></tr><tr><td>Persons with - Disabilities</td><td>12,909.86</td><td>459,606.53</td></tr><tr><td>Orphans and Vulnerable children</td><td>61,670.13</td><td>*</td></tr><tr><td>Implementation of Social Protection Strategy</td><td>89,306.64</td><td>3,763,487.76</td></tr><tr><td>Capitation Grant</td><td>129,500,000</td><td>150,000,000.0</td></tr><tr><td>Reducing Maternal Mortality</td><td>9,394</td><td>692,912.00</td></tr><tr><td>Malaria Prevention and Control</td><td>13,034,546.44</td><td>18,637,831.00</td></tr><tr><td>Reducing Child Mortality</td><td>12,595.50</td><td>*</td></tr><tr><td>School Feeding Prog.</td><td>24,455,436.70</td><td>33,371,477.00</td></tr><tr><td>Health Insurance</td><td>291,823,883</td><td>256,500,000</td></tr><tr><td>Public Works Proj</td><td></td><td></td></tr><tr><td>- Lab. Based Civil work</td><td>-</td><td>33,808,729.65</td></tr><tr><td>- Cocoa mass spraying</td><td>-</td><td>12,029,100.00</td></tr><tr><td>- Nat. Affor. Prog</td><td>-</td><td>13,874,000.36</td></tr><tr><td>Suppl. Feeding prog for child <5yrs</td><td>-</td><td>55,821.31</td></tr><tr><td>Integ. Agric input support for extreme poor farmers</td><td>-</td><td>20,637,376.80</td></tr><tr><td>Total</td><td>340,245,466.97</td><td>408,830,342.41</td></tr></table>	Item	2007	Gh¢ 2008	Persons with - Disabilities	12,909.86	459,606.53	Orphans and Vulnerable children	61,670.13	*	Implementation of Social Protection Strategy	89,306.64	3,763,487.76	Capitation Grant	129,500,000	150,000,000.0	Reducing Maternal Mortality	9,394	692,912.00	Malaria Prevention and Control	13,034,546.44	18,637,831.00	Reducing Child Mortality	12,595.50	*	School Feeding Prog.	24,455,436.70	33,371,477.00	Health Insurance	291,823,883	256,500,000	Public Works Proj			- Lab. Based Civil work	-	33,808,729.65	- Cocoa mass spraying	-	12,029,100.00	- Nat. Affor. Prog	-	13,874,000.36	Suppl. Feeding prog for child <5yrs	-	55,821.31	Integ. Agric input support for extreme poor farmers	-	20,637,376.80	Total	340,245,466.97	408,830,342.41
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Source: MMYE, 2008

Key Policy Measures and Strategies:

In line with the objective of the sector under the GPRS II, the following activities were carried out by government in 2008:

- a draft National Employment Policy document and Implementation Action

Plan were completed and are expected to be subjected to national validation prior to submission to Cabinet. The policy seeks to ensure a cross-sectoral approach to employment issues, labour-based employment and linkages between institutional training and industry;

- the draft Ageing Policy was also finalized awaiting final stakeholder validation. The policy seeks to address critical issues such as the rights and independence of older persons, the quality of life before and during old age, gender variation and the cultural perspectives on ageing;
- the full complement of the Disability Council is now in place and continue to operate as envisaged under Act 755 (2006). The suspended ramp to improve access of People With Disabilities (PWDs) to the Ministry of Manpower, Youth and Employment was completed;
- the Tripartite Committee secretariat was set;
- the Tripartite Committee is at various stages in the implementation of the five sub-components of the Labour Market Segment of the Business Sector Programme Support, and the initial contracting for the implementation of the Labour Market Information System was carried out;
- in order to encourage dialogue among stakeholders and ensuring harmony at the labour front, government supported the Tripartite Committee to carry out its function as an advisory body. Also the Trades Union Congress (TUC) and Ghana Employers Association (GEA) sensitized the informal sector operators on the compliance with labour laws and the positive impact of social protection issues on their operations;
- the Board of the Fair Wages and Salaries Commission is in place and the technical secretariat for the Commission was set up. The Commission has since started operations;
- under the Livelihood Empowerment Against Poverty (LEAP) programme which seeks to provide cost-effective conditional and unconditional subsistence grants on a graduated payment scale of approximately GH¢8.00 – GH¢15.00 per month to extremely poor households, over 9,000 households across 54 districts were supported under the regular LEAP, while 17,000 households under the Emergency Programme were also supported to alleviate the impact of the global food crisis;
- micro-credit was provided to PWDs through MASLOC as part of social protection measures for the excluded and vulnerable; and
- in pursuance of the National Programme for the Elimination of Worst Forms of Child Labour in Cocoa growing areas, a framework and a survey covering 60% of cocoa production land area were undertaken. Remediation interventions in 46 administrative districts and training of 120 media personnel to increase the level of awareness about worst forms of child labour in the cocoa sector were also carried out. As a result about 1,246 children were re-integrated into basic schools, formal/informal and vocational institutions.

3.3 SUMMARY OF POLICY RECOMMENDATIONS

Inspite of the difficult global economic challenges which seem to have impacted negatively on the domestic business environment in 2008, economic activity was relatively high in 2008 compared to 2007, with business confident registering a steady growth in 2008. Strong investor confidence led to increase private fixed investment, increased credit to private sector and the stock market registered significant gains.

Economic growth continued to be led by high private sector activity in the services and industries which grew by 9.3% and 8.1% respectively, compared to 10% and 6.6% in 2007. Agriculture sector registered a relatively impressive outturn in 2008 compared to 2007, accompanied by high household incomes and improved food security, while the manufacturing sector showed some level of resilience in 2008 inspite of the global economic crisis which appear to have affected aggregate demand in all countries.

The per capita consumption of electricity improved marginally on the account of the discontinuation of domestic electricity crisis, and the average number of hours of electricity outages per consumer per year declined from its highest level in 2007. However, the downward trend in indicators and the deteriorating conditions experienced in the rail sub-sector in 2007 continued to show in 2008, with passenger and goods traffic by rail declining in 2008. The bulk transport of goods continued to be done by road, thereby increasing the risk of high accident rate as well as the rate of deterioration of the road network. The poor condition of the urban road network which accounted for the bulk of the deterioration in the road condition mix in 2007, appeared to have been reversed in 2008, however the perennial problem of using planned resources for maintenance in a given year, to settle road arrears persisted in 2008.

The specific recommendations for the various policy areas are as follows:

3.3.1 Private Sector Development

Progress made in this policy area in 2008 was relatively lower than in 2007. Four out of the seven indicators recorded positive outturns compared to 2007 when all the seven indicators recorded positive outturns. Two of the indicators exceeded their respective targets, two did not attain their targets, but improved over the 2007 levels, while progress in three remained steady.

The area where challenges exist is the environment for doing business where policy reforms implemented in 2008 appear to have yielded marginal results. The number of days to register business was stagnated, while the capacity and competencies of firms to take advantage of the existing business opportunities in the economy continued to be weak.

It is therefore recommended that appropriate policy responses be developed to correct the possible macroeconomic imbalances which seem to have impacted negatively on the environment for doing business. Also the preparation and implementation of the Industrial Policy for Ghana should take into consideration the appropriate interventions to enhance the capacity and competencies of industries, particularly those in the small, medium, and micro-enterprises sector to enable them compete effectively in the globalized environment.

3.3.2 Modernized Agriculture

The Agriculture sector registered a relatively impressive outturn in 2008 compared to 2007, accompanied by high household incomes and improved food security. The growth rate of the sector which reduced from 4.5% in 2006 to 2.5% in 2007, however

increased to 5.1% in 2008 on account of increased crops and livestock production, as well as cocoa production and marketing.

Total domestic production increased by 13.4% over the 2007 level, while total surplus recorded for all staples was estimated at 8,794,000 metric tonnes in 2008, compared to 6,726,000 metric tonnes in 2007. Improvement in yield continued to be recorded in maize, rice, cassava, yam, cocoyam and plantain in 2008, while the decline in yields of millet, sorghum, groundnut and cowpea in 2007 was however reversed in 2008.

Increases in agricultural output resulted from both land intensification and expansion, compared to 2007 when it was mainly due to land intensification. The appropriate mix of interventions which have resulted in this level of output, including supply of improved seeds and subsidized agrochemicals, increased extension and technology dissemination coverage, and mechanized services for land preparation, should be sustained, while a long-term strategy towards an effective marketing and value addition system is developed. This will ensure long-term stable prices and market for agricultural products, and hence guarantee sustainable increases in agricultural production and incomes.

Access to agricultural credit remains a challenge to agricultural development. The share of credit to agriculture by deposit money banks which stood at 4.41% in 2007, declined further to 4.28% in 2008, thereby constraining investments in agricultural inputs and infrastructure. The processes involved in setting up the proposed Agricultural Development Fund by government have so far stalled. It is therefore recommended that the initiative be reactivated in order to provide an effective and sustainable financing arrangement for agriculture production.

3.3.3 Modernized Fishing and Aquaculture Development

The fisheries sub-sector continued to record positive results in 2008. Similar to 2007, two out of the three indicators achieved their respective targets in 2008, while the remaining, though do not have baseline targets, exceeded the 2007 level. Productivity of fish among small-scale farmers continued to stagnate at 1.5 tonnes/ha/year, while productivity of fish from commercial farms was estimated at 6 tonnes/ha/year. Among the many interventions implemented to improve on the situation in 2008 are the provision of technical assistance to farmers in survey sites for construction of ponds, cages and pens, supply of fingerlings, etc which have not yielded the desired results yet. A draft fisheries and aquaculture policy document has currently been prepared and with its speedy and effective implementation, the productivity of fish among small scale farmers is expected to improve.

3.3.4 Restoration of Degraded Environment and Natural Resource Management

Apart from the land sub-sector which maintained the positive gains achieved in 2007, the minerals and forestry sub-sectors recorded mixed results.

The cost of environmental degradation as percentage of GDP continued to be high, while hectares of degraded forest, mining, dry and wet lands rehabilitated or restored fell short of the target by 62.6%. This was as a result of review in policy in 2008 to intensify the maintenance of the previous year's plantations rather than add on more

plantations. According to the estimate by Economic Sector Work (ESW) on National Resource Management and Growth (2005) and the Country Environmental Analysis (CEA- 2007), the cost of environmental degradation as percentage of GDP is expected to reduce in the coming years due to the massive reforestation programme and other complementary conservation measures being adopted government.

In the mining sub-sector, while total output of minerals and Foreign Direct Investments (FDI) to the sub-sector declined in 2008, mineral royalties and tax revenues increased in 2008. In addition, mineral rights granted increased, while employment increased marginally by 0.2%.

With the persistent high environmental degradation and the low pace of rehabilitating/restoring degraded environment, it is important to accelerate the pace of implementation of interventions outlined under the Natural Resources and Environmental Governance (NREG) support programme in order to reverse the current persistent trend of high environmental degradation.

3.3.5 Promoting Trade and Industrial Development

Nearly all the indicators in this sub-sector performed below the targets set in 2008, even though most of them either maintained their level in 2007 or recorded increases over the levels in 2007. Overall, the industrial sector recorded a growth rate of 8.1% in 2008 compared to 6.6% in 2007, while the share of manufacturing in total export increased from 15.2% in 2007 to 21.6% in 2008. Trade through the ports continued to improve with the introduction of simplified procedures for transaction at the ports and the provision of additional ports infrastructure.

The manufacturing sub-sector showed some level of resilience in 2008 inspite of the global economic crisis which appear to have affected aggregate demand in all countries. Manufacturing value added share of GDP experienced a marginal decline of 0.2% in 2008 compared to 2007 which recorded a decline of 0.7%. With the full impact of global economic crisis yet to be felt by the developing economies including Ghana it is important for government to review the current situation in the manufacturing sub-sector with the view to developing the necessary stop-gap measures to cushion domestic industries against the possible negative impact of the global crisis.

Also time taken to get duty drawback has not seen major improvement since 2005. Instead of the minimum period of less than 3 weeks envisaged under the GPRS II, the total number of days to get duty drawback remains as high as 6 months and in some cases 2 years. The situation has been attributed, in part, to lack of specialized fund to provide duty drawbacks promptly. In the interim, it is recommended that a special budget line be set aside through the annual national budget to cater for the drawback requirements for a given year, while a process is put in place to adopt the voucher system used in several parts of the world including Brazil. The voucher system involves payment of duty drawbacks using a special voucher which could be used for paying duties and taxes on subsequent import consignment. If the voucher is not sufficient to pay the duties and taxes on the next import, the difference is paid in cash. The advantage of the voucher system is that it is simple to operate, not disruptive to government accounts, and less conducive to corruption.

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

The poor condition of the urban road network which accounted for the bulk of the deterioration in the road condition mix in 2007, appeared to have been reversed in 2008. The proportion of road network in good condition increased by 2.6%, and the amount of resources disbursed for routine and period maintenance, and minor rehabilitation, as well as the length of total road network that requires maintenance and/or minor rehabilitation also increased significantly in 2008.

However, the perennial problem of using resources planned for road maintenance in a given year to settle road arrears persisted in 2008. This led to a shortfall in the planned road maintenance works in 2008 and recurrent road fund arrears. To overcome this situation it is recommended that avenues for raising more funds should be explored, including taxing vehicles which use LPG to augment the road fund (which is the dedicated fund for road maintenance). Also for the effective management of road network, road agencies should resist the temptation of spreading their resources too thinly as this leads to a large number of uncompleted projects and persistent road arrears.

Even though the number of recorded road accidents declined marginally, the level is still too high. It is therefore important to intensify the road safety interventions including, educations and campaigns, enforcement of road safety laws and regulations, increasing the collaboration activities with other road sector agencies to ensure the minimization of risk on the roads including exploring the possibility of consigning bulk haulage to the rail network.

The downward trend in indicators and the deteriorating conditions experienced in the rail sub-sector in 2007 continued in 2008. Passenger traffic by rail declined by 42% in 2008, while goods traffic by rail (in thousand tones-km) fell by 61.5% in 2008. This situation has been attributed to the persistent drop in the proportion of rail lines which are in operation. To provide alternative cheaper and faster means of transport as well as decongest the roads, it is recommended that a quick action be taken on the feasibility studies conducted on the various corridors of the rail transport network, including the multimodal freight transport between Tema – Buie via Akosombo.

The policy of government has been to attract private capital into the sector in the form of Public-Private Partnership (PPP). However this appears not to be yielding the desired results. A review in favour of public financing may be necessary in view of the long term benefit of the railway sector, in terms of bulk haulage, preserving the road network and reducing accidents on the roads.

In the water transport sub-sector, both indicators recorded positive results with maritime traffic (goods unloaded) exceeding the target set for 2008. With regards to air transport the number of aircraft flying into Ghana's airspace, and the number of air traffic passengers continued to record increases in 2008. The number of air traffic passengers increased by 11.6% in 2008, while the number of aircraft movement also increased by 11.2%.

3.3.7 Energy Supply to Support Industry and Households

Out of the seven indicators monitored in this sub-sector, one exceeded its target, four recorded either marginal or significant progress over previous year's level, while progress on two was slower than the previous level.

Following the end of the domestic energy crisis in 2006 and 2007 which threatened to cause some price instability in the domestic economy, the country was to contend with yet another crisis. The global instability in oil prices which began in 2007 reached its peak in May 2008 when the world price of crude oil reached US\$147/barrel. The impact of such price hike was grave as the macroeconomic indicators began to show signs of deterioration. Subsequently the government suspended the automatic price adjustment formula until October, 2008. As a result of this severe shock, the per capita consumption of petroleum per annum declined by 18%, while per capita consumption of LPG stagnated at 0.005 tonnes of oil equivalent in 2008.

On the other hand, the per capita consumption of electricity improved marginally on the account of the end of domestic electricity crisis, and the average number of hours of electricity outages per consumer per year declined from its highest level in 2007, but fell short by 30% of the minimum threshold of 100 hours/year set under the GPRS II

Concerns exist over the transmission and distribution losses of electricity which continued to be high in 2008 despite continued improvements in the transmission and distribution system. Transmission losses increased from 3.36% in 2007 to about 3.46% in 2008, while the distribution losses from ECG increased from 23.96% in 2007 to 24.24% in 2008. On the other hand, the distribution losses through NED declined from 22.86% in 2007 to 19.2% in 2008, thereby meeting the PURC benchmark of 25%. In order to realise the maximum benefit of the system upgrading programme, it is important for government to fully commit to the necessary investment required.

3.3.8 Science and Technology to Support Productivity and Development

The challenge regarding inadequate data to track progress in this policy area still persisted in 2008. The capacity and logistical constraints identified in 2007 could not be addressed as planned in 2008 due to some operational difficulties.

That notwithstanding, available data on key national institutions engaged in science and research suggest that amount of public resources allocated to these institutions increased significantly in 2008 in real terms, though it still fell short of the level anticipated under the GPRS II. It is recommended that this effort be sustained in order to strengthen these public institutions for science and technology development on a continuous basis.

3.3.9 Developing Information and Communication Technology (ICT)

Significant progress continued to be made in this policy area in 2008. Telephone density continued to increase and internet accessibility improved. Out of the four main indicators monitored two made significant progress and exceeded their respective

targets, while one recorded a significant progress over the previous year's level even though there was no baseline target. Data on the size of the ICT sector was not readily available but indications are that the size of the industry increased significantly over the 2007 level due to the coming into operation of two new mobile phone companies, Zain and Globacom, expansion project embarked on by existing telephone companies including MTN, GT and TIGO, and the construction of the fibre optic network by GT.

Though the number of internet subscribers increased by about 96% in 2008, the proportion of the population with access to internet services remain extremely low (i.e. 3.8%). It is therefore important to accelerate the pace of interventions towards improving affordable internet accessibility to business and households.

3.3.10 Developing the Tourism Sector for Revenue and Employment Generation

The tourism sector continues to be one of the most important and fastest growing sectors of the Ghanaian economy. Even though comprehensive analysis of the growth of the sector continues to be challenged by lack of adequate data, indications are that tourist arrivals and receipts increased in 2008, particularly due to high profile events including the CAN 2008 African Soccer Tournament, the UNCTAD conference, the High Level Forum on Aid Effectiveness, etc.

Stock of tourism facilities including hotel accommodation and car rental companies continued to increase to support the industry, while domestic tourism continued to increase by 15.6% over 2007 level.

To sustain the gains made so far it is important for government to commit more resources into development, particularly of tourist sites, museums and monuments, and institutional capacity building of tourist institutions. Also the recurrent problem of lack of comprehensive data on tourist arrivals should be resolved by the relevant agencies of government including Ghana Immigration Service (GIS), Ministry of Interior, Ghana Tourist Board and Ministry of Tourism.

3.3.11. The Music and Films Industry for Growth and Job Creation

Comprehensive data is currently not available to assess the full impact of the sector on the economy in 2008. However according to a report by the University of Southern Denmark, 2006 estimate of the legal income of the music industry alone (including Musicians, Production, Recording, Retail and Copyright) puts the figure at about US\$ 107 million (which is more than 0.8% of GDP), while the total number of people employed is estimated at 21,000, including about 3,000 shops and 3,000 hawkers selling music products.

To make the creative arts industry more regulated and effective in contributing to the overall economic growth and development of the country, it is recommended that government expedite action on the passage of the Legislative Instrument to operationalize the Copyright Act 690 passed in 2005. Also it is important for government to take a leading role in the formation of appropriate and effective Collection Society for the creative arts industry, as well as effectively enforcing the intellectual property laws in Ghana.

Other recommendations for government interventions are:

- promoting the use of more local content in programmes of electronic media;
- commitment to fighting piracy;
- consider the inclusion of the creative arts in the Small Medium Enterprise Programmes under the Ministry of Trade and Industries, and Private Sector Development;
- improving access to long term financing to the creative arts industry;
- effective implementation of interventions on the music and films industry under the GPRS II;
- introduction of policy interventions to protect Ghanaian artists in the areas of:
 - exportation of Ghanaian music through live performances
 - support for the creation of Cultural and Business desk in Ghanaian missions abroad
 - construction of nationwide performance venues and theatre halls
 - creation of regular and consistent interactive dialogue/forum between actors in the creative arts industry and policy makers at all levels
 - collaboration with the music sector to create theme songs/videos to facilitate the driving of national agenda.

3.3.12 Employment Generation and Improvement and Expansion of Safety Nets

Steady progress was made on two of the key indicators under this policy area, while one exceeded its target. There was a marginal decline in the number of labour disputes recorded in 2008, while the number of new jobs created exceeded the target set for 2008. Government commitment towards social protection of the vulnerable and excluded remained high as the share of government expenditure to social protection related activities continued to increase.

The relatively high level of labour disputes recorded indicates that more work is required to improve on industrial peace. With unfair termination of employment and summary dismissal constituting the major source of labour disputes in 2008, it is important to strengthen the dialogue between labour and employers through the tripartite system.

STATUS OF INDICATORS – 2008

Table 3.13: Summary of Status of Private Sector Competitiveness Indicators, 2006 – 2008

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
PRIVATE SECTOR DEVELOPMENT	1. Ease of Doing Business ranking	Within the first 55 countries in the world by 2009	94	87(out of 175 countries)	87 out of 181 countries)	Slow progress
	2. Complementary Indicator: Composite Index of Economic Activities (CIEA) CIEA – Nominal Movement = CIEA – Year-on-Year growth (Nominal) = CIEA – Real Movement = CIEA – Year-on-Year growth (Real) =		285.69% 26.8% 140.17% 12.6%	347.39% 24.79% 208.00% 16.63%	420.63% 21.08% 228.23% 9.73%	Significant progress
	3. FDI net inflows (in millions of US\$)	Na	636.01*	970.3*	2,120.41	Significant progress
	4. Private fixed investment (as % GDP)	18.5%	17.4%	18.3%	18.7%	Target exceeded
	5. Number of days for registering a Limited Liability Company	2	5	5	5	Slow progress
	6. The number of days for resolving a commercial disputes	175	90	80		
	7. Domestic credit to the private sector as a ratio of GDP	19.6% by 2009	18.0%	22.5%	29.7%	Target exceeded
MODERNIZED AGRICULTURE	8. Change in yield of selected traditional crops and productivity of livestock. Maize Rice(milled) Cassava Yam Plantain Cocoa Poultry Sheep Goat Cattle	0.47 1.42 0.69 0.59 0.69 Na 0.12 0.09 0.05 0.12	-0.08 0.02 - 0.56 0.11 -0.38 0.46 Na Na Na Na	0.06 0.50 0.63 0.33 0.45 0.58 Na Na Na Na	0.2 1.02 0.75 0.56 0.14 0.11 Na Na Na Na	Steady Progress The yield of the major staple recorded an increase of 0.41mt/ha instead of the target of 0.77mt/ha envisaged for 2008
	9. Percentage of cultivated lands under irrigation (Area developed for irrigation/ha)	0.34	0.21% (14,928.5)	0.21% (15,108.3)	0.89% (23,657)	Target exceeded

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
	10.The Share of Credit to Agriculture, forestry and Fishing by Deposit Money Banks (excluding Cocoa)	≥10%	5.38%	4.41%	4.28%	Target not achieved
	3. Per capita production of key staple foods (crops), livestock and fish; (in kg/Annum, except * which is in live animal/annum)					
	Maize	63.0	54	55.6	62.9	Significant progress Nearly all selected staple foods and livestock, except three recorded improvement over the previous year's level, with four exceeding their target
	Rice(milled)	46.0	11	9.4	12.9	
	Sorghum	9.0	14	7.3	14.2	
	Millet	19.0	7	5.4	8.3	
	Cassava	154.0	436	459	485.4	
	Yam	43.0	194	197	209.3	
	Plantain	85.0	131	147	142.7	
	Cocoa	Na	33.5	46.2	29.1	
	Poultry*	1.94	1.52	1.57	1.72	
	Sheep*	0.18	0.15	0.15	0.15	
	Goat*	0.23	0.18	0.18	0.19	
	Cattle*	0.07	0.06	0.06	0.06	
	Fish	22.0	17.1	17.2	17.0	
	3. Percentage change in export volume and value of non traditional crops.					Slow progress
	Pawpaw					Total volume of Pawpaw and Pineapple exported continued to declined, howbeit a slower rate in 2008, while that of mango and Banana continue to increase. With the exception of Banana, the total value of export of Pawpaw, Mango declined in 2008
	Volume =(3,751,947Kgs in 2004)	Na	-54.0	-37.56	-18.9	
	Value =(US\$1,226,695 in 2004)	Na	-35.0	8.94	-67.2	
	Mango					
	Volume = (375,911Kgs in 2004)	Na	-52.0	351.45	4.1	
	Value =(US\$163,850 in 2004)	Na	-34	1099.6	-47.7	
	Pineapple					
	Volume = (71,804,617Kgs in 2004)	Na	196	-33.4	-13.2	
	Value =(US\$13,316,459.48 in 2004)	Na	33.0	-29.40	-12.1	
	Banana					
	Volume = (725,365Kgs in 2004)	Na	1,830	17.79	34.0	
	Value =(US\$208,938 in 2004)	Na	1,291	-3.54	27.6	
	13. Farm Household incomes	= > 60%	61%	63%	63%	Steady progress
	Non-farm Household income	= < 40%	39%	37%	37%	
	14. Ratio between subsistence crop/livestock and commercial crop/livestock farming	2.5	3.16	2.51	2.37	Target exceeded Gradual shift towards commercial agriculture

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
	15. Percentage increase in agro-processing and agro-business enterprises and micro-enterprises registration		Na	Na	Na	
FISHERIES DEVELOPED	16. Total Fish Supply (mt) a. Marine b. Inland Capture fisheries c. Harvesting of Ponds/Cages - Ponds & Reservoirs - Cages Total Domestic Production (mt) d. Import		334,409.9 14,481 1,667* 1,248.97 418.50 350,557.9 165,559.7	293,398 82,989.8 3,256.87 1,725.67 1,504.0 378,654.7 212,945.4	318,146.0 72,590.1 5,595.7 2,807.2 3,508.0 396,331.8 191,656.5	Total domestic production increased by 5% while output from aquaculture increased by 72%
	17. Quantity of fish produced per hectare of pond per year	2.5 mt/ ha/yr	1.5 [#]	1.5 [#]	1.5 [#]	Commercial farms estimated at 6.0mt/ha/yr and exceeded the target
	18. Total surface water Area under fish farming (excluding cages)	600 ha	508.58	1,150.45	1,163	Target exceeded
	19. Cost of environmental degradation as a ratio of GDP (lands, forests, fisheries)	4%	6% ⁴	7%	<7%	This estimate was provided by the analysis of the Economic Sector Work (ESW) on National Resource Management and Growth (2005) and the Country Environmental Analysis (CEA-2007). The figure is expected to reduce in subsequent years due to the massive reforestation programme of government and other complementary conservation measures being adopted by MLFM and the Forestry Commission.
RESTORATION OF DEGRADED ENVIRONMENT AND NATURAL RESOURCE MANAGEMENT	20. Rate of deforestation	0.8%	1.2%	1.2%	65,000 ha per annum (FAO estimates)	This estimates were provided by FAO in 2005/2006 and need to be up-dated to reflect the reforestation programmes of Government
	21. Number of Timber Utilization Contracts (TUCs) awarded a. <u>Natural Forest:</u>	52 Consists of: <i>Conversion to</i>	4 TUCs signed and ratified by parliament	0	61	61 TUCs were signed by the Hon. Minister of Lands, Forestry and Mines but could not be ratified by Parliament.

⁴ CEA report of the World bank

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
		<i>TUC's = 42</i> <i>Next Comp. Bidding (Nat.Foests) = 10</i>				
	b. <u>Plantation:</u>	25	16 TUCs signed	3TUCs Signed	0	No TUCs were awarded in plantations
	22. The number of Social Responsibility Contracts (SRC) signed	35 Consist of: <i>SRA (Nat. Forests) = 10</i> <i>SRA (Plantation) = 25</i>	18 Consist of: <i>SRA (Nat. Forests) = 4</i> <i>SRA (Plantation) = 14</i>	3 Consist of: <i>SRA (Nat. Forests) = 0</i> <i>SRA (Plantation) = 3</i>	61 Consist of: <i>SRA (Nat. Forests) = 61</i> <i>SRA (Plantation) = 0</i>	
	23. Hectares of degraded forest, mining, dry and wet lands rehabilitated/ restored a. Forest	20,000 ha	17,500ha	17,000 ha	12,315 ha	The focus of the Ministry and the Forestry Commission in 2008 was to maintain the previous year's plantations rather than adding on more plantations. This explains why there was drastic reduction in the hectares established in 2008.Cumulatively, about 123, 750 ha have been established since 2002.
	b. Mining	238ha	Na	238ha	Na	Significant work is being done by mining companies to reclaim mined sites. However, actual figures of land reclaimed are not readily available
	c. Dry and wetland	Na	Na	Na	Na	Conservation measures for the protection of wetlands are being pursued.
	24. Proportion of timber royalties going to resource owners		50:50 40:60	50:50 (on reserve) 60:40 (off reserve)	50:50 (on-reserve) 60:40 (off-reserve)	The ratios of revenue sharing on-reserve still remain 50% for FC and 50% for other stakeholders. With regards to off-reserve revenues the ratios also remain 40% for FC and 60% for other stakeholders.
	25. Statistical Overview of the Mineral Sector a. Mineral Production - Gold (thousand ounces) - Diamonds - Bauxite	Na Na Na	2,423,265 967,864 753,320	2,500,000 980,000 850,000	2,796,834 599,007 574,389	Total output of mineral declined by 14.7% over that of 2007)

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
	- Manganese	Na	1,607,176	1,800,000	1,261,000	
	b. Labour					
	- Large Scale	Na	21,950	24,742	25,717	Employment increased marginally by 0.2%
	- Small Scale (legal & illegal)*	Na	570,000	500,000	500,000	
	c. Foreign Direct Investments (in million US\$)	Na	900	665.30	527	Foreign Direct Investments (FDI) declined by 78.9%
	d. Benefits of Mining					
	Mineral Revenues (Gh¢)					
	- Royalties	Na	32,890,498	42,174,316	59,000,000	Mineral royalties increased by 39.9%, while
	- Taxes	Na	22,890,920	85,425,417	89,000,000	tax revenues increased by 4.2%
	- Corporate Social Responsibility	Na	Na	Na	Na	
	e. Mineral Rights Granted (Mining Lease, Prospecting, Reconnaissance, Salt, Quarry, Clay, Sand Winning, Small Scale Gold/Diamond, Mica)	Na	189	110	278	Mineral rights granted increased by 152.7% over 2007
	26. Time to register land	4mths	7mths	5mnths	3mnths	Target exceeded
PROMOTING TRADE AND INDUSTRIAL DEVELOPMENT	27. Percentage change in non-traditional exports (NTE) = (Value in Million US\$)	12%	15% (892.88)	30.5% (1,200.0)	8.3% (1,300.0)	Target not achieved
	28. Average number of days for clearing goods from the nations ports	24hrs	2days 6 hours at the airports	2days at the sea port; 6 hours at the airports	2days at the sea port; 5 hours at the airports	Target not achieved
	29. Industrial Sector Performance:					
	a. Manufacturing value added share in GDP	Na	8.8%	8.1%	7.9%	Marginal decline
	b. share of manufacturing in total export	Na	14.2%	15.2%	21.6%	Significant progress
	c. composite index of competitive industrial performance (CIP)	Na	Na	Na	Na	Lack of data
	30. Time Taken to get duty drawback	≤3wks	6 months	6 months	6 months	Slow progress
TRANSPORT INFRASTRUCTURE : ROAD, RAIL, WATER AND AIR TRANSPORT	5. Total funds disbursed for routine maintenance, periodic maintenance, minor rehabilitation relative to the maintenance needs of the road network	90%	(\$152.89mil = 84.4%	(\$255.70mil) = 132.5%	(\$338.66mil) = ...%	Significant progress
	6. Proportion/length of roads maintained/Rehabilitated	100%	(36,021km) 85.4%	(28,243km) 65.4%	(31,295km) 76%	Steady progress
	<u>Trunk Roads (in km):</u>					
	a. Routine maintenance	13,130	12,825.1	8,114.94	13,755	

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
	b. Periodic maintenance	378	135.33	208.63	555	
	c. Minor Rehab & Reconstruction	540	166.86	347.33	115	
	d. Major Rehab & Reconstruction	200	142.18	183.55	200	
	<u>Urban Roads (in km):</u>					
	e. Routine maintenance	4,598	3,634.79	2,827.34	2,679.0	
	f. Periodic maintenance	360	360.87	249.0	252.0	
	g. Minor Rehab. & Reconstruction					
	h. Major Rehab. & Reconstruction	255	56.18	282.29	Na	
		16	Na	7.0	7.0	
	<u>Feeder Roads (in km):</u>					
	i. Routine maintenance	26,048	17,340.0	13,620.0	11,937.0	
	j. Rehabilitation	1,113	557.0	481.0	560.0	
	k. Regravelling	552	50.0	32.6	3.0	
	l. Spot Improvement	1,771	1,162.0	1,403.0	965.0	
	m. Reconstruction	0.0	Na	Na	Na	
	n. Surfacing	316	176.0	267.3	267.3	
	31. Annual accident statistics for each transport mode (Road)	10,110	11,668	12,038	11,214	
	34. Passenger traffic and goods traffic by railways					
	a. Passenger traffic (in 1000 passengers-km)	104,400	38,000	26,000*	15,000	Target not achieved
	b. Good traffic (1000 tonnes-km)	219.88	181,250	121,700	46,770	Target not achieved
	35. Maritime traffic : Goods loaded and unloaded (in 1000 tonnes)					Steady Progress. Targets not achieved for Goods loaded.
	a. Goods loaded (in 1000 tonnes)	4,359	4,359	3,706.9	3,948.9	
	b. Goods Unloaded (in 1000 tonnes)	9,266	8,038*	8,725.4	9,388.3	2008 Traffic by location (in tonnes): <u>Goods Loaded</u> Tema - 1,587,234 Takoradi - 2,361,659 Total - <u>3,948,893</u> <u>Goods Unloaded</u> Tema - 7,680,760 Takoradi - 1,707,526 Total - <u>9,388,286</u> <u>Total vessels</u> Tema - 1,365

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
						Takoradi - 608 Total - <u>2,183</u>
	36. Total air freight and number of air traffic passengers:					
	e. Total air freight in thousand tonnes	57.3	49.5	59.5	55.5	Target not achieved
	- Loaded		33.2	33.5	32.7	
	- Unloaded		16.3	26.0	22.8	
	f. Number of air traffic passengers (arrival and departure) in thousand	1,162.367	926.6	1,063.0	1,186.557	Target exceeded
	- Arrival		458.8	524.6	587.745	
	- Departure		467.7	541.4	598.812	
	g. Number of air craft movt (arrival and departure) in thousand	18,047	13.733	15.723	17.481	Steady Progress
	- Arrival		6.868	7.950	8.738	
	- Departure		6.865	7.773	8.743	
	h. Number of domestic air traffic passengers	Na	Na	85,115	132,087	Significant progress
	7. Road condition mix					
	<u>National:</u>	64,131km	48,381km	62,954km	66,160km**	Significant progress
	Good	= 57%	=45%	32%*	42%	
	Fair	= 27.3%	= 28%	29%*	32%	
	Poor	= 16%	= 27%	39%*	31%	
	<u>Trunk Roads:</u>	13,367km	11,723km	11,180 km	11,618 km**	
	Good	= 52%	=46%	57%	40%	
	Fair	= 32%	=29 %	26%	32%	
	Poor	= 16%	= 25%	17%	28%	
	<u>Urban Roads:</u>	9,764Km	4,064Km	9,764km	12,450km	
	Good	=62%	=46%	34%	50%	
	Fair	= 20.9%	= 30%	2%	3%	
	Poor	= 17.1%	=24 %	64%	38%	
	<u>Feeder Roads:</u>	41,000Km	32,594Km	42,010km	42,092km	
	Good	= 56%	=34 %	35%	38%	
	Fair	= 29%	=15 %	37%	32%	
	Poor	= 15%	= 51%	28%	30%	

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
ENERGY SUPPLY TO SUPPORT INDUSTRY AND HOUSEHOLDS	38. Per capita consumption of energy per annum (in Tonnes of Oil Equivalent(TOE) a. Electricity b. Petroleum c. LPG		0.0282 0.0798 0.0040	0.0244 0.0905 0.005	0.0246 0.0742 0.0053	Steady Progress
	39. Average number of hours of electricity outage per consumer per year - ECG - NED	100 100	112 367	124 746	107 153	Steady progress Significant progress
	40. Percentage reduction in transmission and distribution losses: a. Transmission b. Distribution - ECG - NED	2.8% 21% 25%	3.56% 24.26%* 24.41%	3.36%* 23.96%* 22.86%	3.46% 24.24% 19.20%	Target Not achieved Target not achieved Target exceeded
	41. Percentage of households covered by electricity supply		48%	54%	54%	Steady Progress
	42. Percentage change in Research and Development expenditure (Public)	0.3 – 0.5% of GDP	Na	Na	Na	Data not available to evaluate the indicator 2007 Public Expenditure (investment and Services): <u>Institution</u> MES - US\$21,082.66 CSIR - US\$514,179.73 GAEC - US\$3,131,720.99 TERTIARY - US\$1,359,664.49 Total - US\$5.03mil (0.03% of GDP) 2008 Public Expenditure (investment and services): <u>Institution</u> MES - US\$83,177.57 CSIR - US\$948,598.13 GAEC - US\$332,542.06 TERTIARY - US\$37,732,913.08 Total - US\$39,097,230.84 (0.24% of GDP)
DEVELOPING INFORMATION AND COMMUNICATION TECHNOLOGY	43. Size of the ICT industry	US \$750 million by 2011	630.0	863.7	Na	Lack of data
	44. Teledensity/Penetration rate: a. Fixed Line	27% 	27.2% 1.7%	36.3% 1.9%	52.4% 0.6%	 The fixed line figure has gone down because of

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
(ICT)	b. Mobile		25.5%	(376,509) 34.4% (7,604,053)	(143,900) 51.8% (11,568,850)	the removal of dormant subscribers from the network
	45. Internet Access					
	a. Subscribers	≥14% per annum	21,800	23,000	45,000	Target exceeded. About 95.7% increased over the 2007 level
	b. Users	Na	1.7%	2.8%	3.8%	Significant progress
	c. Providers (total number)					
	- Number Authorize	Na	99	107	190	Significant progress
	- Number in Operation	Na	32	34	36	
	d. Number of school with internet access	Na	50 (SHS) 8 (Teacher Training)	... (SHS) ... (Teacher Training)	89 (SHS) ... (Teacher Training)	Significant progress
	46. Electronic Media					
	a. FM Radio					
DEVELOPING THE TOURISM SECTOR FOR REVENUE AND EMPLOYMENT GENERATION	- Number Authorize	Na	165	183	190	Significant progress
	- Number in Operation	Na	127	129	146	
	b. Television*					
	- Number Authorize	Na	25	26	47	Significant progress
	- Number in Operation	Na	10	11	19	
	47. Percentage change in tourist arrivals	20%	16% (Total arrival = 488,697)	Na	Na (Total arrival = 600, 000)	Steady Progress RECEIPTS (US\$ Million): 2006 = 984.8 2007 = Na 2008 = 1,300 EMPLOYMENT: 2005 = 183,192 2006 = Na 2008 = 232,803
	48. Percentage change of investment (stock of tourism facilities) in the tourism sector					
	e. Accommodation Establishments (Hotels, Guest houses, lodges etc)		4.5 (1405)	1.8* (1430)	11.5% (1595)	Significant progress

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target										
	f. Catering Establishment (Restaurants, fast food joints etc)		-32.8 (250)	40.8* (352)	-2.3% (344)	Decline attributed to some facilities folding up due to keen competition										
	g. Travel Agents and Tour Operations Establishment		-5.9 (350)	0.3* (351)	-19.1% 284	Decline attributed to closure of facilities for not meeting minimum standards										
	h. Car Rental companies		11.3 (59)	-3.4* (57)	47.4% (84)	Significant progress										
	49. Percentage change in domestic tourism	Na	Na	- (417,558 for 25 sites)	- (637,550 for 33 sites)	Significant progress. The data suggests that nearly 19,320 visited each site in 2008, compared to 16,702 in 2007. This amounts to 15.6% increased over 2007 level per site)										
MUSIC AND FILMS INDUSTRY FOR GROWTH AND JOB CREATION	50. Size of the Music and Films Industry	Na	Music = 0.8% (US\$107mil) Films = 0.07% (US\$ 8mil) Other Arts =% (US\$...mil)	Music = Na (US\$...mil) Films = 0.10% (US\$14.5mil) Other Arts =% (US\$...mil)	Music = Na (US\$...mil) Films = 0.12% (US\$20.5mil) Other Arts =% (US\$...mil)	Data is currently not available. Amount of royalties due owners of creative arts: <table><tr><td>Year</td><td>Amount (in Gh¢)</td></tr><tr><td>2006</td><td>415,200.00</td></tr><tr><td>2007</td><td>570,813.00</td></tr><tr><td>2008</td><td>267,000.00</td></tr><tr><td>Total</td><td>1,253,013.00</td></tr></table>	Year	Amount (in Gh¢)	2006	415,200.00	2007	570,813.00	2008	267,000.00	Total	1,253,013.00
	Year	Amount (in Gh¢)														
	2006	415,200.00														
	2007	570,813.00														
2008	267,000.00															
Total	1,253,013.00															
	51. Number jobs created by the Music and films industry	Na	Na	Na	Na	Data is currently not Available. However base on 2006 estimates puts the total number of people employed by the music industry at 21,000, about 3000 shops and 3000 hawkers selling music.										
EMPLOYMENT GENERATION AND IMPROVEMENT AND EXPANSION OF SAFETY NETS	4. Number of Labour Disputes	Na	663	656	632	Steady progress										
	5. The number of new jobs created by sector	240,000	200,000	Na	692, 714 Serv:17.6% Ind: 2.1% Agric:80.3%	Target exceeded 108,435 jobs created under the youth employment programme, in all 10 regions as at 31 December, 2008. Employment figures as at December 2008 are as follows: REGIONS SECTORS:										

AREA OF FOCUS	INDICATOR	Target in 2008	Indicator Level at 2006	Indicator Level at 2007	Indicator Level at 2008	Progress towards target
						Ashanti - 11,694 Agric Biz - 25,383 Brong Ahafo - 10,992 Comm. Edu Tech -24,967 Central - 10,450 Comm. Protect - 3,047 Greater Accra - 10,779 Aux. Nursing - 14,213 Northern - 9,994 Waste & s'tion - 14,032 Upper East - 11,598 Internship - 6,605 Upper West - 10,188 Trades & vocations - 2,400 Volta - 9,698 ICT - Eastern - 12,013 Other modules - 8,287 Western - 10,997 (Forestry, Rev. Mobi, Volu. Teachers, Sanitation Guards, etc) Programme Staff - 949
	6. Social Protection Expenditure as percentage of GDP	≥4.42%	0.09% (Gh¢19,642,805.7)	2.4% (Gh¢340,245,466.97)	2.3%% (Gh¢408,830,342.41)	<u>Item</u> Gh¢ <u>2007</u> <u>2008</u> Persons with - Disabilities 12,909.86 459,606.53 Orphans and Vulnerable children 61,670.13 * Implementation of Social Protection Strategy 89,306.64 3,763,487.76 Capitation Grant 10,745,724.7 15,000,000.00 Reducing Maternal Mortality 9,394 692,912.00.00 Malaria Prevention and Control 13,034,546.44 18,637,831.00 Reducing Child Mortality 12,595.50 * School Feeding Prog. 24,455,436.70 33,371,477.00 Health Insurance 291,823,883 256,500,000 Public Works Proj - Lab. Based Civil work - 33,808.729.65 - Cocoa mass spraying - 12,029,100.00 - Nat. Affor. Prog - 13,874,000.36 Suppl. Feeding prog for child <5yrs - 55,821.31 Integ. Agric input support for extreme poor farmers - 20,637,376.80 Total 340,245,466.97 408,830,342.41

Table 3.14: Action taken on 2007 Policy Recommendations

2007 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2008	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: ✓ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
1.1 Private Sector Development (Section 3.3.1, pg 81 of 2007 APR)	<ul style="list-style-type: none"> The interventions aimed at increasing the competence and capacity of firms received attention in 2007, however the pace of implementation needs to be accelerated. Also, progress on the implementation of programmes under the Presidential Special Initiative was slow. The pace of the review process that has begun should be accelerated in order to identify and focus on the high impact and successful interventions. 	✓	<ul style="list-style-type: none"> To help address some of the difficulties associated with the weak capacity of industry, government initiated a process to develop and implement SME's strategy and industrial policy. It is expected that the implementation of interventions under these initiatives will help address these constraints in order to position the domestic firms to operate competitively at the international and national levels; The government has secured a loan facility of US\$118 million for the development of the MSME sector; and Under the District Industrialization Programme, financial support was provided to a number of companies.
	<ul style="list-style-type: none"> More significantly, increases in agriculture output resulted from land intensification instead of land expansion as observed in 2006. In order to sustain the gains and improve further the productivity of staple crops, it is important to intensify the appropriate mix of interventions that have resulted in these achievements, including the supply of improved varieties of seeds and agro-chemical increased extension and technology dissemination coverage, and mechanization services for land preparation. 	✓	<ul style="list-style-type: none"> To facilitate the mechanization of agriculture, government in 2008 acquired 732 brand new tractors with implements, 200 maize threshers, 200 power tillers, 20 rice milling machines, 16 water pumps for distribution to farmers across the country. For small scale farmers, 250 pieces of vari-mini lower capacity tractors and 200 power tillers have been acquired; Also the introduction of fertilizer subsidies, strategies like one acre demonstrations and special maize programme largely contributed to increased agricultural production in 2008
	<ul style="list-style-type: none"> The share of credit to agriculture by deposit money banks stagnated at 4.8% thereby constraining investment in agricultural inputs and infrastructure. It is therefore recommended that the processes involved in setting up the proposed Agricultural Development Fund by government should be accelerated. 	✓	<ul style="list-style-type: none"> Various proposals from stakeholders including private sector is currently being considered by government on the establishment of Agriculture Development Fund.

2007 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2008	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: ✓ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
1.3. Modernised Fishing and Aquaculture Development (Section 3.3.3, pg 82 of 2007 APR)	<ul style="list-style-type: none"> Output from aquaculture increased about hundred times. However, productivity of fish among small scale farmers remained low. While productivity of fish from commercial farms was estimated at 6 tonnes/ha/year, that of small scale farms remained at 1.5 tonnes/ha/year. It is therefore important to identify and implement appropriate mix of interventions that will ensure increased productivity of fish among small-scale farmers. 	✓	<ul style="list-style-type: none"> Mix of interventions implemented in 2008 to ensure increased productivity of fish among small-scale farmers included: <ul style="list-style-type: none"> - training of more hatchery operators for supply of good quality fish seeds to farmers; - encouragement of more general fish pond management; and - improvement of fish health on fish farms.
2.2 Promoting Trade and Industrial Development (Section 3.3.5, pg 82 of 2006 APR)	<ul style="list-style-type: none"> The weaknesses in the manufacturing sector identified in 2006 persist in spite of the implementation of some structural reforms agreed under the government private sector dialogue platform, including tax and non-tax measures. Manufacturing value added share of GDP continued to be on a downward trend. It is therefore important for government and her stakeholders to review the current policy interventions with the view to identifying further weaknesses and addressing them. 	✓	<ul style="list-style-type: none"> Available data indicates that manufacturing value added share of GDP declined marginally in 2008; The National Industry Policy which is expected to provide the framework for industrial development is being developed; National competition policy and instructions was developed, and it is for submission to Cabinet
3.1 Transport Infrastructure: Road, Rail, Water and Air Transport (Section 3.3.6, pg 82-83 of 2007 APR)	<ul style="list-style-type: none"> To ensure effective management of road network, the current mechanism and institutional arrangement for managing the road network should be reviewed to make it more responsive to the current challenges in the sector. Also a study is required to further understand the key constraints affecting the maintenance of road networks, particularly in urban roads in spite of the increasing maintenance expenditure. 	✓	<ul style="list-style-type: none"> Cabinet approved the National Transport Policy which is expected to guide the preparation of future integrated transport development plans and programmes; Subsequently a Transport Sector Development Programme (TSDP) for all modes of transport based on the National Transport Policy was also finalized; In addition, preparatory work on the Integrated Transport Plan (ITP) started.

2007 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2008	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: √ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
	<ul style="list-style-type: none"> The indicators continued to show downward trend under the rail sub-sector, primarily due to deteriorating infrastructure and mismanagement. The policy of government has been to attract private capital into the sector in the form of Public-Private Partnership (PPP). However this is not yielding the desired results as the concession agreements signed by the Ghana Railway Company for the development and extension of Eastern line and the rehabilitation of the Western corridor are yet to materialize. It is therefore necessary to review the current policy arrangement for financing the railway sector in favour of public financing in view of the long term benefit of the railway sector, in terms of bulk haulage, preserving the road network and reducing accidents on the roads. 	×	
3.1 Energy Supply to Support Industry and Households <i>(Section 3.3.7, pg 83 of 2007 APR)</i>	<ul style="list-style-type: none"> System losses continued to be high and the pace of the current upgrading programme of electricity infrastructure should be accelerated. 	√	<ul style="list-style-type: none"> A number of projects were initiated to improve the reliability and quality of power supply as well as reduce system losses. These include: <ul style="list-style-type: none"> continuation of the construction of 33 kV primary substations in Ofankor, Accra, Amanfrom, Kumasi and the commissioning of Abuakwa, Kumasi substation which all begun in 2007; expanding the number of customers under the prepayment metering system. Also under the ECG distribution system improvement project, preliminary activities on switching stations and substations were carried out in the following regions; Greater Accra (Dodowa, Tokuse), Eastern (Akuse Junction), Western (Bogoso, Bawdie), Ashanti (Ejisu, Kuntunasi), Volta (Jasikan) and Central (Dunkwa, Winneba, Swedru, Kasoa).
	<ul style="list-style-type: none"> The global instability in oil prices continued to impact negatively on the domestic prices of goods and services, as well as producer prices. The macroeconomic indicators continued to be stable, however in the face of continued price increases it is important to identify the appropriate mix of policies to counteract the effect of the price increases on a long term basis 	×	

2007 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2008	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: √ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
5.1 Science and Technology to Support Productivity and Development (Section 3.3.8, pg 83 of 2007 APR)	<ul style="list-style-type: none"> The challenge regarding inadequate data to track progress in this policy area persisted. Some capacity and logistical constraints have been identified by the ministry responsible for this sector (i.e. MOESS) and these are expected to be addressed in the subsequent editions of this report. 	×	
6.1 Developing Information and Communication Technology (ICT) (Section 3.3.9, pg 84 of 2007 APR)	<ul style="list-style-type: none"> Significant progress was made in this policy area during the year under review. Telephone density has increased and internet accessibility improved. Out of the three indicators monitored two made significant progress and exceeded the target set, while one recorded a steady progress. However, more effort has to be made to improve internet accessibility to business and households. 	√	<ul style="list-style-type: none"> To further improve upon connectivity, the Ministry has facilitated the construction of the first phase of the national fibre backbone. The 2nd phase is expected to begin pretty soon. This when completed will improve upon the last mile solution; Community Information Centres are being constructed to provide Internet connectivity to the rural communities
Developing the Tourism Sector for Revenue and Employment Generation (Section 3.3.10, pg 84 of 2007 APR)	<ul style="list-style-type: none"> The issues raised about the music and film industries in the 2006 APR continued to receive little attention. The music and film industry is identified as a strategic sector within the broad growth agenda of the GPRS II. It is therefore important for the Ministries of Chieftaincy and Culture, Tourism and Disporan Relation, and Trade, Industries, PSD and PSI identify policies relevant to their sector for implementation. 	×	
Employment Generation and Improvement and Expansion of Safety Nets (Section 3.3.11, pg 84 of 2007 APR)	<ul style="list-style-type: none"> Steady progress was made on two of the key indicators that track progress towards industry harmony and public commitment towards the vulnerable and excluded. However data was not available to ascertain the total number of new jobs generated in the economy in 2007. 	√	<ul style="list-style-type: none"> A draft National Employment Policy document and Implementation Action Plan were completed and are expected to be subjected to national validation prior to submission to Cabinet; and The Tripartite Committee is at various stages in the implementation of the five sub-components of the Labour Market Segment of the Business Sector Programme Support, and the initial contracting for the implementation of the Labour Market Information System was carried out

2007 POLICY RECOMMENDATIONS		ACTION TAKEN IN 2008	
POLICY AREA	RECOMMENDATIONS	STATUS (Tick: √ if any action taken × if no action taken)	REMARKS (i.e. specific action taken or why, if no action taken)
	<ul style="list-style-type: none"> Salary disputes continued to be the major source of industrial unrest, and it is important to continue to pursue industrial peace through the strengthening of the tripartite system as well as ensuring transparency in salary administration including establishment of fair wage system. Also the pace of implementation of the Labour Market Information System should be accelerated in order to address the data collection challenges with regards to new jobs created in the economy. 	√	<ul style="list-style-type: none"> In the bid to ensure industrial harmony and peace through the strengthening of the tripartite system, the membership of the committee was reconstituted and launched in 2008; A functional secretariat was established within the premises of the Ministry of Employment and Social Welfare to provide administrative support to the committee; Further, to ensure transparency in salary administration, a Fair Wages Commission was established with an implementation of the Salaries and Wages policy recommendations by a consultancy assignment.

CHAPTER FOUR

HUMAN RESOURCE DEVELOPMENT

4.1 INTRODUCTION

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

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

This chapter reviews progress made in 2008 towards achieving the above policy objectives.

4.2 STATUS OF SELECTED INDICATORS, AND KEY POLICY MEASURES AND STRATEGIES IN 2008

4.2.1 Education

Policy interventions in the education sector in 2008 continued to focus on achieving three broad objectives of: (i) increasing access to, and participation in education and training, with greater emphasis on gender and geographical equity; (ii) improving the quality of education; and (iii) enhancing delivery of education services.

Progress during the year towards the attainment of these broad objectives, as monitored by the selected indicators against targets, and specific policy measures and strategies implemented are presented as follows:

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

Status of Selected Indicators:

Key indicators used to track progress towards achieving the objective of increasing access to basic education include gross enrolment ratio; net enrolment rate; survival rate; gender parity index, geographical access to education.

(a) Gross Enrolment Ratio (GER)

The Gross Enrolment Rates (GER) is an indicator of participation in the education system. It measures the number of pupils/students at a given level of schooling, regardless of age, as a proportion of the number of children in the relevant age group. Table 4.1 summarizes trends in this indicator for basic schools from 2004/05 academic year to 2007/08 academic year.

The GER increased at all levels of basic school in the 2007/2008 academic year, however the increases at the primary school and junior high school levels were rather marginal. At the kindergarten level, GER increased by 6.3% from 83.6% in 2006/2007 to 89.9% in 2007/2008, an improvement over the 1.7% decline recorded between 2005/2006 and 2006/2007 academic years. This increase has been attributed mainly to the government policy of integrating kindergarten education into basic schools throughout the country.

Increase in GER observed at the primary school and junior high school levels were rather marginal with GER increasing by 1.5% at the primary school level from 93.7% in 2006/2007 academic year to 95.2% in the 2007/2008 academic year, and by 1.4% at the junior high school level from 77.4% to 78.8% over the same period. The slow pace of increase in GER especially at the junior high school level inspite of the new educational policies has raised concerns about the nation's ability to achieve universal basic education by 2015.

Table 4.1: Trend in GER for Basic Schools, 2004-2008

Gross Enrolment Ratio	Target 2015	2004/2005	2005/2006	2006/2007	2007/2008	Progress toward target
<u>Kindergarten:</u>						
National	65.0%	60.14%	85.30%	83.6%	89.9%	Steady progress
Northern		29.28%	30.80%	64.6%	69.1%	
Upper East		28.56%	30.90%	56.5%	66.2%	
Upper West		21.94%	30.90%	63.9%	72.8%	
<u>Primary:</u>						
National	100.0%	87.50%	92.10%	93.7%	95.2%	Steady progress
Northern		72.70%	76.20%	77.60%	92.1%	
Upper East		80.40%	84.40%	84.29%	96.9%	
Upper West		77.30%	81.05%	81.54%	98.1%	
<u>Junior High School:</u>						
National	100.0%	72.80%	74.70%	77.4%	78.8%	Slow progress

Source: Ministry of Education and Sports, Education Sector Performance Report 2007/2008

(b) Net Enrolment Rate (NER)

The NER indicates the number of appropriately aged pupils/students enrolled in school as a proportion of children in the relevant age group. The importance of NER lies in the fact that children who enroll in school at the right age are more likely to stay in school.

The primary NER was 83.7% in 2008. It should be noted that as in the case of the primary GER, the rapid growth in NER experienced since 2004/05 at the national level and in the deprived regions

slowed down during the year. This was in spite of the Capitation Grant and expansion of the School Feeding Programme, which are designed to enhance school enrolments. The issue needs to be investigated and the appropriate mitigating measures put in place.

With regard to NER at the JHS level, the indicator seems to have dropped significantly between 2005/06 and 2006/07, but experienced minimal recovery in 2007/08. Reasons for this trend are not yet clear and need to be investigated.

Table 4.2: Trends in Net Enrolment Rates in Basic Schools, 2004/05 - 2007/08

Net Enrolment Rate	Target 2007/08	2004/2005	2005/2006	2006/2007	2007/2008	Progress towards target
Primary:						
National	84.9%	59.10%	69.20%	81.1%	83.7%	Steady Progress
Northern		52.40%	65.40%	67.5%	71.8%	
Upper East		55.50%	69.00%	72.8%	77.7%	
Upper West		54.50%	70.00%	70.1%	77.2%	
Sex						
Male		60.00%	69.80%	79.8	84.2%	
Female		59.30%	68.10%	77.3	81.6%	
Junior High School:						
National	58.4%	70.3%	74.5%	52.4%	53.0%	Slow progress
Sex						
Male		Na	Na	53.3	54.1%	
Female		Na	Na	55.5	51.8%	

Source: Ministry of Education, Science and Sports, Education Sector Performance Report , 2007/2008

(c) Survival Rates:

Survival rate measures the proportion of pupils/students who remain and complete school after enrolment. The primary completion rate seems to be steadily increasing since 2005/06. It reached a high of 88% in 2007/08. Although the completion rate increased by 2.6% during the year, the Ministry of Education (2008) estimates that the completion rate would actually have to grow at the rate of 3% per year, if universal primary completion is to be achieved by 2015. Disaggregating the completion rate by gender reveals that the rate for girls has remained consistently lower than that of boys, although there is an indication that the gap is decreasing.

The completion rate in junior high is currently 67.7%. It can be seen in Table 4.3 that the rate has been consistently low over the years. It has dropped from 77.9% in 2005/2006 to 64.9% in 2006/07 and only marginally recovered in 2008. Thus a significant proportion of JHS students do not stay on to complete their junior high school education. Many JHS students are too old for their grades and are attracted to the informal labour market, particularly when they are expected to contribute to family income or make it on their own. The age effect is larger for females than males. The low completion rate at this level poses a serious challenge to the goal of achieving Universal Basic Education by 2015.

Table 4.3: Trends in Survival Rates in Basic Schools by Gender, 2004/05 to 2007/08

Survival/ Completion Rates	Target 2007/08	2004/2005	2005/2006	2006/2007	2007/2008	Progress towards target
Primary						
National	88.3%	78.7%	75.6%	85.4%	88.0%	Good progress
Males		82.3%	78.70%	91.2%	88.9%	
Females		75.1%	72.4%	79.6%	82.4%	
Junior High School						
National	70.3%	60.0%	77.90%	64.9%	67.7%	Not achieved
Males		60.0%	81.2%	69.6%	72.4%	
Females		55.0%	74.7%	60.0%	62.9%	

Source: Ministry of Education, Science and Sports, Education Sector Performance Report, 2008

(d) Gender Parity Index:

The Gender Parity Index measures the ratio of boys to girls in enrolment rates, the balance of parity being 1. Although Ghana missed the MDG of achieving gender parity by the year 2005, gender parity has been increasing at all levels of basic education.

In 2007/2008 academic year a number of activities were undertaken to improve gender parity, particularly at the basic school level. These include: (i) community mobilization and sensitization to create awareness on the importance of girls' education; (ii) developing and disseminating communication material to educate people about the importance of girls' education; (iii) organizing radio/television programmes; (iv) vacation camp for girls from rural/deprived communities; (v) Girls' Education Week celebration at district and national levels; (vi) take home food ration for some girls in the three Northern regions; (vii) provision of scholarships in the form of educational materials; (viii) provision of bicycles for girls commuting long distances; (ix) formation of girls' clubs; and (x) provision of gender friendly toilets/urinals.

These notwithstanding, gender parity index appears to have stagnated. The index at the kindergarten level which was 0.98 in 2007/2008 after fluctuating around parity for the past five years, however stagnated at 0.96 at the primary level after jumping from a level of 0.93 in 2005/06. At the JHS level, gender parity increased marginally in the past year from 0.91 in 2006/07 to 0.92 in 2007/08.

Table 4.4: Trends in National Gender Parity Index (GPI) at Basic School, 2004/2005-2007/2008

GPI	Target 2007/08	2004/2005	2005/2006	2006/2007	2007/08	Progress towards target
National						
- KG	1.0	0.98	1.03	0.99	0.98	Target not achieved
- Primary	1.0	0.93	0.95	0.96	0.96	Slow progress
- JHS	1.0	0.88	0.93	0.91	0.92	Slow progress
Deprived Districts						
- KG	1.0	0.98	N/A	0.99	0.97	Target not achieved
- Primary	1.0	N/A	N/A	0.95	0.94	Target not Achieved
- JHS	1.0	N/A	N/A	0.88	0.90	Steady progress

Source: Ministry of Education, Science and Sports, Education Sector Performance Report , 2008

(e) Geographical Equity in Access to Education

There are currently 53 deprived districts in Ghana, whose indicators (i.e. GER, NER, GPI) are generally lower than the national average. They also have poorer infrastructure and low levels of other human resource indicators. Table 4.5 presents data on this geographical gap in access to education in order to show the extent to which the deprived districts are catching up with the rest of the country.

Overall, there were significant increases in access indicators for deprived districts during the year. The GER in deprived districts is currently 87.5% at the kindergarten level; 93.8% at the primary level; and 65.3% at the JHS level. The NER for deprived districts is 62.7% at the kindergarten level; 77.9% at the primary level; and 43.8% at the JHS level.

Although all these deprived district indicators are below the national average, the faster growth of the indicators suggests that the gap may already be reducing.

Table 4.5: Comparison of National and Deprived Districts' Access Indicators

Indicator	Deprived district			National		
	2007	2008	% change	2007	2008	% change
<u>GER</u>						
Kindergarten	78.1%	87.5%	12.0%	83.6%	89.9%	7.4%
Primary	90.8%	93.8%	3.3%	93.7%	95.2%	1.6%
Junior High School	61.7%	65.3%	5.9%	77.4%	78.8%	1.8%
<u>NER</u>						
Kindergarten	41.6%	62.7%	-14.4%	57.9%	-----	
Primary	74.5%	77.9%	4.7%	81.1%	83.4%	2.8%
Junior High School	41.6%	43.8%	5.3%	52.4%	53.0%	1.1%
<u>Completion Rate</u>						
Kindergarten	-----	-----	-----			
Primary	75.5%	81.4%	7.8%	80.4%	85.5%	6.3%
Junior High School	49.2%	54.0%	9.9%	62.8%	67.7%	7.8%
<u>GPI</u>						
Kindergarten	98.7%	96.9%	-1.5%	99.0%	98.0%	-1.0%
Primary	94.8%	94.3%	- 0.5%	96.0%	96.0%	0.0%
Junior High School	88.2%	89.9%	2.1%	91.0%	92.0%	1.0%

Source: Ministry of Education, Science and Sports, Education Sector Performance Report , 2007/2008

Key Policy Measures and Strategies:

Key policy measures and strategies implemented in 2008 to increase enrolment rate in basic schools include the construction/rehabilitation of classrooms; strengthening the capitation grant initiative; and expanding coverage of the school feeding programme.

The construction/rehabilitation of school classroom:

Ensuring availability of adequate number of classrooms in good condition is important for achieving the goal of universal basic education. Available data indicates that an estimated 28% of both public primary and JHS classrooms needed major repairs in 2007/2008. Infrastructure projects carried out in basic schools in 2008 include construction of classrooms, toilet facilities, teacher accommodation, and production of dual classroom desks (Table 4.6).

Table 4.6: Infrastructure projects implemented in 2008

Type of project	Number
Classrooms	5,854
Toilet/Washing facility	793
Teacher accommodation	807
Dual desks	180,236

Source: Ministry of Education, Science and Sports, 2008

The Capitation Grant:

The implementation of the Capitation Grant Policy has led to considerable growth in enrolment in public basic schools nationwide. The increase in enrolment has in turn increased the pupil-teacher ratio, particularly in deprived schools. Thus the general impact of Capitation Grant on the basic school system needs to be investigated and complementary interventions designed to minimize the possible negative effect of the introduction of the Capitation Grant on the quality of education.

The School Feeding Programme:

The School Feeding Programme received a boost in 2007/08 to increase enrolment and encourage school attendance. During the 2007/2008 accademic year a total of 476,083 pupils in 975 schools across the country benefitted from the programme, representing 6.3% increase over the 2006/2007 academic year level of 447, 714 pupils. It is estimated to have increased primary school enrolment by 40% since the introduction of the programme. Under the programme food items (such as corn soy blend, palm oil and salt) were also supplied to support 30,000 students in 80 primary schools in 34 districts in the 3 Northern Regions. This was complemented by the GES/WFP Project in the 3 northern regions, where take home rations (maize, palm oil, and salt) were distributed to 41,324 school children (49% are girls from P1 – P6) in 80 schools.

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

Status of Selected Indicators:

The basic issue regarding quality education in Ghana is learning achievements, which are currently low (as evidenced by state monitoring tests) and have been the subject of public debate. One of the reasons for the low learning achievements among pupils/students has been the low time on task (MOESS, 2008). Teachers and students often spend much time performing tasks like weeding, farming, and festivals at the expense of time spent on actually learning.

Quality of education could be improved with trained and committed teachers, improved teaching and learning materials, good classroom facilities, among others. This section assesses progress made towards improving quality of education, using the following indicators:

- Basic Education Certificate Examination (BECE) pass rate
- text books per pupil
- percentage of trained teachers in basic schools
- pupil: teacher ratio.

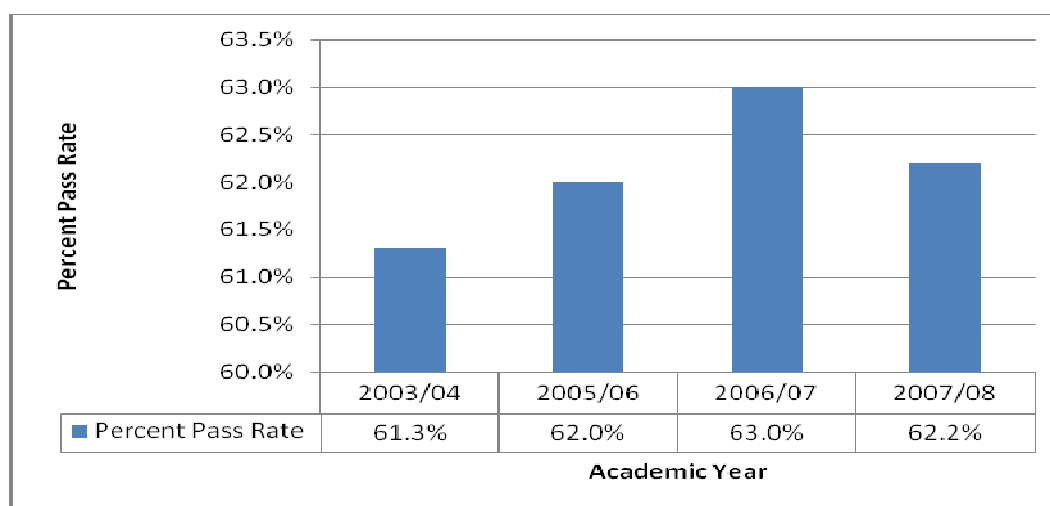
The status of these indicators in 2008 was as follows:

(a) BECE Examination 2008:

The Basic Education Certificate Examination (BECE) is taken at the end of the basic education cycle to determine whether or not a pupil progresses to second cycle education. An aggregate grade between 6 and 30 is required to enable a pupil to enter a second cycle school. However, most observers have noted that a student realistically must score in the range of 6 to 18 to have a chance of gaining admission to Senior High School. For example, in the 2006/07 BECE, about 102,091 candidates (representing 37% of those who passed) did not qualify to enter into any of the public high schools. Thus every year, a significant proportion of children are unable to continue with their formal education. This ultimately lowers the quality of Ghana's labor force and undermines GPRS II objective of producing an educated population for accelerated socio-economic development.

Figure 4.1 below presents a general trend in the pass rates for BECE, taken by all students in JHS3.

Figure 4.1: Trend in the Proportion of students passing BECE with Aggregate 6-30, 2003-2008



Source: Ministry of Education, Science and Sports, 2008

(b) Text books per pupil

A key component for improving the quality of learning is the available of textbooks for pupils, especially at the basic school level. In 2008 a contracts was awarded for a supply of all basic textbooks and delivery started in September 2008. All primary core textbooks were delivered to district education offices, with a total of 2.2 million new text books made available to the deprived

districts. When added to the stock of existing books, there is a ratio of 3.4 books per pupil. Also a national Training of Trainers (ToT) organized to train 3,317 district trainers for basic levels, who will in turn, train classroom teachers in the effective use of the developed / revised syllabuses

(c) Percentage of Trained Teachers:

The proportion of classroom teachers with proper professional training is an essential input into improving the quality of education. The Education Strategic Plan (ESP) has set the goal of 95% trained teachers by 2015. Given the current trend in proportion of trained teachers, it will require considerable effort to achieve this goal.

Table 4.7 reveals that the percentage of trained teachers at the kindergarten level increased from 35.6% in 2006/07 to 42.9% in 2007/08. However, the increase was not sufficient to match the growth in enrolment during the school year, as a result of the implementation of the compulsory kindergarten policy.

At the primary level, the percentage of trained teachers in public schools continued its downward trend nationwide. The same trend is evident at the junior high school level. By the end of the 2008 academic year, only 59.4% of public primary school teachers were trained; the equivalent figure for public JHS was 76.4%.

These trends have been attributed to the increased number of National Youth Employment and National Service placements in basic schools. The increase in the number of these untrained teachers in basic schools tends to be higher than the rate at which trained teachers are graduating and existing teachers are being upgraded.

Studies by MOESS have shown that there is no shortage of trained teachers in absolute terms in the country. It is simply their distribution that is skewed. Teachers do not remain where they are posted. Some of the reasons for this include: poor living conditions in deprived areas of the country; lack of commitment of some teachers; and absence of enforcement of regulations regarding teacher postings. The marked disparities between deprived districts and national averages in the proportion of trained classroom teachers are presented in Table 4.7.

Table 4.7: Trend in percentage of trained teachers in basic school, 2004/05 to 2007/08

	Target 2015	2004-05	2005-06	2006-07	2007-08	Progress towards target
Kindergarten	95.0%	32.70%	33.10%	35.6%	42.9%	Steady progress
<u>Primary</u>						
National	95.0%	72.40%	70.80%	62.1%	59.4%	Worsening
Deprived districts		53.2%	55.9%	42.8%	37.2%	
<u>Junior High</u>						
National	95.0%	83.50%	85.50%	77.2%	76.4%	Slow progress
Deprived districts		73.9%	77.7%	64.2%	62.9%	

Source: Ministry of Education, Science and Sports, Education Sector Performance Report 2008

(d) Pupil to Teacher Ratio (PTR):

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

In 2007/2008, PTR at the kindergarten level was high at 52:1 (up from 32: 1 in 2006/2007). The high PTR can be explained by the significant growth in kindergarten enrolment during the school year as a result of a relatively new compulsory kindergarten policy introduced in 2007 as part of the education sector reform. The number of trained teachers is not yet high enough to keep pace with enrolment.

At the primary level, the country achieved the national PTR target of 35:1 in 2007, however, reducing disparities in PTR across and within regions still poses a challenge. In 2007/2008 the national PTR for primary school stood at 34.1:1, compared to 34.0:1 in 2006/2007 academic year. Though the PTR (38:1) for the deprived districts has been decreasing, it remains higher than the national average. At the Junior High level the national average PTR was 17.4:1 in 2007/2008 compared to 17.9:1 in 2006/2007. Again, the deprived districts PTR is relatively higher, though the trend is decreasing.

Table 4.8: Trends in PTR- Basic Schools, 2004/05 to 2007/08

	Target 2015	2004/2005	2005/2006	2006/2007	2007/2008	Progress towards target
<u>Kindergarten(National)</u>	25.0	Na	Na	32.8	51.5	Slow progress
<u>Primary</u>						
- National	35.0	34.9	35.7	34.0	34.1	Target achieved
- Deprived districts	Na	41.9	Na	36.3	38.0	
<u>Junior Secondary School</u>						
• National	25.0	19.0	19.4	17.9	17.4	Target achieved
• Deprived districts	Na	22.0	22.5	18.9	19.1	

Source: Ministry of Education, Science and Sports, Education Sector Performance Report, 2008

4.2.2 Training and Skills Development

i. Provision of Skills and Entrepreneurial Training

Providing marketable skills and entrepreneurial know-how to a large section of the Ghanaian youth who have never been to school or who have dropped out of school is one the key strategies to empower the youth to participate fully in the socio-economic development of the country.

Technical and Vocational Education and Training (TVET)

The rapid expansion of enrolment in primary and junior secondary schools has led to an increased demand for post-basic education and training opportunities. The government has responded to this demand by increasing support for technical and vocational education and training (TVET). This is because the government sees the link between TVET and employment as a means to promote economic growth and reduce poverty

TVET is delivered through public and private schools, vocational training institutes, and informal apprenticeship training. Table 4.9 presents the number of TVET institutions by type. The estimated total number of TVET institutions was 641 as at 2008. The private sector dominates in the provision of vocational education and training with 443 institutes and a total student intake of 23,960.

Table 4.9: Number of TVET institutions by type and enrolment, 2008

No.	Training Providers	Public	Private	No. of skill areas
1.	N.V.T.I	38		172
2.	Integrated Community Centers for Employable Skills(MESW)	68		311
3.	Community Development Centres (MLGRD)	24		167
4.	Social Welfare Centres (MESW)	15		91
5.	Agriculture Training Institute (MoFA)	3		3
6.	Leadership Training Institute (formally MESW) now MYS	11		50
7	Ministry of Roads & Transport Training Centres (MRT)	1		4
8.	GRATIS Foundation (MoTI)	9		50
9.	Opportunities Industrialization Centre (MESW)	3		19
10.	Private Vocational Institutions (Registered)		293	898
11.	Private Vocational Institutions (Non-Registered)		150	300
12.	GES Technical Institution (GES)	26		104

National Youth Employment Programme

The National Youth Employment Programme (NYEP) was launched in 2006 to provide skills training and job placement for the large number of the youth who has either dropped out of school without employable skills or unable to find employment after school. The NYEP provides training and/or temporary employment to its beneficiaries, with the aim of eventually placing them in permanent employment.

In 2008, the number of youth engaged in various categories of employment modules of the NYEP increased by 1.2% to 108,435, compared to 107,114 recorded in 2007. The lack of significant increase in the number of youth engaged during the year was due mainly to a stabilization exercise undertaken by NYEP to ensure that all engaged persons promptly receive their monthly allowances. The measure was implemented to address concern about delay in the payment of allowances to

those youth engaged in the programme. The programme is being evaluated to assess its sustainability with regard to current employment levels. It is envisaged that more of the youth will be employed under the programme after completion of the evaluation exercise.

Table 4.10: Youth Employment Modules and Employment Figures, 2007 and 2008

<i>Module</i>	<i>Number of Youth Engaged</i>	
	<i>2007</i>	<i>2008</i>
Agri-Business-Crop	25,383	25,383
Community Education Teaching and Volunteer Teachers	32,801	33,519
Community Protection	2,749	3,047
Health Extension Workers/Aux. Nursing	15,000	14,213
Waste and Sanitation, and Sanitation Guards	9,100	15,690
Internship	5,200	6,605
Other modules (trade & vocation, forestry and revenue mobilization,)	16,881	9,978
Total	107,114	108,435

Source: Ministry of Youth and Employment, 2008

4.2.3 Health

The ultimate goal of the health sector under the GPRS II is to ensure a healthy and productive population capable of contributing to socio-economic development and wealth creation in the country. To achieve this goal, the health sector policy objectives continue to be focused on:

- bridging the equity gap in access to quality healthcare and nutrition services;
- ensuring sustainable financial arrangements that protect the poor; and
- strengthening efficiency in health service delivery.

Significant progress continued to be made in the sector in 2008, with infant and under-five mortality as well as maternal mortality showing signs of improvement. Progress made towards achieving the health sector objectives identified in the GPRS II is presented below.

i. Bridge Equity Gap in Access to Quality Health Care and Nutritional Services

To achieve the objective of increasing access to quality health care and nutritional services, the Ministry of Health and the Ghana Health Service continued to implement a wide range of cost effective interventions in 2008 including:

- strengthening the Expanded Program on Immunization (EPI) in every district;
- improving quality of clinical care, including emergency and referral services;
- re-positioning Community Health Planning Services (CHPS) to facilitate the provision of maternal health services

Progress made in improving access to quality health care and nutritional services during the year is examined by assessing the performances of the following indicators: (i) Outpatient (OPD) attendance; (ii) immunization coverage; (iii) antenatal care coverage; (iv) supervised deliveries; (v)

number of guinea worm cases; (vi) child mortality rate ; (vii) children under five years who are malnourished (underweight); and (viii) maternal mortality ratio

OPD Attendance

The utilization of outpatient services by the Ghanaian population has been increasing over time, due mainly to treatment of more patients with health insurance. The overall trend in OPD visits has been positive since 2006 with OPD attendance increasing from OPD attendance per capita of 0.55 in 2006 to 0.77 in 2008 (Table 4.11). However, there are wide regional differences in OPD attendance ranging from OPD attendance per capita of 0.49 in the Northern Region to a high of 1.3 visits per capita in Brong Ahafo Region (Table 4.12). The growth in OPD attendance seems to coincide with growth in membership of NHIS, which suggests that NHIS has increased the utilization of health services.

Table 4.11: Summary of Achievements of Selected Health Sector Output Indicators, 2005-2008

Indicator	Target 2008	2005	2006	2007	2008	Progress towards target
1. OPD Attendance	0.60	Na	0.55	0.69	0.71	Target exceeded
2. Doctor-patient ratio	Na	Na	1: 2,125	1: 1,537	1: 1,353	Slow progress
3. Nurse-patient ratio	Na	Na	1: 15,423	1: 13,683	1: 13,449	Slow progress
4. Immunization Coverage - Penta 3 - Measles	90.0%	85.0% 82.0%	84.2% 85.10%	88.0% 89.0%	86.6% 86.0%	Target not achieved
5. Antenatal care coverage	95.0	88.7%	88.4%	89.5%	97.4%	Target exceeded
6. Supervised deliveries by skilled personnel	60%	46.0%	44.5%	35.1%	39.3%	Slow progress
7. Guinea worm cases	Na	3981	4136	3358	501	Significant progress

Source: MOH/GHS Health Sector Program of Work 2008 Reviews

NB: ANC figures is defined by "at least one visit"

The effect of increased OPD attendance on the delivery of quality health care is currently not clear and needs to be investigated. This is because increased utilization of health services may possibly be compromising health outcomes, given the numerous human and other resource constraints in the health sector.

Table 4.12: Regional Differentials in OPD attendance, 2008

Region	OPD per capita
Northern	0.49
Western	0.51
Central	0.68
Ashanti	0.70
Volta	0.73
Upper West	0.73
Upper East	0.86
Eastern	0.97
Gt. Accra	1.01
Brong Ahafo	1.30
Ghana	0.77

Source: MOH/GHS Health Sector Program of Work 2008 Reviews

Immunization Coverage

It is recognized that immunization is one key intervention for children that improves child survival rates and is thereby capable of contributing to the attainment of the Millennium Development Goal (MDG 4) of reducing child mortality by two-thirds by 2015. The Expanded Programme of Immunization (EPI) in Ghana has achieved significant results in coverage. Although EPI coverage slightly reduced in 2008, it remained high at 86.6% (Table 4.11). However, the re-emergence of wild polio cases (8 confirmed imported cases) in 2008 points to the need to intensify the EPI programme in order to protect children from the polio virus.

Ante-natal Care (ANC) Coverage

Ante-natal care improves maternal health and child survival. Survey results indicate that ANC coverage has been high over the years. During the year under review 97.4% of mothers as against 89.5% of mothers in 2007, received antenatal care from health professionals at least once during pregnancy (Table 4.11). This significant increase may be attributed to introduction of free maternal health scheme for pregnant women in 2008. There is, however, room for improvement for quality of services provided. For example, percentage of anaemic women in 2008, compared to 2007, remained stagnant at 27% and Intermittent Preventive Treatment (IPT) for malaria only decreased slightly during the period (MOH, 2008).

Supervised Delivery

Supervised delivery by skilled health professionals in hygienic conditions reduces the risk of complications and infections that can cause death to the mother and/or baby. It is one of two key indicators used to assess progress towards reducing maternal deaths (MDG 5). In Ghana, the proportion of supervised deliveries has been low but steadily improving. For example, the proportion of supervised deliveries in 2008 was 39.5% (up from 35.1% in 2007). The target of 60% supervised deliveries for the year was however not achieved (Table 4.11). There are large differences between regions with respect to supervised deliveries. Brong Ahafo has the highest proportion of supervised deliveries at 51.1%. The Northern Region is the lowest performing region with 26.0% (Table 4.13).

Table 4.13: Regional Differentials in supervised delivery, 2008

Region	Percent of supervised deliveries
Northern	26.0%
Western	27.7%
Central	34.3%
Ashanti	35.0%
Volta	37.5%
Upper West	38.1%
Upper East	40.4%
Eastern	48.0%
Gt. Accra	50.2%
Brong Ahafo	51.1%
Ghana	39.3%

Source: MOH/GHS Health Sector Program of Work 2008 Reviews

Efforts to improve and reduce the gap in supervised delivery would require increasing access to health care; strengthening of the exemption policy for maternity care; and overcoming the persistent socio-cultural factors inhibiting the utilization of health care facilities for delivery.

Guinea Worm Cases

Significant achievements have been made in the past four years to eradicate the guinea worm disease in Ghana. The disease is now a focal problem limited to the Northern Region, which has 96% of all reported cases.

To strengthen the management of guinea worm cases, 10 case management centers were constructed at Kintampo, Tamale, West Mamprussi, Savelegu, and East Gonja during the year. As a result of these and other interventions, the number of guinea worm cases dropped dramatically from 3,021 in June 2007 to 501 at the end of 2008 (Table 4.11).

To completely eradicate the guinea worm disease in the country, a strategic framework for the Guinea Worm Eradication Programme for the next five years was prepared during the year. Components of the framework include:

- breaking guinea worm transmission in the few remaining areas of the Northern Region and Brong Ahafo Region during 2009.
- strengthening and continuing surveillance for guinea worm disease (including social mobilization and advocacy for improved safe drinking water supply) throughout the country for at least three years.

Childhood mortality

Table 4.14 clearly shows that Ghana may be back on track in reducing its childhood mortality rates after experiencing a worsening in infant mortality rate and stagnation of the under-five mortality rate over the past eight years. The levels of infant mortality and under-five mortality rates in 2008 were 50 per 1000 live births and 80 per 1000 live births respectively. Compared to earlier demographic survey results, the 2008 rates show significant reduction in childhood mortality rates. Years of investment in child health seem to be finally yielding results.

Table 4.14: Trends in Basic Health Outcome Indicators, 1998-2006

Indicator	2008 target	2003 DHS	2006 MIC	2007 GMHS	2008 DHS	Progress to date
1. Infant mortality rate per 1000 live births	64	64	71	Na	50	Target exceeded
2. Under-five mortality rate per 1000 live births	105	111	111	Na	80	Target exceeded
3. Under-five who are malnourished (underweight) (%)	16	22	18	Na	13.9	Target exceeded
4. Maternal mortality ratio per 100,000 live births	Na	Na	Na	580	Na	Recent data only available in 2007
5. Maternal mortality ratio per 100,000 (institutional)	172	----	197 (GHS)	224 (GHS)	200 (GHS)	Target not achieved

Source: GDHS, 1988-2008; Multiple Indicator Cluster Survey (MICS), Preliminary Report, 2006

N.B: Data source for maternal mortality ratio (institutional) from Ghana Health Service (GHS)

Child malnutrition

It is known that malnutrition increases the risk of morbidity and mortality among children. Table 4.14 presents trend in children who are underweight. The indicator reflects the effects of both acute and chronic malnutrition and reveals that the proportion of children of less than five years old who are suffering from this condition has consistently been coming down. However, it is noteworthy that about fourteen percent of Ghanaian children were classified as underweight in the 2008 DHS.

Maternal mortality

It is widely recognized that the maternal mortality ratio in Ghana is unacceptably high. In 2007 the Ghana Maternal Health Survey (GMHS) estimated maternal mortality from household deaths to be still high at 580 per 100,000 live births, which is close to the WHO/UNFPA estimate of 560 for 2005. The rate is substantially higher than the Ministry of Health estimate of 200 reported from health facilities in 2008 (Table 4.14). The most prevalent causes of maternal mortality that need to be addressed have been identified as severe bleeding, hypertensive diseases, infections and abortion.

ii. Ensure Financial Arrangements that Protect the Poor

The Government of Ghana established the National Health Insurance System (NHIS) in 2003 with the overall objective of removing the financial barrier to access to health care and nutritional services, particularly for the poor and vulnerable in society.

This section of the report provides an assessment of the NHIS for 2008.

In 2008, the NHIS implemented a number of measures to increase membership and improve upon the operations of the system. These measures include: (i) expansion of providers by increasing the accreditation of private health care providers; (ii) addition of a new exempt category of pregnant women; (iii) introduction of new tariffs for payment of services; (iv) the introduction of a new ICT system; (v) the creation of regional offices; (vi) piloting of accreditation tools; and (vii) introduction of new membership card.

The major problems which continued to hinder the smooth operation of NHIS are weak portability, delays in ID card production, delays in the settlement of claims, low claim vetting capacity at the district mutual health insurance schemes, and difficulties in obtaining data from district mutual health insurance schemes.

Mutual Health Insurance Schemes:

There are now 145 District Mutual Health Insurance Schemes (DMHIS) nationwide. Table 4.15 provides the distribution of DMHIS by region. The number of DMHIS ranges from a high of 24 schemes in the Ashanti region to a low of 6 in the Upper West region. The number of DMHIS reflects the number of districts in a region.

The current policy of the National Health Insurance Commission (NHIC) is not to allow the setting up of new schemes for the newly created districts. Instead satellite offices will be set up in each of

the new districts to report to their respective existing scheme offices. The satellites districts will register members, collect premiums, distribute Health ID cards, and undertake public education.

Table 4.15: Distribution of DMHIS by region

Region	Number of Schemes
Ashanti	24
Brong Ahafo	19
Central	13
Eastern	17
Greater Accra	10
Northern	18
Upper East	6
Upper West	8
Volta	15
Western	15
Total	145

Source: NHIA Annual Progress Report, 2008

Coverage and Equity:

The NHIS is mandated to ensure equity in access to health services by providing universal coverage. However, membership of the scheme remains partial and skewed due to economic, geographical and cultural barriers to joining the scheme and other operational challenges.

The total number of NHIS cardholders in 2008 was 12,468,558, representing 54% of Ghana's population. The majority of registered members were in the exempt category (under 18 years, the aged and pregnant women). The proportion of the total population registered as indigents during the year was 2%, with 1% of them being valid cardholders.

From the analysis a significant proportion (46%) of the population are not as yet covered by NHIS. This calls for strengthening efforts at expanding coverage, particularly to the most vulnerable.

Table 4.16: NHIS Cardholders by Category, 2008

Category	Number of registrants	Percent of total population
Informal	3,727,454	16.0%
SNITT Contributions	811,567	3.0%
SNITT Pensioners	71,147	0.3%
Under 18 years	6,305,727	27.0%
Pregnant women	432,728	2.0%
70 years and above	816,956	4.0%
Indigents	302,979	1.0%
Total	12,468,558	54.0%

Source: NHIA Annual Progress Report, 2008

Table 4.17 presents a breakdown of registered members and NHIS cardholders by region. The Upper West, Northern and Brong Ahafo Regions have the highest proportion of their populations

registered under NHIS, followed by the Upper East Region. Similar to previous years, the lowest proportion of membership registration was recorded in Greater Accra region.

Analysis of coverage by membership registration alone can be misleading since only valid cardholders are entitled to services under the insurance scheme. Available information indicates that NHIS cardholders continued to increase in 2008. The percentage of cardholders in 2008 was estimated to be 45%, compared to 36% in 2007. At the regional level, the proportion of the regional population who are cardholders varies from a high of 70% in the Upper West Region to a low of 13% in the Central Region. Concerted efforts are needed to close these wide regional disparities in the distribution of cardholders, if the NHIS objective of reducing financial barriers to health care for all Ghanaians is to be achieved.

Table 4.17: NHIS registrants and cardholders by Region, 2008

Region	Estimated Population 2008	Registrants	Percent of population Registered	ID cardholders	Percent of population
Ashanti	4,720,916	2,767,949	59%	2,377,396	50%
Brong Ahafo	2,211,897	1,484,771	67%	1,331,596	60%
Central	1,882,115	1,014, 246	54%	237,135	13%
Eastern	2,354,537	1,377,474	59%	1,214,477	52%
Gt. Accra	4,100,706	1,421,417	35%	1,319,637	32%
Northern	1,901,179	1,281,481	67%	1,064,542	56%
Upper East	1,004,224	603,776	60%	562,268	56%
Upper West	659,826	439,423	67%	463,099	70%
Volta	1,979,814	945,290	48%	786,217	40%
Western	2,476,127	1,182,733	48%	1,061,519	43%
Total	23,291,360	12,518,560	54%	10,417,886	45%

Source: NHIA, MOH/GHS Health Sector Program of Work 2008 Reviews

N.B. Population estimates from CHIM population data (validated by GSS)

Accreditation:

In 2008 there were 1,551 accredited private providers (up from 1,135 providers in 2007), providing one-third of all services reimbursed by NHIS. These comprised 400 hospitals and clinics, 237 maternity homes, 451 pharmacies, 329 licensed chemical shops and 128 diagnostic facilities. Even though growth in the number of accredited providers widens access to health care services, it also increases spending since tariffs for private providers tend to be higher (and consumers have no price disincentives for visiting them). Thus the accreditation process needs to be periodically evaluated as part of the cost control measures of the NHIS.

Claims and Utilization:

Reporting on claims began in 2008. Table 14.18 presents visits and claims by members during the year.

Table 14.18: Visits and Claims by members, NHIS, 2008

Items	Number
OPD visits in year	9,045,457
Inpatient visits in year	838,141

Total visits	<u>9,833,598</u>
Claims paid (<i>in Ghana cedis</i>)	129,161,433
Average payment per visit (<i>in Ghana cedis</i>)	13
Number of cardholders	10,471,886
Average visit per cardholder	0.95

Source: NHIA, MOH/GHS Health Sector Program of Work 2008 Reviews

The total number of OPD visits made by cardholders was 9,045,457. This compares with 6,914,766 in 2007. Inpatient utilization of services by cardholders was 833,141, compared to 394,304 in 2007. While this is a positive development, the implications of increased utilization of services for the sustainability of NHIS in terms of cash flow must be recognized and monitored carefully. For example, the total amount paid in claims submitted by providers during the year was GH¢ 129,161,433. This translates into an average cost of GH¢13 per visit.

iii. Strengthening Efficiency in Health Service Delivery

Inadequate human resources and mal-distribution of the available health personnel are the key challenges to efficient health service delivery in Ghana. The challenges result from continued migration of key health professionals outside the country and from rural to urban areas. The problem is likely to worsen due to increasing demand for health services from the National Health Insurance members. Efforts to enhance service delivery have been directed at recruitment and retention of staff in hard to reach districts; provision of staff accommodation in deprived districts; and improving productivity of the health workforce.

Inadequate human resources

The production of nurses decreased by 0.7% in 2008, and this has been attributed to the fact that existing schools have reached their maximum intake capacity in terms of physical infrastructure of the schools and the availability of sites for training and other training resources (Table 4.19). The production of health aides and medical assistants was introduced as a short-term measure to address the shortage of health workers in the country.

Table 4.19: Enrolment into health institutions, 2007-2008

Category	2007	2008	% change in enrolment
Nursing	2277	2245	-0.7
Midwifery	551	911	24.6
Environmental Hygiene	557	469	-8.6
Community Health Nurse 1 (2-yr certificate)	1841	1944	2.7
Community Health Nurse 2 (3-yr diploma)	66	63	-2.3
Health Assistants Technical	1193	2541	36.1
Medical Assistant (diploma and post diploma)	101	181	28.4

Source: MOH/GHS Health Sector Program of Work 2008 Reviews

In an effort to improve the efficiency in service delivery in 2008, the government established five new health assistants training institutions at Tepa, Asangragua, Nalerugu, and Dunkwa-on-Offin to increase the number of public sector training institutions to 64. In addition, the accreditation of two Midwifery training schools started at Tarkwa and Tamale.

Mal-Distribution of Health Workers

There are still significant equity gap in the distribution of health workers across the country. In 2008 a number of measures were implemented to address this issue. These include the establishment of an inter-agency posting committee, which agrees on allocation of new staff to different health agencies; the setting up of regional quotas; and the enforcement of postings to rural areas (by removal from payroll).

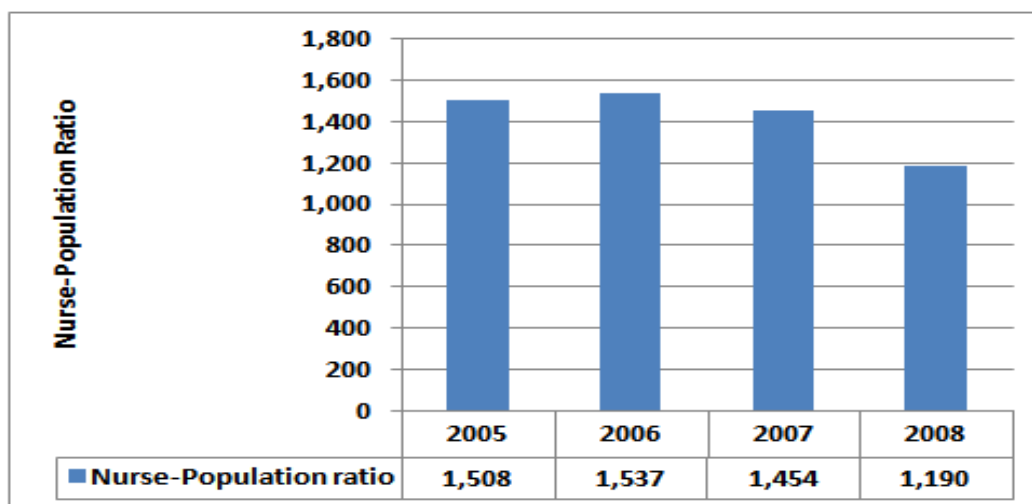
Two indicators are used to track progress in addressing the mal-distribution of human resources in the health sector. These are nurse-to-population ratio and doctor-to-population ratio.

Nurse-to-Population Ratio

The total number of nurses in 2008 was 21,861, of which 8,189 (representing 37.5%) were located in the Greater Accra and the Ashanti regions. The nurse-to-population ratio significantly improved from 1:1,454 in 2007 to 1:1,109 in 2008 (Figure 4.2).

There is marked regional differentials in the distribution of nurses across the country. The lowest density of nurses is in the Northern region with 1 nurse to 1,577 people and the highest density is in the Upper West Region with 1 nurse to 885 people (Table 4.20).

Figure 4.2: Trend in nurse-to-population ratio, National



Source; MOH/GHS Health Sector Programme of Work 2008 Reviews

N.B: The figure includes only nurses who are on government payroll.

Excludes nurses working in the private sector and district directors of Health Services

Table 4.20: Nurse: population ratios by region, 2008

Region	Estimated Population 2007	Number of nurses	Nurse to population ratio in 2007	Estimated population 2008	Number of nurses	Nurse to population ratio in 2008
Ashanti	4,565,683	2,251	1:2,024	4,720,916	3,533	1:1,382
Brong Ahafo	2,157,949	1,099	1:1,099	2,211,897	1,940	1:1,169
Central	1,843,403	1,249	1:1,476	1,882,115	2,104	1:913
Eastern	2,322,029	1,977	1:1,173	2,354,537	2,454	1:973
Gt. Accra	3,927,879	4,011	1:979	4,100,706	4,656	1:919
Northern	2,209,100	1,131	1:1,868	2,270,955	1,480	1:1,577
Upper East	993,317	798	1:1,243	1,004,244	1,051	1:966
Upper West	648,797	537	1:1,266	659,826	758	1:885
Volta	1,865,730	1,474	1:1,266	1,901,179	2,132	1:909
Western	2,399,348	1,197	1:1,993	2,476,127	1,753	1:1,458
National	22,933,234	15,724	1:1,451	23,582,501	21,861	1:1,109

Source: MOH/GHS Health Sector Programme of Work 2008 Reviews

N.B: The figure includes only nurses who are on government payroll.

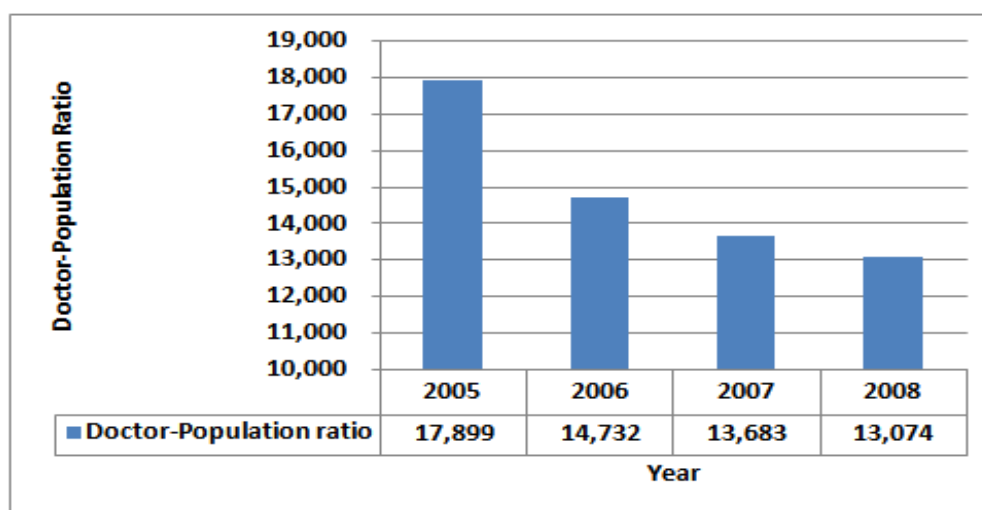
Excludes nurses working in the private sector and district directors of Health Services

Doctor-to-Population Ratio

The total number of doctors in 2008 was 1,855 of which 1,322 (71.3%) were concentrated in the Greater Accra and the Ashanti regions. The doctor-to-population ratio improved from 1:13,683 in 2007 to 1:13,074 in 2008 (Figure 4.3).

On a regional basis the number of individuals per doctor varies from 5,177 in Greater Accra to 70,744 in the Northern Regions (Table 4.21).

Figure 4.3: Trend in doctor: population ratio, National



Source: MOH/GHS Health Sector Programme of Work 2008 Reviews

N.B: The figure includes only doctors who are on government payroll, and excludes doctors working in the private-for-profit sector.

Table 4.21: Doctor: population ratios by region, 2008

Region	Estimated Population 2007	Number of doctors	Doctor to population ratio in 2007	Estimated population 2008	Number of doctors	Doctor to population ratio in 2008
Ashanti	4,565,683	428	1:10,667	4,720,916	495	1:9,861
Brong Ahafo	2,157,949	96	1:22,479	2,211,897	103	1:2,201
Central	1,843,403	63	1:29,260	1,882,115	72	1:26,689
Eastern	2,322,029	128	1:18,141	2,354,537	134	1:17,817
Gt. Accra	3,927,879	755	1:5,202	4,100,706	827	1: 5,177
Northern	2,209,100	24	1:92,046	2,270,955	33	1:70,744
Upper East	993,317	30	1:33,111	1,004,244	30	1:33,843
Upper West	648,797	15	1:43,253	659,826	15	1:44,736
Volta	1,865,730	66	1:28,269	1,901,179	68	1:28,490
Western	2,399,348	71	1:33,794	2,476,127	78	1:32,761
National	22,933,234	1,676	1:13,683	23,582,501	1,855	1:13,074

Source: MOH/GHS Health Sector Program of Work 2008 Reviews

N.B: The figure includes only doctors who are on government payroll. Excludes doctors working in the private-for-profit sector.

4.2.4 HIV/AIDS Prevention

i. Trends in HIV Prevalence

The National median HIV prevalence rate has reduced for two consecutive years since 2006. The level declined from 2.6% in 2007 to 2.2% in 2008, after declining from 3.2% in 2006. Prevalence rate also declined across all the age groups (Table 4.22). In 2008, the highest prevalence rate was recorded among the age group 25 to 29 years (3%), and the lowest was in the age group 15 to 19 years (1.2%). The overall prevalence among the youth 15 to 24 years, which is used as a marker for new infections, was 1.9% during the year.

Table 4.22: The Median HIV Antenatal Prevalence Rate by age group, 2006 to 2008

Age group	Target	2006	2007	2008	Progress towards target
National	<4,0%	3.2%	2.6%	2.2%	Good progress
15-19	Na	1.4%	1.6%	1.2	
20-24	Na	2.4%	2.9%	2.3	
25-29	Na	4.2%	3.5%	3.0	

Source: Ghana Aids Commission; NACP Reports, 2008

The regional pattern of HIV prevalence is shown in Table 4.23. All the regions, with the exception of Eastern Region, recorded a decline in prevalence rate from 2007. Eastern Region continues to top the prevalence table with 4.2% prevalence rate (the same prevalence rate in 2007). The Upper West Region recorded the highest decrease in prevalence rate from 3.3% in 2007 to 1.6% in 2008.

Table 4.23: The Median HIV Antenatal Prevalence (Sentinel Surveillance) by Region, 2007 and 2008

Region	2007	2008
Northern	1.7%	1.1%
Volta	2.0%	1.7%
Upper East	2.5%	2.0%
Central	2.9%	2.0%
Western	3.2%	2.9%
Upper West	3.3%	1.0%
Brong Ahafo	3.3%	2.6%
Gt. Accra	3.4%	3.0%
Ashanti	3.8%	3.0%
Eastern	4.2%	4.2%

Source: Ghana Aids Commission; NACP Reports, 2008

ii. Reduce New HIV Infections

GPRS II has identified the prevention of new HIV infections as critical in the management of the epidemic. Strategies to reduce new infections involve transforming the high HIV/AIDS awareness among the populace into attitudinal and behavioral change that will lead to the adoption of positive life style to reduce the risk of HIV/STI infection.

Some of the key prevention and behavioral change activities implemented in 2008 to reduce new infections include:

- Working with most at risk populations: support was provided for interventions targeting female sex workers (21,000), men having sex with men (5,000), and non-paying partners of female sex workers (7,000). Specific interventions included peer education, STI services, the promotion and distribution of condoms.
- Behavioural Change Campaign (BCC) and Information, Education and Communication (IEC) interventions: The Ministry of Education, Science and Sports conducted training sessions on guidance and counseling for 138 SHEP Coordinators from all the 10 regions to enhance their skills and knowledge in HIV and AIDS psychosocial counseling. MDAs, CSOs and traditional leaders also undertook general community sensitization activities using multiple approaches (peer education, interpersonal communication, mass media, drama etc).
- Promoting Voluntary Counseling and Testing (VCT) and Prevention of Mother to Child Transmission (PMTCT): A total of 174,559 people were tested under VCT, while 119, 005 pregnant women were tested under PMTCT. A cumulative total of 257,575 had been tested as of June, 2008. The 'know your status' project was implemented in the second half of the year by District Health Management Teams (DHMTs) and received favorable response. Some NGOs, notably Family Health International, Planned Parenthood Association of Ghana (PPAG) and Strengthening HIV and AIDS Response Partnerships (SHARP) also carried out VCT activities with positive results.

iii. Reduce the impact of HIV/AIDS related vulnerability, morbidity and mortality

In 2008, the estimated HIV population was 236,151 (comprising 98,306 males and 137,841 females). There were also 18,082 AIDS related deaths during the year.

Access to anti-retroviral therapy (ART) is known to reduce morbidity and mortality among people living with HIV. The following are some of the activities carried out in 2008 to strengthen treatment care and support for people living with HIV (PLWH):

- Training of 75 health care workers from district level facilities in the management of HIV and AIDS;
- Monitoring, supervision and supporting sites providing ART services and also assessing potential sites for ART accreditation;
- Providing nutritional support for PLWH;
- Strengthening referrals and collaboration between facilities and communities to increase ART uptake and adherence.

Table 4.24 presents progress in some key access to ART indicators. In 2008, there were 110 ART sites in 79 districts across the country. ART clients increased from 13,249 in 2007 to 23,614 in 2008, representing about 80% increase. Of those initiated on the therapy, 92% were still continuing the therapy, 4% had died, another 4% were lost to poor follow up and about 0.5% officially known to have stopped therapy. However, the Ghana AIDS Commission has expressed concern about the lack of progress in pediatric treatment. The Commission estimates that 5,300 children under 15 years who need therapy to avoid death and serious morbidity are not getting the needed support.

Table 4.24: Number of Clients on ART and VCT/PMCT Service Centers, 2006 - 2008

ART	2006	2007	2008
1. Number of people with advanced HIV infection receiving ARV combination therapy	6,000	13,429	23,614
2. Number of service delivery points providing ARV combination therapy		48	110
3. Number of laboratories with capacity to monitor ARV combination therapy according to national guidelines		80	Na
4. Number of service deliverers trained in clinical management of PLWHA with advanced infection		408	Na
VCT			
5. Number of Voluntary Testing and Counselling Centres	341	422	Na
6. Number of people counselled and Tested	144,856	306,762	174,659 (Jan-June,2008)
PMTCT			
7. Number of Preventing Mother to Child Transmission Centres.		4,135	Na
8. Number of people tested		140,200	119,005 (Jan-June,2008)

Source: Ghana AIDS Commission; NACP Reports, 2008

4.2.5 Malaria Control

Malaria is the leading cause of mortality and morbidity in Ghana, especially among children under five years and pregnant women. According to Ghana Health Service the disease accounts for about

45% of outpatient attendance and 40% of all admissions to health facilities. The economic impact of the disease in terms of health care cost and reduced productivity, among others, is also well documented.

i. Promote Multiple Malaria Prevention Measures

The following are some of the interventions implemented by the National Malaria Control Programme of Ghana Health Service to manage the disease:

- improving malaria case management in all health facilities;
- promoting home-based care with emphasis on symptoms detection and early treatment;
- promoting the utilization of Insecticide Treated Nets (ITN)/Materials, particularly among pregnant women and children under five years;
- scaling up the implementation of the Intermittent Preventive Treatment (IPT) nationwide (IPT provides chemoprophylaxis for women during pregnancy); and
- intensifying public education to promote malaria intervention using the mass media.

Table 4.25 indicates that efforts at controlling malaria and ensuring progress towards the achievement of MDG target 6 on the disease produced mixed results in 2008. Under-five malaria case fatality reduced considerably during the year from 2.4 in 2007 to 1.9 in 2008. With regard to ITN coverage for both children under-five years and pregnant women, there are different figures, depending on the source of data. According to the GHS, ITN coverage decreased significantly for these high risk groups during the year.

However, the 2008 GDHS reported ITN coverage of 28% for children under-five years, an increase from 2003 figure of 3.5%. The difference in coverage figures has been attributed to the varying timing of surveys. There is evidence that access to ITN is constrained by availability and cost in some communities (Ghana Civil Society Monitoring Campaign, 2008).

Intermittent Preventive Treatment (IPT) coverage reduced for the first and third trimester pregnancies, but increased for second trimester pregnancies during the year. It is therefore unlikely that some women may not be receiving the required three doses of IPT needed to protect them and their unborn children;

Table 4.25: Reported Cases of Malaria and ITN Used by High Risk Category, 2006 - 2008

	2008 Target	2006	2007	2008	Progress towards target
Reported cases of malaria	Na	3,869,406	5,201,427		
Under five malaria case fatality (%)	1.0	2.7	2.4	1.9	Significant progress
ITN coverage (children under 5 years)	Na	41.7%	55.3%	40.5%	Worsened
ITN coverage (Pregnant women)	Na	46.3%	52.5%	30.2%	Worsened
<u>IPT coverage:</u>	Na				
IPT 1		91.3%	89.5%	74.6%	Reduced
IPT 2		27.1%	25.0%	54.2%	Improved
IPT 3		51.9%	47.0%	29.9%	Reduced

Source: MOH, *Malaria Control Programme Report*, 2008

4.2.6 Population Management

Improving the living conditions of Ghana's population through the provision of social services such as education, health, access to safe drinking water and adequate housing depends, to a large extent, on the proper management of the population. Efforts at population management seem not to be yielding the expected positive results as evidenced by movements in population control indicators.

Although the current population growth rate of 2.5% is below the GPRS II target of 2.6% necessary to ensure the achievement of macroeconomic targets, the other indicators of population management have not all been improving significantly enough to further slow down population growth.

Data from the 2008 GDHS revealed that the average number of children a woman would have at the end of her reproductive life (the TFR) declined from 4.2 in 2003 to 4.0 in 2008. However, the use of contraception has remained at one in four of married women. There is also evidence of decline in the use of modern methods of contraception among married women from 19% in 2003 to 17% in 2008 (GSS, 2008). The major challenges to implementation of family planning programmes have been identified as inadequate and unpredictable funding as well as constraints in the procurement and stocking of contraceptives (Table 4.26).

The gains in the coverage of birth registration recorded in the past two years reduced significantly by 12% in 2008.

Table 4.26: Trends in Population Management Indicator

Indicator	2006	2007	2008
Population Growth Rate	2.5%	2.5%	2.5%
Total fertility rate (TFR)	4.2	4.2	4.0
Contraceptive prevalence rate	24.2%	26.0%	23%
Coverage of birth registration	54%	62%	50%

Source: GSS; Population Council, 2008.

N.B: Figures for TFR and CPR in 2006 and 2007 are estimates based on the GDHS 2003 results, the corresponding 2008 figures are from 2008 GDHS.

4.2.7 Safe Water and Sanitation

GPRS II emphasizes improved access to safe drinking water and provision of adequate environmental sanitation as strategic policy areas in human resource development and poverty reduction. Progress made in these two policy areas during the year is presented below.

i. Accelerate the Provision of Safe Water in Rural and Urban Communities

Accelerating the provision of safe water requires the construction/rehabilitation of water supply systems. In 2008, a number of water supply infrastructural projects were undertaken in both rural and urban communities across the country.

According to the Community Water and Sanitation Agency's (CWSA) 2008 Annual Report, the following rural water projects were completed during the year: 1,784 boreholes; 54 hand-dug wells; 15 new small community water pipe systems; 302 water points were also rehabilitated (Table 4.27).

Table 4.27: Cumulative Achievements in Water Systems Provision, 1994-2008

Type of Water System	2007 performance	Cumulative 1994-2007	2008 performance	Cumulative 1994-2008
Boreholes-new	637	10,585	1784	12366
Hand-dug wells-new	80	1,413	54	1467
Total-new water points	717	11,995	1838	13,833
Small communities pipes-new	0	45	1	46
Small town pipes-new	44	313	14	327
Total-new pipe systems	44	358	15	373
Hand dug wells-rehab	13	100	0	100
Boreholes-rehab	228	3,626	302	3,928
Conversions	6	4,230	0	4,230
Total-rehabilitation	247	7,956	302	8,258

Source: CWSA Annual Report, 2008

In the area of urban water, the Ghana Water Company Limited (GWCL) reported the completion of the following water expansion projects during the year:

- the East-West Water Transfer Interconnection was completed to improve water supply to the eastern parts of Accra in areas like Achimota, Taifa, Dome, Tantra Hill, Ofankor, and Amasaman;
- the Kwanyaku Water Supply Expansion Project (Phase 1) was completed and increased output of water from three million gallons per day to six million;
- the Bafikrom Water Supply Expansion Project was completed and commissioned;
- the Tamale Water Supply Expansion Project was completed to serve 250,000 extra people in the project area; and
- the Cape Coast Water Supply Expansion Project was completed and commissioned to supply water to all towns en route to Cape Cost through Elmina and Komenda.

In addition, on-going urban water projects in 2008 included:-Kumasi Water Supply, Sunyani Water Supply Expansion, Koforidua Water Supply, Kasoa Water Supply, Konnongo Water Supply Rehabilitation and Expansion, Mampong Ridge Water Supply, Damango Water Supply, and Assin Fosu Water Supply Projects.

Access to safe drinking water in rural communities increased significantly in 2008 from 54.86% in 2007 to 57.14% in 2008. However, investments in the urban sector seemed not to have yielded the expected results, as the urban indicator for access to safe water declined by three percentage points from 58% in 2007 to 55% in 2008.

Table 4.28: Summary of indicator achievements in Water Sub-Sector, 2005-2008

Indicator	Target 2008	Indicator Status 2005	Indicator status 2006	Indicator Status 2007	Indicator Status 2008	Progress towards target
Percentage of rural population with access to safe water sources.	57.07%	52.0%	53.18%	54.86%	57.14%	Target exceeded
Percentage of urban population with access to safe water sources.	58.0%	55.0%	56.0%	58.0%	55.0%	Slow progress

Source: GSS; CWSA Annual Progress Report, 2008; Ghana Water Company, 2008 Annual Report

*N.B: *The figure for access in rural areas is for third-quarter only*

Wide regional differences in population with access to safe drinking water also persist. In rural water coverage, access ranges from a high of 76.76% in the Upper West Region to a low of 41.27% in Western Region. In the case of urban water, the Northern Region and Upper West Region are the outliers with the 89% access in the Northern and 15% access in the Upper West Region (Table 4.29).

Table 4.29: Rural-urban Potable Water Coverage by region, 2008

Region	Estimated Rural Population	% Covered In 2008	Estimated Urban Population	% Covered in 2008
Ashanti region	2,622,826	72.95%	2,106,118	44%
Brong Ahafo region	1,926,214	53.51%	549,919	30%
Central region	1,426,514	44.35%	1,188,410	49%
Eastern region	1,565,265	58.88%	1,069,916	29%
Greater Accra region	640,946	59.03%	4,047,244	65%
Northern region	2,009,927	57.97%	594,513	89%
Upper east region	1,028,325	52.24%	181,591	41%
Upper west region	604,630	76.76%	121,825	15%
Volta region	1,487,221	54.26%	606,772	39%
Western region	1,534,023	41.27%	772,487	57%
National	14,845,991	57.14%	11,235,795	55%

Sources: GSS; 2008 CWSA Annual Progress Report; 2008 Ghana Water Company Annual Report.

ii. Accelerate the Provision of Adequate Sanitation in Rural and Urban Communities

Inadequate access to sanitation is associated with poor health outcomes through the facilitation of the transmission of communicable diseases such as cholera, diarrhea, dysentery, typhoid and polio. Reporting on progress towards the implementation of policy in the sector continued to be constrained by lack of annual data on household and environmental sanitation.

Data from the 2006 Multiple Indicator Cluster Survey (MICS) is used to provide an indication of the proportion of household population with access to improved sanitary facilities. In this survey

improved sanitary facilities were defined to include flush toilets connected to sewage system of septic tanks, ventilated improved pit latrines and pit latrines with slabs. The result of the survey suggests that 61% of all households surveyed had access to improved sanitation facilities. Access to improved sanitation was more prevalent in urban areas than rural areas. There were also significant regional differences in access, with the three Northern Regions having the lowest proportions of households with access to improved sanitary facilities (Table 4.30).

Table 4.30: Percent of Household Population using Sanitary Means of Excreta Disposal by Region and Residence

Region/Residence	Percent of household population using improved sanitary facilities.	
<u>Region</u>	%	<i>Number of household members</i>
Western	75.9	2,451
Central	62.7	2,024
Gt. Accra	85.4	3,911
Volta	38.8	1,978
Eastern	49.8	3,099
Ashanti	87.0	3,854
Brong Ahafo	79.1	2,295
Northern	25.1	3,549
Upper East	17.5	1,134
Upper West	17.2	652
National	60.7	24,947
<u>Residence</u>		
Urban	82.6	10,315
Rural	45.3	14,632

The unavailability of accurate and timely data on solid waste disposal is one key challenge facing the monitoring of environmental sanitation. Measures implemented to improve environmental sanitation and solid waste management in 2008 include:

- the preparation of a draft National Environmental Sanitation Strategy and Action Plan;
- the collection of baseline data on environmental sanitation in the entire metropolitan, municipal and district assemblies. The data is being processed;
- providing training in supervisory management for Environmental Health Offices and Waste Management staff in the districts;
- introduction of Sanitation Guards under the National Youth Employment Programme to assist Environmental Health Officers in intensifying education and enforcing sanitation laws;

4.2.8 Housing Slump Upgrading

In line with government's commitment to providing affordable and decent housing for all Ghanaians and also ensuring the upgrading of slum areas, policy measures in this sub-sector were strengthened in 2008. The achievements in the sub-sector during the year are outlined below:

Housing

The Affordable Housing Programme continued in 2008 with the sole objective of providing accommodation for low to middle income workers facing acute accommodation problems. On-going housing construction projects in 2008 included one and two bedroom house apartments in 4-storey blocks of flats, with minimum specification and all the necessary infrastructure, i.e roads, drains, central sewage systems, electricity and water supply with plans to cover the entire country.

The residential distributions of the flats, which are at various stages of completion, are:

1. Borteyman – Nungua	-1572
2. Kpone – Tema	-1788
3. Asokore – Mampong	-1192
4. Koforidua	-400
5. Tamale	-200
6. Wa	-160

Slum Upgrading

Government is committed to sustainable urban development. To achieve this goal, an MOU has been signed with UN-Habitat to facilitate collaboration between both parties with regard to urban development.

Thus under a MOU signed between government and UN-habitat, Ghana has been selected as one of four countries to undertake the Slum Upgrading Facility (SUF) pilot project. This project is currently at its implementation stage. The Slum Upgrading Facility operates under the premise that slums can be upgraded successfully when slum dwellers are involved in the planning and design of upgrading projects and are able to work collaboratively with a range of other key stakeholders. SUF works with local actors to make slum upgrading projects “bankable”, that is, attractive to commercial banks, property developers, housing finance institutions, service providers, micro-finance institutions and utility companies.

In Ghana the project is now being undertaken in three locations, namely; Tema, Sekondi-Takoradi, and Ashaiman Municipalities. The Tema and Ashaiman Municipal Settlement Upgrading Strategy and associated Settlement Upgrading Fund has been fully established with a multi-stakeholder board meeting regularly since its inauguration in December 2007 to advise on project direction and lead in negotiations for the urban poor/slum dwellers. The housing designs have been finalized, land acquisition agreement has been signed with financing options being sought for the Pilot Area Development Project in Amui Djor (Tulakor). In Foe, New Takoradi a market design has been done with the preparation of a business plan in progress. The Business plan and detailed project implementation plans have also been developed for Kojokrom.

In view of the inadequate data on access to housing, the Ministry of Water Resources Works and Housing in collaboration with UN-Habitat and Cities Alliance is planning to undertake an inventory of slums in Ghana.

Table 4.31: Summary of Indicator achievements in the urban development and slum upgrading sub-sector, 2005-2008

Indicator	2005	2006	2007	2008
Percentage of population with access to secure housing	11.2%	Na	Na	Na
Proportion of urban people living in slum areas	21.0%	20.9%	20.0%	Na

Source: Ministry of Water Resources, Works and Housing Annual Report, 2008

4.3 SUMMARY OF POLICY RECOMMENDATIONS

4.3.1 Education

- Low retention, particularly in deprived areas and for girls appears to be the obstacle towards achieving Universal Basic Education by 2015. This issue must be addressed urgently if targets are to be achieved.
- To improve the quality of education, efforts at teacher development and deployment must be strengthened. A review of the teacher incentive system would be beneficial to overall efficiency of the education sector.
- To ensure the development of relevant skills among the youth by TVET, the National Youth Employment Programme and Industry, the Ministry of Education should facilitate the development of a common strategic framework for skills development.

4.3.2. Health

- Access to health services has steadily been improving. To further improve access to health and nutritional services, GHS should strengthen efforts to ensure a close working relationship with MMDAs and other stakeholders in the design, implementation and monitoring of health interventions.
- To improve its operations, it is recommended that the NHIS institute measures to resolve claim management and cost control issues.
- A consistent decline in HIV prevalence has been observed. To sustain the decline, more effort at preventing new HIV infections would be required through improving access to treatment, care and support to Persons living with HIV and AIDS.

4.3.3 Water and Sanitation.

- Service providers need to continue to improve the water systems in order to accelerate to the provision of safe water to the large majority of Ghanaians in both rural and urban communities without access.
- Speedy implementation of the National Environmental Sanitation Strategy and Action Plan is necessary to improve environmental sanitation in the country.

HUMAN RESOURCE DEVELOPMENT

STATUS OF INDICATORS - 2008

Table 4.32a: Summary of Status of Indicators in the Education Sector, 2005-2008

Policy Objective	Indicator	Target in 2008	2005 Status	2006 Status	2007 Status	2008 Status	Progress towards target
Increase access to and participation in education and training	Gross Enrolment Ratio:						
	Kindergarten		60.14%	75.2%	89.0%	89.9%	Steady Progress
	Primary	95.50%	87.5%	92.1%	93.7%	95.2%	Steady Progress
	JSS	78.81%	72.8%	74.7%	77.4%	78.8%	Target achieved
	Net Enrolment Rate:						
	Kindergarten		-----	-----	-----	-----	
	Primary		59.1%	69.2%	81.1%	83.4%	Steady Progress
	JSS		70.3%	74.5%	52.4%	53.0%	Slow progress
	Survival Rates:						
	Primary	88.3%	78.70%	75.60%	85.4%	88.0%	Steady Progress
	JSS	70.3%	60.0%	77.9%	64.9%	67.7%	Target not achieved
Bridge Gender in access to education	Gender Parity Index						
	Kindergarten	1.00	0.98	1.03	0.99	0.98	Steady progress
	Primary	1.00	0.93	0.95	0.96	0.96	Steady progress
	JSS	1.00	0.88	0.93	0.91	0.92	Steady progress
Improve the quality of education	Proportion of students passing national assessment Examinations (BECE)						
	Percentage of trained teachers:						
	Kindergarten		32.70%	33.10%	35.60%	42.9%	Steady Progress
	Primary	81.60%	72.40%	70.80%	62.10%	59.4%	Target not achieved
	JSS	89.90%	83.50%	85.50%	77.20%	76.4%	Target not achieved
Implement skills and entrepreneurial training for the unemployed youth	Proportion of the youth benefiting from skills/ entrepreneurial training.		Na	Na	Na	Na	

Table 4.32b: Summary of Status of Indicators in the Health, 2005-2008

Policy Objectives	Indicator	Target in 2008	Status in 2004	Status in 2005	Status in 2006	Status in 2007	Status in 2008	Progress towards target
Increase access to healthcare and nutritional services	Outpatient per capita	0.60	0.52	0.54	0.52	0.69	0.77	Target exceeded
	<u>Vaccination coverage</u>							
	-Penta	90.0%	72.9%	85%	84%	88.0%	86.6	Target not achieved
	-Measles		78%	81%	79%	89.0%		
	Supervised deliveries	60.0%	37.8%	40.3%	44.5%	35.1%	39.3%	Target not achieved
	Incidence of guinea Worm		7275	3981	4136	3358	501	Significant progress
Ensure financial arrangement that protect the poor	NHIS coverage of indigents			79,008 (2.0%)	140,994 (1.84%)	248,379 (1.0%)	302,979 (1.0%)	Steady progress
Reduce new HIV infections	HIV prevalence among pregnant women							
	National			2.7%	3.2%	2.6%	2.2%	Steady progress
	• 15-19	2.1%		0.8%	1.4%	1.6%	1.2%	Target exceeded
	• 20-24	2.1%		2.4%	2.4%	2.9%	2.3%	Target not achieved
	• 25-29			3.6%	4.2%	3.5%	3.0%	Steady progress
Prevent and control Malaria	Malaria case fatality in children under five years (%)	1.0	2.7	2.4	2.1	2.4	1.9	Target not achieved
	<u>ITN coverage of at risk groups</u>							
	-Children under five		9.1	26	32.3	53.3%	40.5%	Slow progress
	-Pregnant women		7.8	26.8	46.3	52.5%	30.2%	

Table 4.32c: Summary of Status of Indicators in Water, Sanitation and Urban Development/Slum Upgrading 2005-2008

Policy Area	Policy Objectives	Indicator	Target in 2008	Status 2005	Status 2006	Status 2007	Status 2008	Progress towards target
Safe Water and Environmental Sanitation	Improve Access to safe water	Percentage of rural population with access to safe water sources	57.07%	52.0%	53.18%	54.86%	57.14%	Target exceeded
		Percentage of urban population with access to safe water sources	58.0%	55.0%	56.0%	58.0%	55.0%	Target not achieved
Urban Development and Slum Upgrading		Proportion of people living in slum areas	19.6%	21.0%	20.9%	20.0%	Na	Steady progress
		Percent of population with access to secure housing	9.5%	11.0%	Na	Na		Lack of data

CHAPTER FIVE

GOOD GOVERNANCE AND CIVIC RESPONSIBILITY

5.1 INTRODUCTION

The emphasis of GPRS II on accelerated economic growth as a means of reducing poverty requires a continuous improvements in the key governance benchmarks, including strengthening parliament, enhancing decentralisation, protecting rights under rule of law, ensuring public safety and security, improving the management of public policy, empowering women and vulnerable groups, enhancing development communication, increasing access to information, and promoting civic responsibility.

This chapter reviews the progress made in 2008 towards achieving these key benchmarks outlined in this thematic area of GPRS II.

5.2 STATUS OF SELECTED INDICATORS, AND KEY POLICY MEASURES AND STRATEGIES

5.2.1 Strengthening the Practice of Democracy and the Rule of Law

i. Strengthen Parliament

Parliament continued to improve the performance of its legislative, oversight, deliberative, financial and regulatory functions in deepening of democracy, good governance and sound economic development. The following major achievements were recorded during the year under review.

Parliament had a total of 149 sittings and 320 committee sittings including sittings of the Appointment Committee to consider President's nominations for appointments as Judges of Superior Court of Judicature. There were also a number of Town Hall meetings within Ghana and outside the country. As part of the business of the House during the year 146 Papers were laid and considered. These include 12 Bills, 43 Legislative Instruments, 63 Reports and 28 International and National Agreements.

Also four Parliamentary Resource Centres were established as part of the programme to bring Parliament closer to the public. Parliament was also represented at the highest level in a number of international fora.

Functional training was provided to upgrade the knowledge and skills of the Parliamentary Service Staff in a number of key areas including: (i) Good governance and development, (ii) Information management, (iii) Communication Technology, (iv) Effective communication, (v) Modernising of the human resource function, (vi) Financial management and budgeting. A number of Members of Parliament also undertook internship and benchmarking programmes outside the country.

Budgetary allocation to Parliament continued to increase on an annual basis. The approved budget to Ministry of Parliamentary Affairs and Office of Parliament amounted to Gh¢ 23,407,176 in 2008, representing 2% increase over 2007 level. However actual releases amounted to Gh¢ 25,129,049, representing 7% over the approved and 17% over the 2007 level (Table 5.1). This is on the account of major infrastructural project undertaken by Parliament to improve the working condition of Members of Parliament, including:

- the completion of the first phase of the conversion of the GNTC block of flats into Committee rooms to provide among others, space and Committee rooms for use by Members of Parliament;
- the construction of 3-storey office complex and renovation work on the Chamber Block was almost complete.

Table 5.1 Change in Parliament Allocation (2005-2008)

Year	Budgetary Allocation (Gh¢)	Change in allocation over previous year (%)	Actual Budgetary Releases (Gh¢)	Change in releases over previous year (%)
2005	15,612,300	-	-	-
2006	16,705,300	7.0	15,201,823	-
2007	22,939,300	37.3	21,485,332	41.3
2008	23,407,176	2.0	25,129,049	17.0

Source: Budget Statements, and CAGD, 2008

NB: Data in table now includes resources to Office of Parliament and Ministry of Parliamentary Affairs

Parliament continued the process of preparing a comprehensive budget for securing independent funding from the Consolidated Fund as in the case of the Judiciary. This process was given additional impetus by the President in his State of the Nation Address. Efforts initiated by Parliament in 2007 to set up a Legal Services Department of Parliament to assist in the preparation of a Private Members Bills continued.

ii. Ensure Free and Credible Elections

The Electoral Commission, the constitutional body established by an Act of Parliament Act 1993, (Act 451) to superintend elections in Ghana, successfully conducted Presidential and Parliamentary elections in 2008. Despite the fact that the presidential elections went into two inconclusive run-offs, the events passed off largely as peaceful. In pursuance of the mission of the Commission to advance the course of democracy and good governance for enhanced development of Ghana the Commission carried out a number of key activities that eventually led to the conduct of free, fair and transparent elections that was acceptance to all stakeholders.

The five main programmes undertaken by the Commission in 2008 include: (i) review of polling stations, (ii) replacement of lost ID Cards, (iii) revision of the voters' register, (iv) exhibition of the voters' register, and (v) conducting the Presidential and Parliamentary elections.

In order to help keep the register healthy and credible for elections the Commission undertook nationwide card replacement exercise. A new data Capture Equipment (photographic scanning equipment which included digital cameras and ID Card printers) was acquired to replace the old technology which had become obsolete and outdated.

Also the Commission undertook institutional reforms to enhance its operational efficiency and effectiveness, and explored the possibility of enhancing the capacity of the Commission to utilize people with disability by training a considerable number of the disabled for electoral purposes. It also undertook a feasibility study to increase its capacity to dispose electoral waste and unserviceable items in an environmentally friendly manner.

iii. Foster Civic Advocacy to Nurture the Culture of Democracy

Civil society groups made significant inputs into the consolidation of democracy in Ghana during the year 2008. Civil society groups such as the Institute of Economic Affairs (IEA), the Centre for Democratic Development (CDD) and the Institute of Democratic Government (IDEG) made diverse contributions towards the elections of December 7, 2008. The IEA offered the Presidential candidates of the four political parties with representation in Parliament, several platforms to express their views on different subjects of concern to the electorate by making presentations and answering questions from live audience. The IEA platform was extended to the Vice Presidential candidates as well.

Prior to the elections, IDEG organized a number of public fora to allow the citizens of Ghana to air their views on issues concerning the elections and other governance issues. For the first time, IDEG which is a civil society organization also participated in election monitoring, and was involved in the entire election process including registration, and the aftermath of the election. They provided information to the public about the entire process, the challenges faced, and the lessons that are to be learned to ensure more effective elections in the future.

CDD also trained and deployed a substantial number of election monitoring officials to various parts of the country. The media also got actively involved in the electoral process and helped to improve the integrity of the election results.

The 2007 People's Assembly meeting which was deferred was held during the first quarter of 2008 in Takoradi. It was well patronized, but like its predecessors, no institutional arrangements were made to implement the policy statements made by the President on such an occasion.

5.2.2 Enhancing Decentralization

The main constraints identified under the GPRS II for policy action on the decentralization process was the absence of a shared conceptual and political understanding across government and civil society regarding the overall pace and direction of decentralization and a general inconsistency between the legal framework for decentralization and the local government reform initiative.

Consequently the focus of policy measures was to: (i) redefine the type of decentralization expected to be practiced; (ii) expand decision-making capacity of MMDAs; (iii) ensure proper functioning of sub-district administration structures; and (iv) strengthen MMDAs revenue generating capabilities.

i. Redefine type of decentralization

The Comprehensive Decentralisation Policy prepared by the Ministry of Local Government, Rural Development and Environment to deepen political, administrative and fiscal decentralisation in 2007 was subjected to wide stakeholder consultation in 2008. Recommendations from the consultation have been incorporated into the draft policy and will be sent back to Cabinet for approval. The policy is also intended to reaffirm government's commitment to the policy of decentralisation that takes into account people's participation.

ii. Expand decision-making capacity of MMDAs

The government established and launched the Local Government Service in December 2007. A major policy initiative in 2008 was the commencement of preparations to establish, the new Local Government Secretariat and integration of Government and Decentralised Department into the fold of the MMDAs and preparation of a Legislative Instrument. Under this Legislative Instrument, 17 decentralised departments are to be integrated into the MMDAs. It also includes the establishment of District Works Departments in selected MMDAs under the Local Service Delivery and Governance programme and the establishment of Human Resource Departments in 40 MMDAs.

An Inter-governmental Fiscal Framework which basically seeks to address the issues of revenue and expenditure assignment between the national and sub-national levels was prepared by the Ministry of Local Government, Rural Development and Environment in collaboration with the Ministry of Finance and Economic Planning and approved by Cabinet.

The Ministry of Local Government, Rural Development and Environment continued vigorous pursuit of the fiscal decentralisation agenda in the area of district focussed decentralised budgeting within the medium-term. The policy emanates from provisions in the Local Government Act 1993, (Act 462) which enjoins MMDAs to prepare integrated district budgets, which harmonise expenditure and revenue estimates of programmes of all departments in the districts. Sufficient ground work has been done for the roll out of the policy to all districts in 2009.

iii. Ensure Proper Functioning of Sub-District Administration Structures

The policy to reduce the number of Unit Committees from 16,000 to 5,000 and the membership of each committee from 15 to 7 still remained unimplemented in 2008.

iv. Strengthen MMDA Revenue Generating Capabilities

A key initiative in 2008 with respect to revenue generation is the preparation of a Municipal Financing and Management Initiative (MFMI) which was the outcome of the International Forum on Municipal Finance and Management held in October 2005. The main aim of the MFMI is to assist MMDAs to:

- significantly increase internally generated funds
- identify and find ways of minimising and finally elimination financial leakages
- significantly improve management and accounting systems
- raise necessary funds to meet infrastructural and service delivery requirements and win public confidence.

The initiative is to empower the local government system to attract funds from the capital market for development and service delivery.

A draft Local Government Finance Bill was submitted to Cabinet and subsequently laid in Parliament for passage into law. When passed, a Local Government Finance Authority will be established with a mandate to mobilise resources from both internal and external sources for MMDAs to channel them into productive infrastructure development and to manage risk.

The plan to improve revenue generation through updating existing database, monitoring performance measurement of the various assemblies and working with the private sector to focus on street naming, house numbering, property evaluation, and blocking of leakage through introduction of appropriate technology into revenue collection, was also pursued in 2008.

5.2.3 Protecting Rights under the Rule of Law

i. Increase the capacity of the Legal Sector, Enhance Speedy and Affordable access to Justice

The Ministry of Justice and its Departments and Agencies made progress towards achieving its 2008 targets. A major intervention is the development of an Annual Work Plan (AWP) to engender change in five areas of reform to improve the image of the Attorney-General's Department and access to Justice. The areas of focus are the Attitudinal, Infrastructural, Technological, Personnel and Institutional domains. It also undertook a Justice For All programme which offered prisoners on remand as well as those who may have found themselves there by reason of miscarriage of justice, further access to justice at no cost.

Progress made on a number of other policies and programmes carried out by government are:

- the Registrar General's Department has captured information on 95% of all registered businesses in the departments database thereby reducing the search of business information to just about 30 seconds. The department has also built an ultra-modern front office where all forms of business registration are undertaken. As part of its decentralization programme, the department completed the refurbishment of an office block in Tamale to start business registration in the northern sector of the country. With this the total number of regional offices of the department has increased to three, (in addition to the Kumasi and Sekondi regional offices);
- the General Legal Council enrolled and called 136 lawyers to the Ghana bar. The Council's disciplinary committee disposed off 15 out of 32 complaints of professional misconduct against lawyers;
- the Office of the Legal Aid Scheme resolved 60% of 7,500 approved cases nation-wide and established 23 community mediation centers (CMCs). The scheme also trained 40 community mediators and continued with the public education and awareness creation;
- the Law Reform Commission in pursuit of the Minerals and Mining Law, conducted research in mining areas in the Western, Brong- Ahafo and Ashanti regions. In addition, the final report on recommendations for the review of the Rent Act, 1963 (Act 220) were submitted to the Rent Review Committee. The Restorative Justice & Alternatives to Custodial Sentencing was also submitted to the Research and Policy Committee;
- the Serious Fraud Office investigated 44 reported fraud cases during the year. The office as part of its capacity building programme trained 10 officers locally while one official

attended an overseas workshop. In addition, two zonal office buildings were completed and furnished;

- the Copyright Office through the established monitoring team carried out a number of anti piracy exercises throughout the country. The Office also disposed of five piracy cases out of the eight brought before it.

These have enhanced the ability of the justice system to better prosecute offenders in major crimes for which little information was previously available; decongest the courts; improve citizen access to legal aid; increase public knowledge of rights; and expedited processes of registering businesses in Ghana.

5.2.4 Public Safety and Security

i. Improve internal security

Ghana has earned the reputation of being a safe haven within a troubled sub-region. The World Bank Report on Doing Business credits Ghana with a secure and safe country status. Since 2001, the government has continuously increased the proportion of law enforcement officers to the population. In 2001, Ghana had a police population of 15,983. This figure has increased by an additional 10,132 over the last seven years⁵. This has boosted the police-to-citizen ratio considerably. Ghana currently reports a police-to-citizen ratio of 1:994 down from a ratio of 1:1200 in 2001. This puts Ghana firmly on the track of reaching the UN standard of 1:500.

ii. Increase national capacity to ensure safety of life and property

Recruitment and Training:

The Police Administration increased the recruitment of university graduates and enlisted senior secondary school graduates as part of its expansion programme. In addition it provided training for almost 1000 youth under the community police module of the National Youth Employment Programme (NYEP).

Other programmes to improve the delivery capabilities of the police service include a) the provision of adequate logistics for the police and b) procurement and supply of new sets of uniforms for police personnel⁶. The new uniforms are meant to reduce the effects of wearing thick black uniforms in the sun and to present a friendlier image of a police officer.

Support for Victims of Domestic Violence:

The Domestic Violence Victims Support Unit (DOVVSU) opened 12 new offices in a number of police districts to bring support services to victims of domestic violence. This has brought the

⁵ Source: President's 2008 State of the Nation Address to Parliament

⁶ The new uniforms represent a break with past. The colour of police uniform is lighter than the thick black type inherited from the colonial situation.

number of DOVVSU offices in the country to 75 up from 63 the previous year. This infrastructure expansion programme accompanied by additional recruitments, has further increased access to support services provided by DOVVSU to victims of domestic violence. (Table 5.2).

The work of DOVVSU has also been enhanced with the passage of the Domestic Violence Act.

Table 5.2: Offices and Personnel of DOVVSU (2007)

Police Regions	Number of Personnel (2006)	Number of Personnel (2007)
National Secretariat		15
Accra Region	69	68
Tema Region	18	25
Ashanti Region	41	44
Brong Ahafo Region	24	33
Western Region	31	19
Central Region	15	12
Volta Region	29	34
Eastern	38	44
Northern	17	16
Upper East	11	20
Upper West	15	20
Total	308	350

DOVVSU has benefited from a number of training programmes supported mainly by UNICEF, ILO and UNDP. These include:

- training of 74 staff members in Counselling and Crises Management
- attachment of 15 personnel to Women's Initiative for Self Empowerment
- training in the use of Manual on Child Labour
- the launch of a helpline for women and children in Accra in collaboration with the Ministry of Women and Children's Affairs
- receipt of office furniture, motobikes and children's toys

Neighbourhood Watch Committees:

The initiative to promote community policing involves the equipping of the youth under the National Youth Employment Programme with skills that will enable them effectively protect their immediate communities. This is complementary to the efforts made by communities to establish their own vigilance groups. It is expected that an expansion of these two activities will reduce the incidence of instant justice meted out to suspected offenders in the neighbourhoods.

Crime Situation in the Country:

Comparative analysis of statistics for the year 2007 and 2008 showed some positive results.

- In the year 2008, the Police Service received a total of 239,823 complaints throughout the country. This figure represented a decrease of 6.1% over that of the year 2007 which recorded a figure of 255,412. Out of this total, 232,883 were registered as true cases; the remaining 6,940 were refused. The cases, which were refused, were regarded as trivial, civil in nature or false and as such did not warrant police action.
- Out of the 232,883 registered true cases, the Police Service sent 30,782 (13.2%) to the courts for prosecution. Out of this, a total of 10,426 cases (33.9%) gained conviction while 645 (2.1%) were acquitted. At the close of the year 2008, 19,711 cases were awaiting trial. This figure represents 64.0% of the cases sent to the law courts for prosecution. 18,975 cases i.e. 8.1% were closed as undetected, while 183,126 cases representing 78.6% were under investigation at the close of the year.

Table 5.3: Status of General Crime Management by Cases (2005 -2008)

	2005	2006	2007	2008	% CHANGE (2008/09)
Cases reported	44,994	57,741	255,412	239,823	-6.1
Cases refused	1,372	1,431	8,871	6,940	-21.8
True cases	43,622	56,310	246,541	232,883	-5.5
Cases sent to court	5,749	7,122	30,861	30,782	-0.3
Cases convicted	1,660	2,730	9,860	10,426	5.7
Cases acquitted	216	209	1,065	645	-39.4
Cases awaiting trial	3,873	4,183	19,936	19,711	-1.1
Cases closed	4,524	3,484	20,360	18,975	-6.8
Cases under investigation	33,349	45,704	195,320	183,126	-6.2

There was a decrease of 6.1% in the number of reported criminal offences over the period under review. The commonly committed offences in year 2008 showed downward trends in their commissions as compared to that of the year 2007. Assault cases continued to be the most highly committed criminal offence in the country in the year 2008.

Table 5.4: Most Committed offences in 2007 & 2008

OFFENCE	NUMBER REPORTED (YEAR)		% CHANGE
	2007	2008	
Assault	94,549	88,332	-6.6
Stealing	64,311	63,636	-1.0
Threatening	26,055	25,094	-3.7
Fraud	15,502	16,513	6.5
Causing damage	10,948	10,478	-4.3
Causing harm	3,404	3,596	5.6
Defilement	2,942	1,675	-43.1
Robbery	1,413	1,449	3.4
Unlawful entry	1,385	1,627	17.5
Rape	631	485	-23.1

Table 5.5: Major offences Committed in 2007 & 2008

OFFENCE	YEAR		% CHANGE
	2007	2008	
Murder	391	430	10.0
Rape	631	485	-23.1
Defilement	2,942	1,675	-43.1
Robbery	1,413	1,449	3.4
Possession, use & distribution of narcotic drugs	650	714	9.8

Figure 5.1: Major Offences Committed in 2008

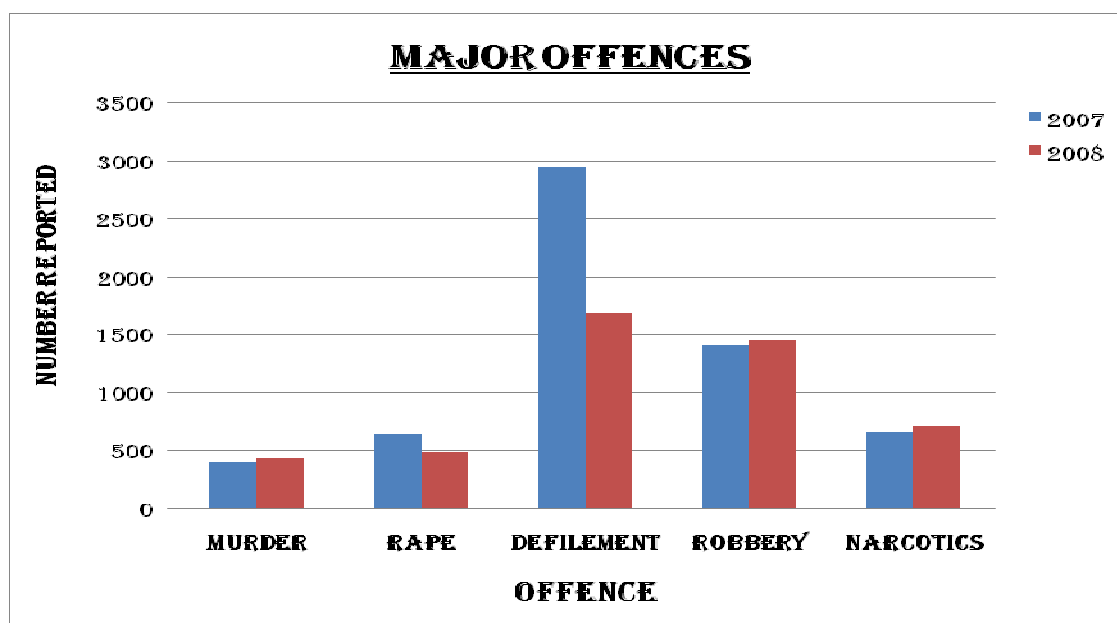


Table 5.6: Regional distribution of some major offences in 2007 and 2008

REGION	YEAR		% CHANGE
	2007	2008	
ACCRA	61	46	-24.6
ASHANTI	54	60	11.1
EASTERN	56	56	0.0
WESTERN	49	60	22.4
CENTRAL	34	37	8.8
BRONG AHAFO	40	47	17.5
VOLTA	36	35	-2.8
NORTHERN	18	21	16.7
TEMA	16	18	12.5
UPPER EAST	15	28	86.7
UPPER WEST	8	11	37.5
C.I.D. HEADQUARTERS	3	11	266.7
TOTAL	391	430	10.0

Murder cases reported to the Police Service countrywide increased from 391 cases in the year 2007 to 430 cases in 2008. This is an increase of 39 cases representing 10.0%. All the regions except Accra and Volta registered decreases in the incidents of murder.

iii. Forestall External Aggression

The country's borders remain secure as a result of the vigilance of the Security Agencies and the foreign policy of good neighbourliness of the Government of Ghana. Where a threat to the security of the state was anticipated, the government intensified border patrols or in some cases, closed the borders until the threat was mitigated. The normal border patrols were conducted to reduce the incidence of cross-border crimes, smuggling and arms and human trafficking. Collaboration among the security agencies has been enhanced with the conduct of joint border patrols by the Ghana Immigration Service and Customs, Excise and Preventive Service (CEPS) and other security agencies. The government continued its programme of improving the equipment situation of all the security agencies. It also entered into agreements for the purchase of aircrafts and naval boats for the Ghana Air Force and Ghana Navy respectively.

5.2.5 Public Policy Management and Public Sector Reforms

i. Increase the capacity of the public and civil service for accountable, efficient, timely and effective performance and service delivery

The broad objectives of the Ministry of Public Sector Reforms⁷ include: (i) the formulation, implementation, coordination, monitoring and evaluating policies on Public Sector Reform; (ii) increasing the capacity of the public and civil services for efficient service delivery; (iii) restructuring and transforming selected subvented agencies to improve their performance and increase their financial sustainability; and (iv) strengthening institutional capacity and human resource capability in the public sector for improved performance.

Through dialogue with government, consultation with development partners and key stakeholders in the reform agenda, the underlisted tasks were performed in 2008:

- pay, productivity and pension reform;
- organisational restructuring of the civil service and training;
- development of a human resource management framework;
- preparation of a service delivery improvement programme;
- support to the decentralisation programme;
- subvented agency reform; and
- central management agency reform.

⁷ The Ministry has been collapsed under the current region and the functions of the Ministry have been transferred to the office of the President

Pay, Productivity and Pension Reform:

The objective here is to implement pay reform to reduce inequity, clarify pay administration responsibilities and improve wage predictability. In this regard the following activities were undertaken:

- removal of distortions and wrongful placement in the existing public sector pay structure under the Ghana Universal Salary Structure;
- submission of the final report on the Comprehensive Public Sector Pay Reform; and
- sensitisation of members of the Trades Union Congress (TUC) on the new Pay Policy undertaken in four regions.

With respect to supporting the Fair Wages Commission to become functional, vehicles were procured for the Commission, a sensitisation workshop on the new Pay Policy was facilitated and a progress review meeting was held with the Commission. The programme to support the Pension Reform Implementation Committee to perform its functions was supported with the following activities:

- outreach programmes for the Informal Sector in the Volta, Eastern, Western and Central Regions on the New Pension Structure;
- approval for European study tour for the Committee secured; and
- progress review meeting with the Committee conducted.

Organisation restructuring of the Civil Service and Training:

The main programme under this objective is the strengthening of the capacity of training institutions. For this the following activities were undertaken:

- equipping of a 25-seater Mobile Classroom with computers for the GIMPA Mobile Training Sessions Project;
- undertaking a needs Assessment Survey for the Controller and Accountant General Department Training School; and
- conducting a Training of Trainers and Peer Review Session.

Human Resource Management (HRM) Framework:

A number of main and sub-activities were undertaken with respect to the framework. The first was to conduct a census of human resource practices in the public service. The final report on the census was submitted for review. Compilation of a database of HRM practitioners in the public service was also initiated in the year.

The second main activity was the development of a performance management system. A Cabinet memorandum was prepared on the new Performance Management Policy. Three MDAs were identified to pilot the exercise pending the approval of the policy guidelines. In addition, preparatory discussions were held with key stakeholders to establish and equip a national HR centre for standard setting and monitoring. An inventory of HRM legislation, policy documents and circulars was initiated.

Finally, to strengthen HRM, capacities building and quality assurance, equipment and furniture was provided for the Statistics and Research Department of the Office of the Head of the Civil Service

and the first phase of core Civil Service database was developed. Data collection for the Local Government Service was initiated.

Service Delivery Improvement Programme:

Under this programme the following main and sub activities were undertaken:

- equipping and staffing Client Service Units (CSUs) in MDAs/MMDAs
 - establishing 40 CSUs
 - establishing nine additional CSUs to serve the private sector
 - initiating procurement process for establishing 30 additional CSUs in selected MDAs;
- printing and launching of New Charters for 122 MDAs/MMDAs and conducting monitoring and evaluation surveys for 23 MDAs
- establishing and launching call centres in four (4) MDAs (DVLA, Lands Commission, Registrar General's Department and Passport Office); and
- implementation of Business Process Review recommendations by inaugurating a Public Service User Group and establishing Rapid Response Units within selected MDAs.

Central Management Agencies Reform:

This consisted mainly of supporting Central Management Agencies to implement reengineering plans. In this respect the following were undertaken:

- commissioning a study on re-tooling the office of the Head of Civil Service;
- undertaking a study on the Scheme of Service, and on strengthening the capacity of the Management Services Division;
- undertaking impact studies for the Ministry of Finance and Economic Planning; and
- initiating capacity development for the Controller and Accountant-Generals Department.

Sub-vented Agencies Reform:

The main activities under this programme are as follows:

- undertaking an institutional governance review and conducting the feasibility of establishing a body to exercise oversight responsibility for the sector and to draw a road map for streamlining the Sub-vented Agencies Division of the Ministry;
- initiating reform and restructuring of selected SAs (Ghana Trade Fair Company Limited, Ghana Standards Board, Management Development and Productivity Institute); and
- procuring equipment for some SAs (Ghana Universities Press, Ghana News Agency and GRATIS Foundation).

Development of Communications:

The main objective under this initiative is to develop and implement a development communications strategy to improve the credibility of Government's Public Sector Reform effort. In this regard the following were undertaken:

- national advocacy on Public Sector Reforms;
- national sensitisation programme on the new charters;

- celebration of Africa Public Service Day and President's Excellence Award;
- publishing of an MPSR Journal.

Conditions of Work Programme:

This is intended to improve human and vehicular traffic and restrict accessibility by commercial vehicles within the Ministries area and improve security for public servants. For this, vehicles have been procured for the Ministry Police station and the contract for chain-fencing the Ministries area awarded.

5.2.6 Fighting Corruption and Economic Crimes

The Ghana Audit Service completed 3602 audits representing 53.3% of those earmarked (6780) for 2008. This is a drop from the 59.8% achieved for the year 2007 (4,000 out of 6,776). The audits were done on accounts of Central government, Ministries, Department and Agencies (MDAs), Metropolitan, Municipal and District Assemblies (MMDAs) Pre-university Educational Institutions, Public boards and corporations. Five Auditor-General reports were submitted to Parliament in the year. The Service also completed and submitted eight performance audit reports to Parliament, reviewed government payroll and vetted salary arrears of subvented organisations.

5.2.7 Empowerment of Women

i. Enforce existing laws protecting women's rights

The Ministry of Women and Children's Affairs continued implementation of its programme to secure the rights of women and children in the year 2008. A number of major activities are recorded in this section.

The Government of Ghana demonstrated its commitment to International Protocols, Conventions, and Treaties by Printing and disseminating 500 copies of Ghana's 3rd, 4th and 5th periodic report of UN Convention on the Elimination of all forms of Discrimination Against Women (CEDAW). Furthermore the Ministry organised International Women's Day through campaigns aimed at reducing maternal and child mortality.

To enhance the smooth implementation of the Domestic Violence Act, a Management Board with oversight responsibility was established. Information, Education and Communication (IEC) materials including 30 billboards were also distributed throughout the country. The Domestic Violence Act was also translated into 4 Ghanaian languages.

As part of child protection programmes, a National Plan of Action on Human Trafficking was drawn up and a Human Trafficking Management Board was established. A simplified comic version of the Human Trafficking Act was developed, launched and disseminated. In addition, some parents in Central and Brong Ahafo regions were given micro-credit in "sending", and "receiving" areas of human trafficking. Ten regional Early Childhood Care and Development (ECCD) Committees were established and trained. Capacities of 392 coordinating committees at the national

and district levels were also upgraded and assembly members of 10 district assemblies, NGOs, and CBOs were trained on child protection laws.

The Ministry of Women and Children's Affairs sensitized district chief executives, queen-mothers and traditional authorities on women and children's rights and a child help line launched. It also printed and distributed 1,000 copies of a directory on women decision-makers and initiated a web portal of the directory. In addition, a National Breast Cancer Fund was re-launched and a Board of Trustees of the Fund inaugurated.

ii. Enhance Women's Access to Economic Resources and Promote Women in Public Life

During the year under review, 43 pieces of agro processing equipment, namely, groundnut, cassava, palm nut, shea butter, palm kernel and fruit extractor equipment were distributed to 43 women's groups countrywide benefiting almost 7,000 households. In addition 16,500 women throughout the country benefited from micro-credit and small loans to expand their businesses. Training programmes in financial and business management skills were also organized for 30,829 women in the informal sector in the ten regions.

The progress towards increasing the number of women in public life suffered a setback with the reduction of the number of women elected into Parliament during the 2008 elections. The number of women MPs fell from 25 to 20 reducing the proportion to below 10%. This still puts Ghana under the international average of 13%. Specific affirmative action programmes are required to reverse this trend (Table 5.7).

Table 5.7: Women in Administrative and Political Leadership 2008

POSITION	TOTAL	MALE	% OF TOTAL	FEMALE	% OF TOTAL
Chief Justice	1	-	-	1	-
Chief Director	25	19	76	6	24
Supreme Court Judges	14	10	71	4	29
High Court Judges	27	23	85	4	25
Members of Parliament	230	210	91	20	9
District Assembly Appointee	1,956	1,401	72	555	28
District Assembly Elected	4,830	4,254	88	576	11

Source: Department of Women, MOWAC

iii. Analyze Budgets and National Development Policies from a Gender Perspective

The Ministry of Women and Children's Affairs continued its programme to mainstream Gender Responsive Budgeting into MDAs' programmes. As part of this programme, the Ministry trained 16 core gender expert groups, drawn from nine MDAs in 2008. In addition, a ten member gender responsive budgeting (GRB) technical committee comprising staff of MOWAC, MOFEP and NDPC was also formed in April 2008 with the responsibility to ensure the implementation of government's policy directive on GRB in 2008 and beyond.

To complement the above, a 3-year national GRB road map was finalised to provide strategic direction on GRB implementation across MDAs and MMDAs. Three customized GRB training manuals were also developed and distributed to key stakeholder institutions to facilitate a "step-by-

step approach” to conducting GRB across sectors. In the same vein 300 copies of the Gender Budgeting Manuals/ tool kits were printed and disseminated.

5.2.8 Enhance Development Information Management

i. Promote the Development of Modern Management Information System including E-governance

The Ministry of Communications (MoC) undertook a number of major initiatives to enhance information sharing and promote the operation of e-governance in the country. The policies and programmes undertaken during the year are detailed below.

Third Generation (3G) and WiMAX Licenses:

To enhance extended services to subscribers, the Worldwide Interoperability Microwave Access (WiMAX) and 3G Licenses guidelines to facilitate effective implementation commenced.

National Broadband Programme:

To promote a wider penetration of ICT services, the MoC facilitated the transformation of Voltacom’s Fibre Optic assets into a National Communications Backbone Infrastructure network to provide open access broadband connectivity nationwide.

Common Telecom Facilities:

The Ghana Investment Fund for Telecommunication development (GIFTEL) completed a total of 39 common telecom facilities and this enabled telecom operators to extend their services to about 273 communities.

Digital Broadcasting Migration:

Ultra High Frequencies (UHF) was issued to existing TV broadcasting stations for the implementation of the digital broadcasting migration.

Computer Assembly:

The MoC in collaboration with Intel Corporation is implementing the Government Assisted PC Programme (GAPP). The objective of the programme is to increase the use and acquisition of personal computers at affordable prices in Ghana and also grow the local PC Assembling industry. About 11,000 units of computers were sold to the public, private, educational institutions and individuals.

Enabling Environment:

To create an effective ICT enabling environment, four bills: e-Transactions, the e-Communications, National Communications Authority (NCA) and National Information Technology Agency (NITA)

Bills were passed into law by Parliament. Also, to further improve the postal services sector, a National Postal Policy is being developed to enable the MoC and PSCRC provide policy and regulatory guidelines for the sector.

E-Governance:

The MoC continued to facilitate and monitor the full integration of ICT as an enabler and driver of the entire socio-economic-political sectors of the nation to help promote efficiency and effectiveness in institutions and enhanced service delivery.

The ICT Business Incubator:

The ICT business incubator supported the establishment of business start-ups to support and nurture entrepreneurial development in ICT. So far four out of 10 local start-ups have grown to maturity. In addition 10 Business Processing Outsourcing Companies were established. Data entry clerks were also trained to capture accurate data.

5.2.9 Promoting Civic Responsibility

i. Ensuring Higher Civic Responsibility and Citizens Involvement in Economic Development

The National Commission on Civic Education and the Ministry of Information and National Orientation undertook education and awareness campaigns to improve citizen understanding of civic responsibilities

5.2.10 Promoting Evidence Based Decision-Making

i. Strengthen the Database for Policy Formulation and Decision-Making

The Ghana Statistical Service completed a draft Strategic Plan for the Development of Statistics in Ghana. The strategic plan is developed as a framework to ensure a comprehensive, effective and sustainable development of statistics in the country. The plan seeks to involve all the stakeholders in the national statistical system (data suppliers, statistics producers, statistics users, training institutions and the local and international organization and development partners) in the development of statistics.

The strategic plan addresses the key problems and constraints that prevent the national statistical system to effectively produce the desirable and quality official statistics. The thrust of the plan are as follows:-

- build the capacity of the sector ministries and the districts to produce quality statistics (including periodic and timely training of statisticians on the job);
- build the capacity of the Ghana Statistical Service to play identified roles in the national statistical system effectively, including providing technical backstop for the production of statistics in the sector ministries and the districts;
- reduce conflicts, inconsistencies and duplication in official statistics;
- harmonize concepts, definitions, classification, survey methods, etc in the decentralized national statistical system;

- improve the dissemination of official statistics and access to users;
- ensure continuity and timeliness in the production of statistics and dissemination;
- create awareness for the importance of statistics, and to advocate and lobby for adequate resources for statistics production and dissemination within and across the sector ministries and districts.

The strategic plan is designed for a period of five years. For effective implementation and monitoring, a coordinating secretariat is proposed to be setup at the Ghana Statistical Service and a Coordinator appointed from within the Ghana Statistical Service. Two committees are proposed to be setup, namely, (i) Steering Committee to oversee the orderly implementation of the strategic plan and (ii) Technical Committee to provide timely periodic advice on changes required in the strategic plan to stay in focus to achieve the set goals.

The National Development Planning Commission prepared a draft Long Term National Development Plan (LTNDP). The goal is to transform the structure of the economy so that Ghana can become a middle income country, achieve the MDGs, and reduce poverty on a sustainable basis. The thematic areas are: (i) Industrial development in a small open economy; (ii) Modernising agriculture; (iii) Human capital development for socio-economic transformation; (iv) Human settlements for structural transformation; (v) Infrastructure for development; and (vi) Financial resources and services. The draft document is currently being reviewed by the new government and it is expected to be finalized as soon as a new Commission is appointed.

5.3 SUMMARY OF POLICY RECOMMENDATIONS

5.3.1 Improving Public Safety and Security:

Annual recruitments into the Police Service should increase by at least 15% per annum. There is also the need for the development of a gender policy to guide the process of increasing the number of women in the Police service.

5.3.2 Promoting Rights under the Rule of Law

Some progress has been made with respect to improving women's representation in administrative and political leadership positions. Government has appointed the first female Chief Justice. This has raised the profile of women in leadership positions and has the value of encouraging other women to aspire to positions of leadership in public life.

The policy of gender responsive budgeting has not yet been integrated into the fiscal policy making process. The Ministry of Women and Children Affairs however undertook training workshops on Gender budgeting for a part of the leadership of the public service. The Fund for women political office aspirants has not yet been established as recommended earlier.

The passage of the Domestic Violence Act and other pieces of legislation constitute efforts on the part of the government to protect children from the worst forms of child labour. In addition government completed the National Social Protection Strategy and implemented the Livelihood

Empowerment Against Poverty (LEAP) programme to offer social protection to vulnerable persons, including women and children.

5.3.3 Decentralization

The MLGRDE has partially settled the issue of the type of decentralisation being undertaken in Ghana with the publication of a New Decentralisation Action Plan. The provision of training for all 138 district on how to implement the composite budgeting system represent a good response to the policy recommendation made in 2007 to introduce composite budgeting in all districts to reduce the inefficiencies associated with the current system of budgeting at the district level.

5.4.4 Studies

None of the studies proposed in the 2007 APR has been conducted. The recommended areas of studies are:

- the rate of reduction in small arms acquisition
- corruption perception among the public
- citizen compliance with rules and regulations.

STATUS OF INDICATORS – 2008

Table 5.8: Summary of Status of Good Governance and Civic Responsibility Indicators, 2006 – 2008

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2006	Status in 2007	Status in 2008
OVERARCHING INDICATORS	▪ Percentage increase in budgetary allocation to Parliament	Increased expenditures on providing offices, logistics and research capabilities for MP,	Gh¢ 15,201,823 (91% of approved budget)	Gh¢ 22,939,300 was approved for Ministry of Parliamentary Affairs and Office of Parliament (37% increase over 2006 level). Actual releases however amounted to Gh¢ 21,485,332, representing a shortfall of 6.3% of the approved and 41% over the 2006 level.	Gh¢ 23,407,176 was approved for Ministry of Parliamentary Affairs and Office of Parliament (2% increase over 2007 level). Actual releases however amounted to Gh¢ 25,129,049, representing 7% over the approved and 17% over the 2007 level.
	▪ Percentage of all courts computerised	Number of courts computerised in relation to all courts	60 desktop computers and 7 laptops and other office equipment procured and distributed to attorneys across the country	Local and wide area networks and databases to electronically capture all cases handled by the AG's office have been installed. 30 desk-tops and 20 laptop computers acquired.	A programme to equip 5 circuit courts in Kumasi, Takoradi, Cape Coast, Sunyani and Koforidua, continued in 2008. Minor refurbishment of these courts was undertaken and all equipment for automation delivered to the selected courts.
	▪ Reduction in rate of infraction of rules and regulation	Measure of decline in cases of breach of public rules and regulations	The daily offender put away rate has dropped below the previous figure 12,000	Lack of data	Police received a total of 239,823 complaints throughout the country in 2008, representing a decline of 6.1% over 2007 level. Out of this total, 232,883 were registered as true cases; the remaining 6,940 were refused because they were regarded as trivial, civil in nature or false as such did not warrant Police action. Out of the 232,883 registered true cases, 30,782 (13.2%) was sent to court for prosecution, of which a total of 10,426 cases (33.9%) gained conviction, and 645 (2.1%) were acquitted. Also, 19,711 (64%) cases sent to court were awaiting trial and 18,975 cases (8.1%) closed as undetected.

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2006	Status in 2007	Status in 2008
STRENGTHENING PRACTICE OF DEMOCRACY AND RULE OF LAW	• Number of Private members bills introduced or laws drafted by Parliament	Determines a strengthened legislative capacity of parliament	Parliament still lacks the mandate and institutional capacity to draft its own bills	A consultant was hired to help in the establishment of a Drafting Unit within Parliament	None.
	• Reduce the number of Ministers appointed from Parliament	Indicates growing independence of Parliament from Executive control	Number of Ministers at the same level as previous year.	Out of the 86 total number of Ministers, 50 are members of Parliament	Number of Ministers was at the same level as previous year
	• Amount voted for establishing an Election Fund as a proportion of total cost of elections	Election Fund from Government Budget	Election Fund not established.	The Institute of Economic Affairs (IEA) initiated a process aimed at preparing a draft Political Parties Bill and the Public Funding of Political Parties Bill. The Bill is expected to debated with the political parties and the general public in 2008	The Draft Public Funding of Political Parties Bill and the Draft Political Parties Bill were launched in March 2008.
	• Amount allocated to NCCE as proportion of Sector Expenditure	Increased proportion of national resources to NCCE	Amount voted for the NCCE has reduced in relation to the previous year's estimate	2007 budgetary allocation to NCCE increased by 9.5% over the 2006 level of Gh¢5,399,500.00	2008 budgetary allocation to NCCE increased to Gh¢4,296,526 from Gh¢3,887,100 actual release in 2007 (representing 11% over the 2007 level)
	• National Identification Card	Number of citizens with NI card	The NIA mounted a broad based education campaign to raise public awareness on the relevance of NIS	The NIA has made considerable progress towards beginning the registration exercise in July 2008	NIA commenced the registration exercise on 1 st July 2008 and successfully covered Central, Western, and Eastern. NIA then moved to the Volta Region.
DECENTRALIZATION	• Timely preparation, implementation and monitoring of fully costed District Development Plans	Allows for improved capacity of MMDAs to plan and implement programmes. Also makes room for CSO involvement in tracking expenditure	All MMDAs have submitted Medium Term Development plans (MTDPs) to NDPC. Most MMDAs are implementing their MTDPs	All MMDAs submitted costed MTDPs and begun implementing their MTDPs in 2007. They also prepared their respective M&E plans to monitor of implementation of the MTDPs. 78 out of the 138 MMDAs subsequently submitted Annual Progress Reports to NDPC	MMDAs continued to implement their respective DMTPDs. The number of MMDAs who prepared 2007 Annual Progress Report (DAPRs) on the Implementation of their MTDPs was 90 by end of 2008.
	• Percentage increase in the number of professional staff hired at the local government level	Reports degree of autonomy gained MMDAs to hire staff at local government level	The design of the Functional and Organizational Assessment Tool (FOAT) has been completed and is being piloted in UE, Northern, Ashanti, Eastern, Central and Western Regions to help MMDAs in recruitment	With the establishment of the Local Government Service professional staff to MMDAs will be expected to increase	The LGS organogram has been approved and the LI for the integration of departments into MMDAs has been passed by Parliament. Concept paper has been prepared for the development of the HR Policy and establishment of HR

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2006	Status in 2007	Status in 2008
			processes.		Department in MMDAs. The HR Policy is expected to be drafted by September 2009.
	<ul style="list-style-type: none"> Rate of increase in the number of districts employing Composite budgeting approach 	Number of MMDAs practicing Composite Budgeting	MLGRDE in collaboration with MoFEP has issued a guideline to all MMDAs for the preparation and implementation of district composite budgets as part of the fiscal decentralization programme.	Training has been provided for all key officials in the MMDAs on how to prepare composite budgets	The Ministry of Local Government, Rural Development and Environment continued a vigorous pursuit of the fiscal decentralization agenda in the area of district focused decentralized budgeting within the medium term. MOFEP organized training programmes for Metropolitan, Municipal and District Budget Analyst to enable them prepare Composite Budgets for 2009.
	<ul style="list-style-type: none"> Operationalize Local Government Service Act 	Determines the creation and functioning of all institutions and policies contained in the Act	LG Service Council is working on a) the establishment of the Departments of MMDAs, b) the integration of line departments and central government agencies into the Department of the Assembly and c) the preparation of legislative instrument to transfer functions, resources and staff to the MMDAs.	The Local Government Service was in December 2007	In 2008 the government initiated moves to establish the secretariate for the new Local Government Service. This was backed by preparation of an Inter-governmental Fiscal Framework, which seeks to address the issues of revenue and expenditure assignment between the national and sub-national levels.
MANAGING PUBLIC POLICY	<ul style="list-style-type: none"> Change in public sector wage in real terms 	Public sector salary increase	Minimum wage is holding at US\$1.66 (Gh ¢1.60)	Minimum daily wage is now US\$2.50 (GH¢1.90)	Minimum daily wage is now US\$1.89 (GH¢2.25)
	<ul style="list-style-type: none"> Percentage of MDAs and sub-vented (SAs) on Integrated Payroll and Personnel Database 	Determine completion of IPPD for all MDAs and SAs	All MDAs and 15 SAs are on IPPD 1, and parallel run with IPPD 2 begun.	Sub-vented Agency (SA) integration to the IPPD2 has progressed steadily and a full report is available. Data on more than 50% of sub-vented Agencies have been collected and validated on the IPPD2. Smaller SAs have been integrated and are being processed. The larger agencies (including the Police and Military) are awaiting VSAT connectivity to process their payroll from their offices. Records are updated monthly. It is expected that all	Migration was suspended due to problems with the payroll system. CAGD undertook an upgrade on the system, however the period of upgrade took longer than expected. System upgrade has been completed, and migration exercise will continue from the 2nd quarter of 2009. As at end 2008, a total of 63 organizations (representing approx 55%) have been migrated.

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2006	Status in 2007	Status in 2008
				sub-vented institutions will be migrated by June 2008.	
	• Corruption Perception Index	Shows achievements in combating corruption in public expenditure management	Corruption Perception is still high. Transparency International Report. Civil Society reports suggest high incidence of corruption in public procurement	Ghana is making progress in the fight against corruption with the full establishment of the Public Procurement Authority and Internal Audit Agency	The Ghana Audit Service completed 3,602 audits representing 53.3% of those earmarked (6780) for 2008. This is a drop from the 59.8% achieved for the year 2007 (4,000 out of 6,776)
	• Annual National Dialogue	Convening of a forum on national policy	NED was not held. People's Assemblies were held by the President and Ministers	The NED has been phased out	NED was not held. People's Assemblies were held by the President and Ministers
PUBLIC SAFETY AND SECURITY	• Police citizen ratio	Measures number of police officers serving a given population	1:1121. This represents a worsening of the ratio as a result of high population and low recruitment rates	The ratio now stands at 1:994. This represents an improvement over the previous years'.	The ratio now stands at 1:776. This represents an improvement over the previous years'
	• Rate of decline in cases of worst forms of child labour, child trafficking and child abuse	Statistics on incidence of worst forms of child labour, child trafficking and child abuse	Data was gathered in 5 Districts in Ashanti in a survey conducted by KNUST with funding from ILO-IPEC. GSS has developed an instrument for collecting data on Child Labour. ILO also supported NCCE to undertake a National Opinion and Attitudes Survey on Child Labour.	Lack of data	Lack of data
	• Rate of armed robberies, rape and murder	Measures improvements in public safety with relation to major crimes	There were general increases in crime level in 2006. The general crime situation during the fourth quarter of 2006 showed an increase of 28.3% compared to the same period in 2005	Police data shows an increase of 7.9% over that of last year	Police data shows a decrease from 2,435 in 2007 to 2,364 in 2008. This represents 3% reduction in crime levels as against 2007.
	• Social Protection Policy formulated	An approved national policy document on Social Protection	Policy formulated by MMYE.	Policy formulated and provision made for its implementation in the budget	LEAP and the NYEP which are components of the Social Protection interventions continued to be implemented. Total Social Protection expenditures amounted to GH¢408,830,342.41 (2.3% of GDP) in 2008, compared to GH¢340,245,466.97 (2.4% of GDP) in 2007.
WOMEN EMPOWERMENT	• Proportion of national budget allocated to women issues	To determine mainstreamed expenditure allocations to	Proportion of discretionary budget allocated to women's	Ratio is still below 1.0%, lower than the international	Ratio increased marginally but continued to be below 1.0%.

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2006	Status in 2007	Status in 2008
		women's issues as a proportion of total discretionary budget	issues has increased marginally to 0.2%.	standard of 4.0%	
	<ul style="list-style-type: none"> Proportional increase of women Chief Directors, Judges and women in Members of Parliament and District Assemblies, 	Percentage increase of women in administrative and political leadership	17% of the 35 Chief Directors are women, 18% of total number of 40 Judges are women; 11% of 230 Members of Parliament are women	There has not been a change: 17% of total number of 35 Chief Directors are women, 18% of total number of 40 Judges are women; 11% of 230 Members of Parliament are women	There was no change in 2008: 24% of total number of 25 Chief Directors are women, 18% of total number of 40 Judges are women; 9% of 230 Members of Parliament are women
	<ul style="list-style-type: none"> Additional institutional and legal aid support given to victims of domestic violence 	Examines rate of expansion of DOVVSU in all police districts and increases in number of victims receiving legal aid	The number of DOVVSU offices continued to expand. Total number of DOVVSU offices currently stands at 63 with 308 personnel.	DOVVSU continued to expand below the regional level. Twelve new offices were opened in a number of police districts. This brings the total number of DOVVSU offices to 75 with 350 personnel	269 DOVVSU officers underwent training and 11 new offices were opened. This brings the total number of DOVVSU offices to 86.
ENHANCING DEVELOPMENT COMMUNICATION	<ul style="list-style-type: none"> Freedom of Information bill 	Passage of Freedom of Information bill into law	Before Cabinet and Parliament for further study.	Bill has still not been passed.	The bill was withdrawn from Cabinet for further review and it is expected to be forwarded to parliament once reviews of measures to make it enforceable and practicable are completed.
	<ul style="list-style-type: none"> Number and type of citizen reports on policy and programme implementation 	Citizen report cards and other reports on use of public resources and on policy implementation	Civil Society contributions informed budget formulation. Reports on service delivery have been written by CSOs and are in the public domain.	Lack of data	Citizen's Assessment report on the implementation of the NHIS was conducted in 2008 by NDPC. The APRM secretariat conducted citizens assessment survey on the progress of implementation of the POA of the APRM
ECONOMIC GOVERNANCE	<ul style="list-style-type: none"> Reduce deviation from original budget of composition of expenditure by MDAs 	Calculates degree of variation between allocations and actual expenditures	Lack of data	Lack of data	Lack of data
	<ul style="list-style-type: none"> BPEMS generated and reconciled fiscal reports issued monthly within 4 weeks 	Reports on BPEMS implementation	Three modules (general ledger, A/Cs payable and expenditure ordering were deployed in the 8 pilot MDAs	Two additional modules (cash management and A/C receivable) were deployed	Usage of modules was intensified in 8 pilot MDAs. Regular review meetings were held with the 8 MDAs to monitor the use of modules. Challenges identified with usage of modules by 2 out of the 8 MDAs were resolved.
CORPORATE GOVERNANCE	<ul style="list-style-type: none"> Number of capacity building programmes on business ethics 	Reports on number type and content of campaign	Requires a full survey	Ghana Business code which is a set of principles and prescriptions based on UN	About 80 firms signed on to Ghana Business code in 2008, compared to 20 in 2007. The

AREA OF FOCUS	INDICATOR	INDICATOR DEFINITION	Status in 2006	Status in 2007	Status in 2008
				Global Compact relating to human rights, labour standards, the environment and transparency in business operations, was introduced into the Ghanaian business environment through the initiative of the Association of Ghana Industries (AGI), Ghana National Chamber of Commerce and Industry (GNCCI) and Ghana Employers' Association (GEA). A Total of 40 firms signed on to it in 2007	total of about 120 firms are currently signed to the Ghana Business code.
	<ul style="list-style-type: none"> Corporate Governance Score Cards 	Reports issued by citizen groups on quality of service and on corporate social responsibility	No civil society report on corporate governance are available	Lack of data	Lack of data
PROMOTING EVIDENCE BASED DECISION-MAKING	<ul style="list-style-type: none"> Statistical Masterplan 	Production of a Statistical Masterplan	GSS is in the process of completing the Masterplan	NSDS is yet to be completed	The Ghana Statistical Service completed a draft Strategic Plan for the Development of Statistics in Ghana. The strategic plan is designed for a period of five years. For effective implementation and monitoring, a coordinating secretariat is proposed to be setup at the Ghana Statistical Service and a Coordinator appointed from within the Ghana Statistical Service.
	<ul style="list-style-type: none"> Publication of Annual Progress Report by NDPC 	Annual Progress Report on GPRS II	2006 APR was completed in June 2007 and published	2007 APR was completed in May 2008 and published	2008 APR was completed and published in September 2009. The relatively slow transitional period affected the timely completion of the report.

CHAPTER SIX

LINKING THE 2006 BUDGET TO GPRS II

6.1 INTRODUCTION

This section discusses how the Annual National budget and the budget preparation process take into account the priorities of the GPRS II, and how resources are allocated among the various thematic areas of the GPRS II. It assesses the extent to which budgetary allocations and actual releases by the Government of Ghana (GoG) and Donor partners (DPs) are aligned with the costing framework of the GPRS II.

Specifically the section reviews: the 2008 Budget preparation; the macroeconomic framework underlying the Budget and whether it was consistent with the medium-term macroeconomic objectives and assumptions outlined in the GPRS II; alignment of 2008 spending priorities with the GPRS II costing framework; and the sectoral distribution of discretionary expenditure. It also reviews how well donor spending for the year was aligned with the priority areas of the GPRS II, the distribution of expenditures by Items, and presents an analysis of spending on poverty reduction programmes and projects from the HIPC and the MDRI funds.

6.2 THE BUDGET PREPARATION PROCESSES AND THE GPRS II

The 2008 Budget preparation process begun in March 2007 when the Ministry of Finance and Economic Planning placed an advertiser's announcement in the major national daily newspaper calling for inputs into the 2008 Budget. This was to solicit for ideas and contributions from recognized professional bodies, associations, civil society organizations and individuals.

In order to promote ownership of the national budget by the people of Ghana individuals and associations in the MMDAs were asked to forward their ideas and contributions through their Presiding Officers or District Finance Committees, while those in the regional capitals were to send their inputs to the Regional Minister for the attention of the Minister of Finance and Economic Planning. The budget was to be presented to Parliament by November 2008 and passed into law before the house go on recess in December, 2008.

Contributions from eleven (11) individuals and twenty-eight (28) institutions/organizations and some development partners such as the World Bank were received by MOFEP. These were reviewed at a meeting between the MOFEP Budget preparation team and representatives of stakeholders at a consultative meeting. The process thus engendered broad participation from cross section of the general public, thereby ensuring ownership.

6.3 THE MACROECONOMIC FRAMEWORK OF THE 2008 BUDGET AND THE GPRS II

The macroeconomic objective of Government during the year under review was largely drawn from the Growth and Poverty Reduction Strategy (GPRS II). Government's agenda outlined in the 2008 Budget Statement and Economic Policy focused on accelerating economic growth as a means of reducing poverty, within a stable macroeconomic environment.

Economic growth, in this regard, was expected to increase from 6.2% recorded in 2007 to 7% by end 2008; while maintaining inflation rate at single digit. The exchange rate depreciation and the fiscal deficit as percentage of GDP were both expected to be maintained below 4%, with gross public domestic and external debt to be maintained below 60% of GDP (Table 6.1). The medium term framework includes a set of investments to support the achievement of the Millennium Development Goals (MDGs).

Table 6.1: Macroeconomic Frameworks of the GPRS II and the 2008 Budget Statement & Economic Policy

Macroeconomic Indicators	GPRS Targets 2006	Budget 2006	Status 2006	GPRS Targets 2007	Budget 2007	Status 2007	GPRS Targets 2008	Budget 2008	Status 2008*
Real GDP growth (%)	6.11	6.0	6.4	6.11	6.5	6.2	6.06	7.0	7.27
Inflation:									
-Annual (%)	< 10	8.8	10.5	< 10	8.8	10.73	< 10	< 10	16.5
-End of Period (%)	10.4	7.0–9.0	10.9	8.3	7.0-9.0	12.75	< 10	< 10	18.1
Stock Reserves (months imports cover)	≥3 mths	4.0	3.0	≥3 mths	≥3 mths	3.2	≥3 mths	≥3 mths	1.8
Budget deficit as % of GDP	≤4	4.5	7.9	≤4	5.7	6.9			14.9
Sectoral Growth (%):									
-Agriculture	5.24	6.6	5.7	6.71	6.1	2.46	5.18	5.0	5.14
-Industry	6.11	6.2	7.3	5.83	7.7	5.06	6.06	9.8	8.09
-Services	5.75		6.5	5.90	6.7	10.05	5.99	7.3	9.25
Ratio of Domestic Revenues (excluding grants) to GDP (%)	23.5	-	22.7	23.4	26.9	26.1	-	-	28.0

Source: GSS, MOFEP, Budget Statements, GPRS II Document, Bank of Ghana

* Provisional

These budgetary targets for inflation, stock of foreign reserves, budget deficits and growth rates of the various sectors were largely consistent with the GPRS II targets. However, the real GDP growth target was relatively more optimistic under the budget than in the GPRS II. The attainment of more than projected GDP growth rate during the previous two years necessitated upward adjustment of the GDP targets for the 2008 National Budget.

6.4 DISTRIBUTION OF EXPENDITURES BY ITEMS

The planned total payments (statutory and discretionary) for the year 2008 amounted to GH¢7,107.16 million, an increase of about 17% over the 2007 outturn of GH¢6,081.15 million. Total outturn for the year amounted to GH¢9,538.24 million, indicating about 34% increase over the planned expenditure and 57% over the 2007 outturn.

Expenditure on Personal Emoluments (PE) constituted the largest proportion of total discretionary payments in 2008, representing 27.68% of discretionary expenditures. Although the planned payment for investments was expected to constitute 32.47% of total discretionary expenditure, the outturn for 2008 indicates that it represented only 26.72%, lower than the outturn for PE. The dominance of payments for Personal Emoluments in discretionary spending follows a trend which has persisted over the last three years. In each of these years planned Investment spending was higher than planned expenditure on personal emoluments but the outturn always reflected a situation where spending on Personal Emoluments was higher than Investment spending. Administration and Service spending continued to remain quite a small proportion of total discretionary spending.

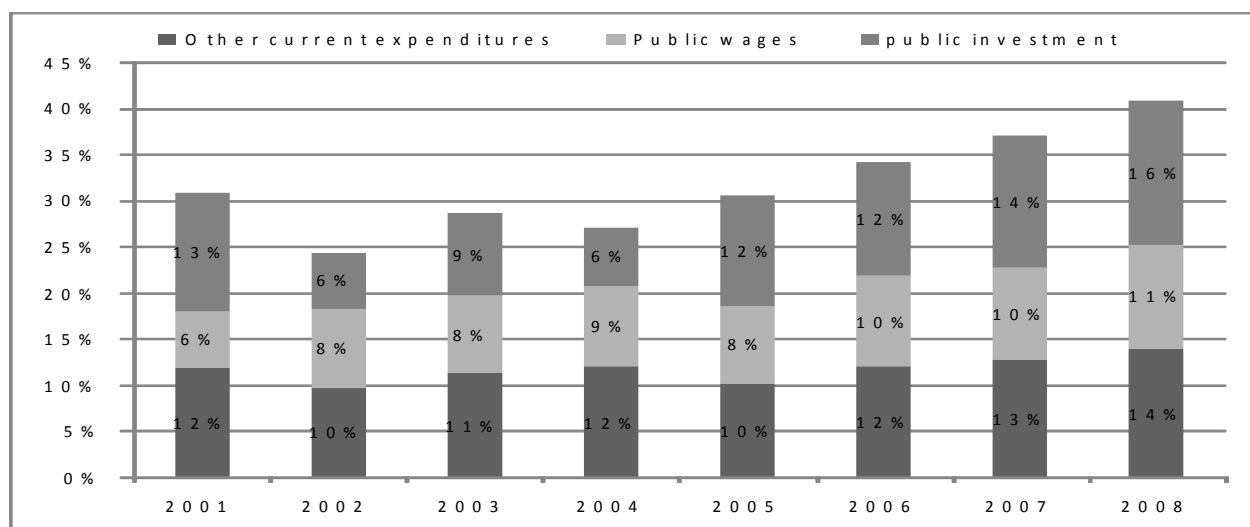
Table 6.2 Utilization of Discretionary Payments

ITEM	2006 Planned	2006 Actual	2006 Actual	2007 Planned	2007 Actual	2007 Actual	2008 Planned	2008 Actual	2008 Actual*
	as % of total exp.	% of total exp.	% of total GDP	as % of total exp.	% of total exp.	% of total GDP	as % of total exp.	% of total exp.	% of total GDP
Personal Emoluments	33.9	38.7	9.5	27.56	34.14	7.38	29.0	27.68	11.55
Administration and Service	7.6	7.7	1.9	7.66	9.34	2.02	7.2	5.75	2.40
Service	3.8	2.85	0.7	2.09	3.35	0.73	2.24	3.28	1.37
Investment	39.84	33.3	8.22	34.30	23.28	5.03	32.47	26.72	11.14
<i>o/w Domestic Financed</i>	12.49	4.88	1.2	15.53	9.81	2.12	13.87	13.96	5.82
<i>o/w Foreign Financed</i>	27.35	28.41	5.9	18.77	13.47	2.91	18.60	12.76	5.32
Utility price subsidies	2.73	4.6	1.1	0.61	0.12	0.03	0.00	0.28	0.12
HIPC financed Expenditure	6.18	6.4	1.6	3.70	4.95	1.07	2.37	2.58	1.08
Reserve Fund	-	-	-	-	-	4.43	4.53	6.51	2.72
In Million GH¢	2,947.50	2,835.07	11,490.32	4,777.161	3,022.423	13,976.70	5,378.23	7,181.770	17,211.7

Source: GSS, MOFEP, Budget Statements, GPRS II Document,

* Provisional

Figure 6.1: Trends in Public Expenditures as Percentage of GDP, 2001 – 2008



Source: Economic Governance and Poverty Reduction Credit (EGPRC), World Bank, 2009

6.5 ALIGNMENT OF 2008 SPENDING PRIORITIES WITH GPRS II COSTING FRAMEWORK

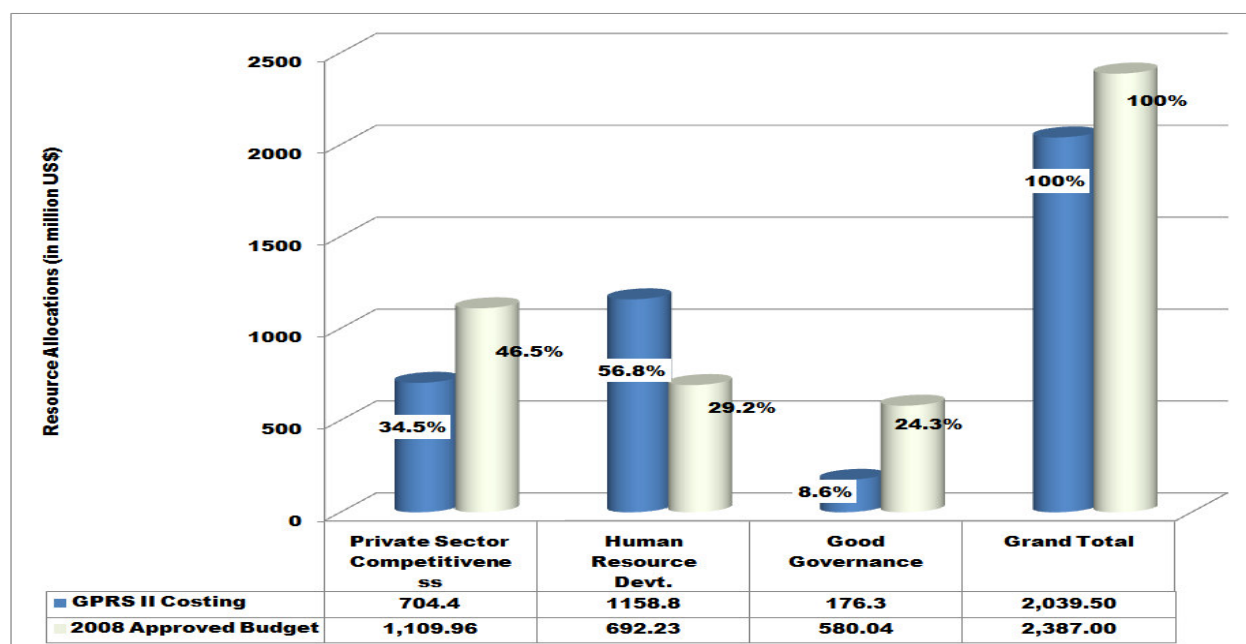
The GPRS II envisages that the resource envelope would comprise both domestic and external sources of financing. In each of the four years within the GPRS II period, budgetary resources were expected to constitute an average of 35% of annual GDP, with domestic revenue sources making up some 23% of GDP, with grants from bilateral and multilateral sources constituting about 5.5% of GDP. The remaining 6.5% was expected to come from divestiture receipts, programme loans and exceptional financing arrangements. This was to ensure that Ghana gradually weans itself off excessive reliance on donor budgetary support. With regard to external inflows, it was expected that HIPC savings and other debt relief as well as resources from the Millennium Challenge Account will augment domestic resources.

6.5.1 Resource Allocations for the implementation of the GPRS II in 2008

The overall resource allocation (Services and Investment) through the 2008 Budget for the implementation of the GPRS II amounted to US\$2,387 million. This includes budget and programme support, MDRI and HIPC resources, but excludes project and balance of payment support. It represents about 17% increase over the resource requirement envisaged under the GPRS II for 2008. Out of this amount 46.5% was expected to go to expenditures for activities in the Private Sector Competitiveness thematic area, 29.2% to the Human Resource Development thematic area, and 24.3% to the Good Governance and Civic Responsibility thematic area. This was not consistent with the GPRS II costing where 56.8% of the expenditures in 2008 were expected to go to the Human Resource Development thematic area, 34.5% to Private Sector Competitiveness thematic area, and 8.6% to the Good Governance and Civic Responsibility thematic area (Figure 6.2).

With this pattern of allocation it could be observed that the 2008 budgetary allocations re-prioritized expenditures in favour of activities in the Private Sector Competitiveness and Good Governance and Civic Responsibility thematic areas instead of Human Resource Development thematic area as envisaged under the GPRS II. This was to address the persistent energy challenges, and the effect of the global food crisis experienced between 2006 and 2008, as well as the effect of the global economic crisis and 2008 Presidential and Parliamentary Elections.

Figure 6.2: Resource Allocations by Government and Development Partners in 2008



Source: MTEF, MOFEP 2008, & GPRS II Costing Framework (2006 – 2009)

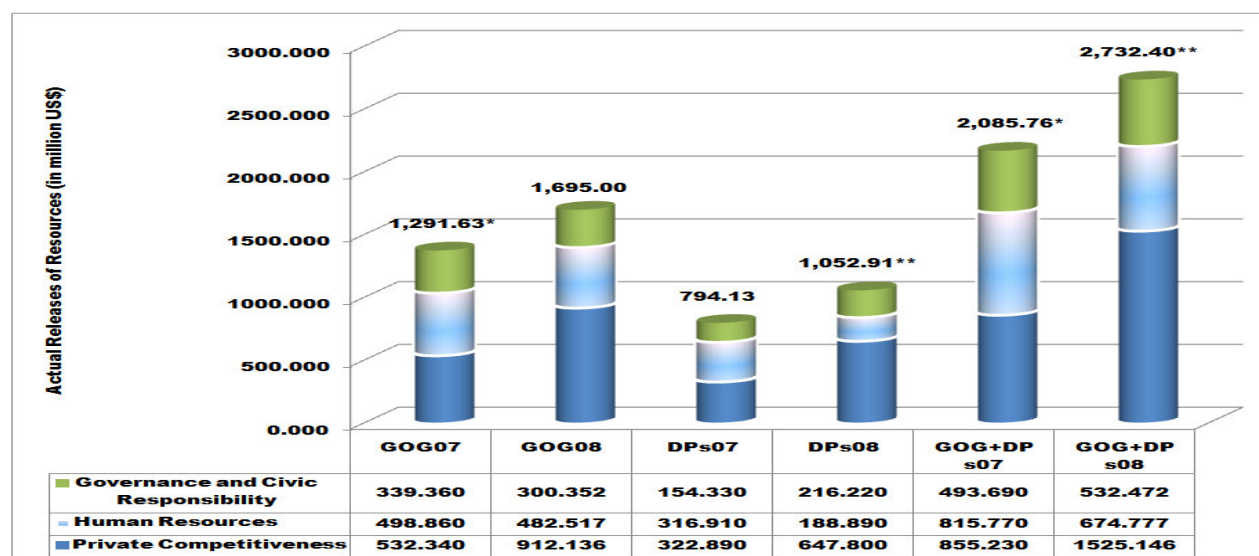
6.5.2 Actual Releases of Resources for the implementation of the GPRS II in 2008

Total resources (Services and Investment) released for the implementation of the GPRS II increased from US\$2,085.76 million in 2007 to US\$2,750.645 million in 2008, representing an increase of about 31.6% compared to 33.8% increment recorded in 2007 (Figure 6.3). The increases in overall expenditure were accounted for by increases in Government of Ghana's (GOG) spending by 32.7% and DPs spending by 32.6%. This is in contrast with the trend observed in 2007 when the increase was largely as a result of increases in GOG's spending of about 58.3%.

GOG resources to Private Sector Competitiveness thematic area increased by 71.3%, while those to the Human Resources Development and the Good Governance and Civic Responsibility thematic areas declined by 3.3% and 11.5% respectively (Table 6.3). On the other hand, DPs resources to the Private Sector Competitiveness and Good Governance and Civic Responsibility thematic areas increased by 100.6% and 40.1% respectively, while that to the Human Resources Development thematic area also declined by 40.4%.

Overall, actual resources released to Private Sector Competitiveness and Good Governance and Civic Responsibility thematic areas increased by 78.3% and 7.9% respectively, while that to the Human Resources Development thematic area declined by 17.3%

Figure 6.3: GPRS II Spending Priorities, 2007 & 2008 (in million US\$)



Source: MTEF, MOFEP 2008 & GPRS II Costing Framework (2006 – 2009)

Note: 1. GoG figures include item 3 & 4 (Discretionary and Statutory), but excludes Multiple themes expenditures of US\$

2. Figures of Good Governance thematic area include DACF. The utilization of DACF cuts across the implementation of programmes and projects in all three thematic areas. Based on the DACF allocation formula it is difficult to spread the DACF utilization of all the districts on the thematic areas of the GPRS

*Figure includes an equivalent of US\$29.24 million in contingency

**Figures exclude BoP and budget support

Table 6.3: Trends in Releases of Resources in 2007 and 2008 (in million US\$)

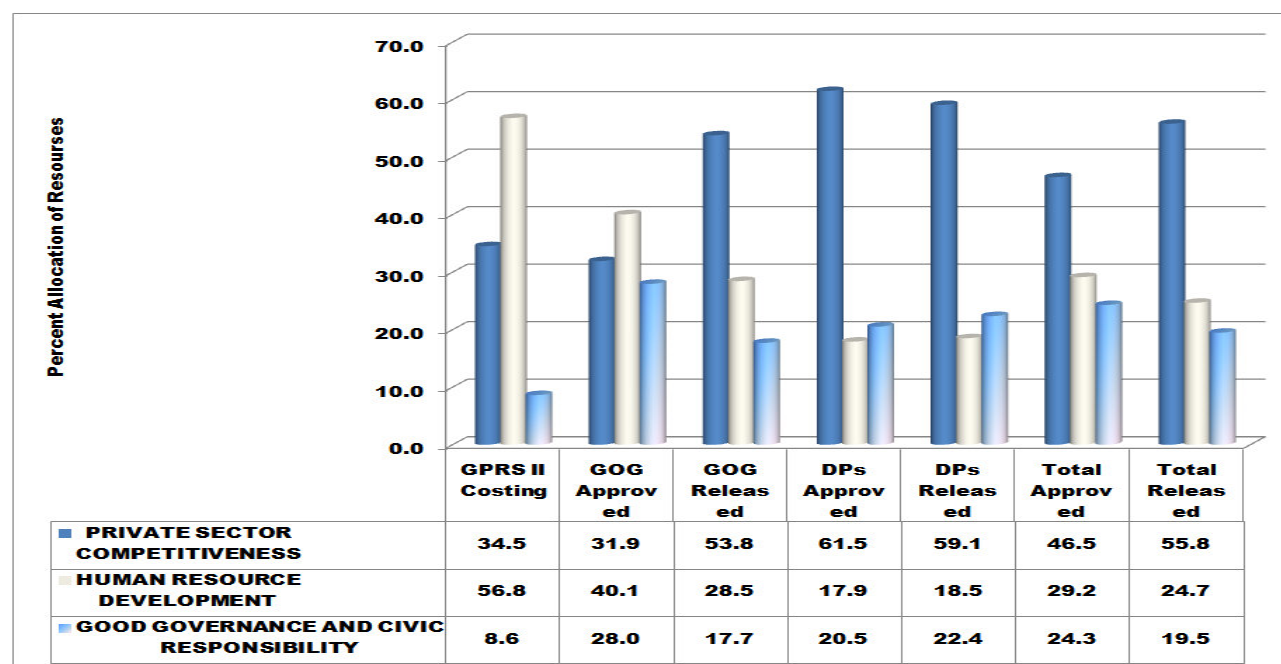
GPRS II Thematic Area	2007			2008		
	GOG07	DP07	GOG+DP07	GOG08	DP08	GOG+DP08
Private Sector Competitiveness	532.34	322.89	855.23	912.14	647.8	1,525.15
Human Resources Development	498.86	316.91	815.77	482.52	188.89	674.78
Governance and Civic Responsibility	339.36	154.33	493.69	300.35	216.22	532.47
Contingency/Multiple Themes	29.24	-	29.24	18.25	-	18.25
Total	1,291.63	794.13	2,085.76	1,713.255	1,052.91	2,750.645

6.5.3 Analysis of Resource Alignment in 2008

Consistence with the pattern observed in 2007 and the approved 2008 National Budget Statement and Economic Policy, about 55.8% of the actual resources released continued to be re-prioritized in favour of the Private Sector Competitiveness thematic area to address the emergency situation in the infrastructure sector including energy. About 24.7% of the actual resource releases went to the Human Resource Development thematic area, while 19.5% went to the Good Governance and Civic Responsibility thematic area (Figure 6.4 and Table 6.4). While the DPs prioritized both their approved and actual releases in favour of the Private Sector Competitiveness and Good Governance and Civic Responsibility thematic areas in 2008, GOG resources were prioritized in

favour of Human Resource Development thematic area in the approved budget, however the actual releases were prioritized in favour of Private Sector Competitiveness thematic area.

Figure 6.4: GOG and DPs Resource Alignment in 2008 (%)



Source: MTEF, MOFEP 2008 & GPRS II Costing Framework (2006 – 2009)

Table 6.4: Approved and Actual Releases by GOG and DPs in 2008

Theme /Key Focus Area/Policy Objective	GOG		DPs		Total	
	Approved (mill US\$)	Releases (mill US\$)	Approved (mill US\$)	Releases (mill US\$)	Approved (mill US\$)	Releases (mill US\$)
PRIVATE SECTOR COMPETITIVENESS	345.303	912.136	647.800	613.010	993.103	1,525.146
HUMAN RESOURCE DEVELOPMENT	433.203	482.517	188.890	192.260	622.093	674.777
GOOD GOVERNANCE AND CIVIC RESPONSIBILITY	302.457	300.352	216.220	232.120	518.677	532.472
<i>Multi Thematic/Contingency</i>	253.12	18.25	-	-	253.12	18.25
Grand Total	1,334.112	1,713.255	1,052.910	1,037.390	2,386.992	2,750.645

Source: MTEF & ADMU, MOFEP 2008

In the Private Sector Competitiveness thematic area 50.6% of the expenditure went into transport infrastructure development and 37% into the production and development of energy infrastructure (Table 6.5). In the Good Governance and Civic Responsibility thematic area, about 97% of the expenditures went into activities related to strengthening practice of democracy, enhancing decentralization, improving public safety and security, and public policy management and public sector reforms.

Table 6.5: Summary Approved Budget versus Releases by Policy for the Financial Year, 2008

<i>Theme /Key Focus Area/Policy Objective</i>	<i>Approved ('000 US\$)</i>	<i>Releases ('000 US\$)</i>	<i>Variance ('000 US\$)</i>	<i>Release as % Of Approved</i>
PRIVATE SECTOR COMPETITIVENESS	345,302.66	912,135.99	-566,833.33	264.16
Private Sector Development	2,512.88	328.94	2,183.95	13.09
Modernized agriculture	8,864.72	28,559.50	-19,694.78	322.17
Modernized Fishing Methods And A Developed Aquaculture	1,173.29	133.69	1,039.60	11.39
Restoration Of Degraded Environment And Natural Resource Management	8,291.73	8,779.96	-488.22	105.89
Promoting Trade And Industrial Development	13,327.86	3,343.60	9,984.26	25.09
Transport Infrastructure: Road, Rail, Water and Air Transport	251,897.80	461,780.54	-209,882.74	183.32
Energy Supply To Support Industry And Households	15,562.75	336,918.80	-321,356.05	2,164.91
Science And Technology To Support Productivity And Development	1,590.79	39,000.00	-37,409.21	2,451.61
Developing Information And Communication Technology (ICT)	34,108.56	30,848.03	3,260.53	90.44
Developing The Tourism Sector For Revenue And Employment Generation	1,959.00	1,468.61	490.39	74.97
The Music Industry For Growth And Job Creation	85.11	9.94	75.17	11.68
Employment Generation And Improvement And Expansion Of Safety Nets	5,731.97	803.35	4,928.61	14.02
Life Cycle Related Vulnerability And Exclusion	196.19	161.03	35.15	82.08
HUMAN RESOURCE DEVELOPMENT	433,202.58	482,517.05	-49,314.47	111.38
Education	146,097.91	194,080.74	-47,982.83	132.84
Skills And Manpower Development	15,629.41	9,905.80	5,723.61	63.38
Sports Development	27,926.82	27,448.08	478.74	98.29
Health	198,671.84	227,073.45	-28,401.60	114.3
Hiv/Aids	344.59	64.35	280.24	18.68
Population Management	253.30	64.79	188.51	25.58
Water And Environmental Sanitation	30,628.30	19,620.40	11,007.90	64.06
Urban Development, Housing And Slum Upgrading	13,650.41	4,259.44	9,390.98	31.2
GOOD GOVERNANCE AND CIVIC RESPONSIBILITY	302,456.86	300,352.27	2,104.59	99.3
Access To Rights And Entitlements	164.50	61.91	102.59	37.63
Strengthening Practice Of Democracy	28,342.26	24,065.86	4,276.41	84.91
Enhancing Decentralization	197,375.69	211,676.19	-14,300.50	107.25
Protecting Rights Under Rule Of Law	7,856.95	5,531.39	2,325.56	70.4
Improved Access To Rights And Entitlements	53.37	77.08	-23.71	144.43
Public Safety And Security	24,595.57	22,304.66	2,290.91	90.69
Public Policy Management And Public Sector Reforms	38,482.08	33,953.57	4,528.51	88.23
Fighting Corruption And Economic Crimes	662.63	277.11	385.51	41.82
Women Empowerment	477.72	163.20	314.52	34.16
Enhancing Development Communication	31.32	32.47	-1.15	103.69
Promoting Civic Responsibility	324.24	35.16	289.08	10.84
Fiscal Policy Management	3,832.51	2,056.28	1,776.23	53.65
Good Corporate Governance	92.16	72.39	19.77	78.55

<i>Theme /Key Focus Area/Policy Objective</i>	<i>Approved ('000 US\$)</i>	<i>Releases ('000 US\$)</i>	<i>Variance ('000 US\$)</i>	<i>Release as % of Approved</i>
Promoting An Evidence-Based Decision Making	165.86	45.01	120.85	27.13
<i>Multi Thematic/Contingency</i>	274,042.10	18,259.86	255,782.24	6.67
Grand Total	1,355,884.20	1,713,265.18	-357,380.97	126.36

For the year under review total loans and grants released by DPs for the various priority expenditures including project and balance of payment (BOP) support amounted to US\$1,435.84 million (Table 6.6). This constitutes 97% of the projected DPs inflows for the year. The percentage of resources earmarked for the Private Sector Competitiveness and Human Resource Development thematic areas actually released constitutes 85%, while the resources actually released for the Good Governance and Civic Responsibility exceeded the projected inflows by 13.8%.

Table 6.6: Development Partners' Spending Priorities for 2008

Theme /Key Focus Area	Loans		Grants		Total	
	Projected	Actual	Projected	Actual	Projected	Actual*
Private Sector Competitiveness						
Food & Agriculture	29.79	72.14	57.15	51.40	86.94	123.54
Land, Forestry & Natural Resources	13.48	11.77	14.77	28.64	28.25	40.41
Energy	278.79	219.56	12.11	17.05	290.90	236.61
Trade, Industry & PSI	16.14	17.60	32.82	16.36	48.96	33.96
Tourism & Diaspora Relationships	0.00	0.00	0.00	1.10	0.00	1.10
Water, Works and Housing	88.00	112.13	85.58	71.80	173.58	183.93
Transport	183.5	109.60	114.67	78.67	298.17	188.27
Communications	14.29	15.17	0.00	0.00	14.29	15.17
Fisheries	27.00	2.49	3.62	0.00	30.62	2.49
Human Resource Development						
Education, Science & Sports	16.92	19.54	65.59	38.85	82.51	58.39
Manpower, Youth & Employment	0.00	0.00	0.00	2.99	0.00	2.99
Health	24.3	37.84	175.63	141.49	199.93	179.33
Women and Children Affairs	0.00	0.00	0.90	0.39	0.90	0.39
Good Governance						
Local Government	51.21	85.71	44.95	19.19	96.16	104.90
Finance & Economic Planning	26.69	33.12	34.47	90.18	61.16	123.30
Parliamentary Affairs	2.88	0.00	0.00	0.20	2.88	0.20
Information	3.91	25.26	37.17	0.00	41.08	25.26
Justice	0.00	0.00	0.00	0.65	0.00	0.65
Public Sector Reform	0.00	0.00	12.19	0.00	12.19	0.00
Interior	14.27	0.61	0.00	0.86	14.27	1.47
Defence	1.50	9.35	0.00	0.00	1.50	9.35
Office of Government Machinery	11.63	17.97	72.83	67.25	84.46	85.22
Chieftaincy & Culture	0.00	0.00	1.21	0.69	1.21	0.69
National Security	9.43	18.22	0.00	0.00	9.43	18.22
GRAND TOTAL	715.72	808.08	765.56	627.76	1,481.28	1,435.84

Source: 2009 Budget Statement

Note: Data includes Budgetary Support

6.6 SPENDING ON POVERTY REDUCTION

The 2008 Budget Statement and Economic Policy made an allocation of Gh¢1,681.77 million of total government expenditure for poverty reduction expenditures in 2008. This constituted almost 31% of total budgeted government expenditure and included spending from HIPC and MDRI funds. Funds were allocated for basic education, primary health care, poverty-focused agriculture, provision of rural water, feeder roads, and rural electrification. This allocation also included Gh¢10.00 million for electricity lifeline payments to support consumption of electricity by poor households and about Gh¢13.40 million for safety net payments in various strategic areas such as Self Help Electrification Programme (SHEP 4).

6.6.1 Discretionary Spending on Poverty

Government's total discretionary spending on poverty reduction in 2008 exceeded the budgeted amount by 15%. However it accounted for 22.3% of total government expenditure in 2008, compared to 22.8% in 2007.

Poverty related spending on basic education, which continues to dominate poverty reduction expenditure accounted for over 47% of all total poverty spending, up from 41.4% in 2007. However, poverty related basic education expenditure as a proportion of total educational sector expenditure continued to decline. As a share of total education sector expenditure, poverty related basic education expenditure dropped below 50% for the first time since 2004. On the other hand, poverty reduction expenditure for primary health care amounted to GH¢286,050 million, and represented only 18% of total poverty reduction expenditure, but 49% of health sector expenditure. This shows a decline from the 2007 level of 19.5% but improvement in the overall share of health sector expenditure which stood at 46.8% in 2007.

Poverty related spending on agriculture during the year also increased from Gh¢26.92 million in 2007 to Gh¢73.36 million in 2008. This represents 4.6 % of poverty related spending in 2008 compared to 2.6% in 2007, and accounts for 90.6% of total agricultural sector expenditure compared to 89.5% in 2007.

Poverty related expenditure on rural water in 2008 fell short of the budgeted amount but rose above the 2007 figure by over 30%. As a percentage of the total sector expenditure, rural water expenditure continued to decline, representing only 1.36% of the total poverty spending, and accounting for only 33.97% of the total sector expenditure in 2008 compared to 58% in 2007.

Spending on poverty related feeder roads was above the budgeted amount in 2008, and also exceeded the 2007 spending levels. It rose from Gh¢53.04 million in 2007 to Gh¢79.77 million in 2008, and accounted for 24.01% of roads and transport sector expenditure in 2008, compared to 33.36% in 2007. It also represented 5.04% total poverty spending compared to 5.05% in 2007.

Rural electrification expenditure as a percentage of total energy sector has seen significant decline since 2006, falling from 98.3% in 2006 to 25.52% in 2008. This has been as a result of massive expenditures in the energy sector to address the energy crises the country experienced

since 2006, without corresponding increases in expenditure in rural electrification. In 2008, rural electrification represented only 3.84% of total poverty spending.

Table 6.7: Government Spending on Poverty Reduction 2006-2008

Poverty Related Item	2006 Budget (Ghc'000)	2006 Actual (Ghc'000)	2007 Budget (Ghc'000)	2007 Actual (Ghc'000)	2008 Budget (Ghc'000)	2008 Actual* (Ghc'000)
Total Poverty Reduction Expenditure	1,198,521	1,237,403	1,317,687.364	1,050.767	<i>1,341,537.451</i>	<i>1,584,276.285</i>
Total Govt. expenditure	3,467,710	3,549,320	5,017, 191.239	4,605,297.395	<i>5,465,910.111</i>	<i>7,103,281.884</i>
Total Poverty Reduction Exp. as % of Total Govt. Exp.	34.56	34.86	26.26	22.82	<i>24.54</i>	<i>22.3</i>
BASIC EDUCATION						
Basic Education Expenditure	418,766	470,789	604,669.579	435,266.551	<i>716,354.055</i>	<i>748,445.672</i>
Education Expenditure	735,784	907,481	1,007,304.335	832,087.780	<i>1,142,327.725</i>	<i>1,546,347.537</i>
Basic Education Exp. as % of Education Expenditure	56.91	51.88	60.03	52.29	<i>62.71</i>	<i>48.4</i>
% of Total Poverty Exp.	34.9	38.05	45.88	41.42	<i>53.4</i>	<i>47.24</i>
PRIMARY HEALTH CARE						
Primary Health Care Expenditure	266,451	198,264	264,899.766	247,545.506	<i>267,269.850</i>	<i>286,050.995</i>
Health Sector Expenditure	401,978	348,293	484,687.016	486,354.165	<i>547,030.394</i>	<i>583,990.853</i>
PHC Exp. as % of Health Sector Expenditure	66.28	56.92	54.65	50.90	<i>48.86</i>	<i>48.98</i>
%of poverty Spending	22.2	16.02	20.10	19.50	<i>19.92</i>	<i>18.05</i>
POVERTY FOCUSED AGRIC.						
Poverty Focused Agric. Expenditure	35,172	48,440	48,367.290	26,917.299	<i>27,656.287</i>	<i>73,358.075</i>
Agric Sector Expenditure	38,250	51,777	53,422.200	30,087.078	<i>32,861.791</i>	<i>80,937.829</i>
Poverty Focused Agric. As % of Agric Sector Exp.	91.95	93.56	90.54	89.46	<i>84.16</i>	<i>90.64</i>
% of Poverty Spending	2.93	3.91	3.67	2.56	<i>2.06</i>	<i>4.63</i>
RURAL WATER						
Rural Water Expenditure	14,267	186.54	13,940.249	16,464.887	<i>29,501.210</i>	<i>21,512.358</i>
Works & Housing Expenditure	24,393	366.70	27,702.749	31,368.754	<i>42,523.530</i>	<i>63,320.569</i>
Rural Water Exp. as % of Works & and Housing Exp.	58.49	58.49	50.32	52.49	<i>69.38</i>	<i>33.97</i>
% of Poverty Spending	1.19	1.51	1.06	1.57	<i>2.20</i>	<i>1.36</i>
FEEDER ROADS						
Feeder Roads Expenditure	87,507	76,695	53,721.125	53,041.086	<i>55,875.005</i>	<i>79,786.124</i>
Roads & Transport Expenditure	221,458	232,235	218,800.402	158,993.733	<i>219,087.183</i>	<i>332,306.399</i>
Feeder Roads Exp. as % of Roads & and Transport Exp.	39.51	33.02	24.55	33.36	<i>25.5</i>	<i>24.01</i>
% of Poverty Spending	7.3	6.20	4.08	5.05	<i>4.16</i>	<i>5.04</i>
RURAL ELECTRIFICATION						
Rural Electrification Expenditure	82,500	101,178	100,553.679	75,828.758	<i>37,937.813</i>	<i>60,873.218</i>
Energy Sector Expenditure	85,359	102,923	216,553.254	174,821.673	<i>39,660.340</i>	<i>240,434.079</i>
Rural Electrification as % of Energy Sector Exp.	96.65	98.30	46.43	43.37	<i>95.66</i>	<i>25.32</i>
% of Poverty Spending	6.88	8.18	7.63	7.23	<i>2.83</i>	<i>3.84</i>
OTHER POVERTY EXPENDITURES						

Poverty Related Item	2006 Budget (Gh¢'000)	2006 Actual (Gh¢'000)	2007 Budget (Gh¢'000)	2007 Actual (Gh¢'000)	2008 Budget (Gh¢'000)	2008 Actual* (Gh¢'000)
Other Poverty Expenditure	293,858	323,384	231,535.766	195,703.106	206,943.232	314,249.844
Other Poverty Exp. as % of Total Govt. Expenditure	10.17	9.11	4.61	4.25	3.79	4.42
Percent of Poverty Spending	24.5	26.13	17.57	18.62	15.42	19.83

Source: MOFEP, Budget Statements, GPRS II

* Provisional

6.6.2 HIPC Funds

Total HIPC resources for 2008 were Gh¢159.44 million, of which, 20% was to be used for interest payments for domestic debt, while 65%, amounting to Gh¢103.64 million was earmarked for sectoral programmes in the Human Resource Development, Private Sector Competitiveness, and Good Governance and Civic Responsibility thematic areas of the GPRS II. Specific priorities were sanitation, provision of water, affordable housing, SHEP 4, forestry development, among others. A further 10% of the total HIPC allocation was meant for District Assembly programmes and projects, of which an amount of GH¢4.60 million was allocated as MP's share of HIPC funds, to be used for specific poverty related projects in their respective constituencies.

Actual releases in 2008 were to a large extent not in line with the budgeted figures. Available figures indicate that actual HIPC Funds released were higher than planned. A total of Gh¢167.54 million was released out of which 52.18% went to Human Resource Development; 21.42% (against planned 40.7%) went to Private Sector Development; 21.46% (against planned 11.44%) for Good Governance and Civic Responsibility; and 4.94% (against planned 20%) was spent on domestic debt payment.

Table 6.8: Utilization of HIPC Fund in 2008 – Planned Expenditures and Releases

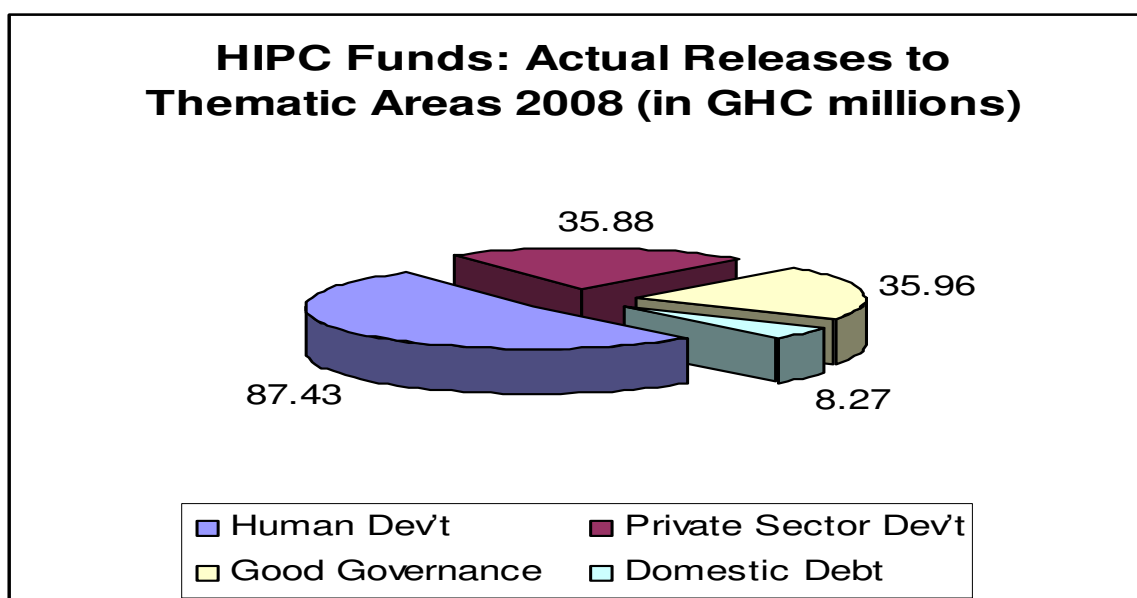
Pillar	Planned (Gh¢ million)	Share (%)	Releases (Gh¢ million)	Share (%)
Human Dev't	75.41	47.30	87.43	52.18
Private Sector Dev't	40.70	25.53	35.88	21.42
Good Governance	11.44	7.18	35.96	21.46
Domestic Debt	31.88	20.00	8.27	4.94
TOTAL	159.43	100.00	167.54	100.00

Source: GSS, MOFEP, Budget Statements, GPRS II Document,

* Provisional

There were wide variations between planned HIPC expenditures and the actual releases in the broad areas of HIPC spending. While the Human Resource Development and Good Governance and Civic Responsibility thematic areas received more than the budgeted allocations, the Private Sector and Domestic debt payment received less than planned expenditure. The Budget envisaged that the Good Governance thematic area would receive the lowest share of HIPC funds, however, it ranked second in actual release.

Figure 6.5: HIPC Fund Releases by thematic Area of the GPRS II, 2008 (%)



6.7 SUMMARY OF POLICY RECOMMENDATIONS

6.7.1 Actions Taken on 2006 Recommendations

Table 6.8: Actions Taken on 2007 Recommendations

2007 POLICY RECOMMENDATIONS		ACTIONS TAKEN IN 2008	
		STATUS Tick ✓ if implemented and x if not implemented	REMARKS (specific actions taken)
APR 2007	MoFEP and CAGD should develop a common and consistent format based on GPRS II thematic and key focus areas to capture releases and actual expenditures	✓	Ongoing
	MoFEP should strengthen its internal mechanisms fo capture releases especially of statutory funds and link it to GPRS II thematic and key focus areas	✓	Improved capacity

6.7.2 Revised Policy Recommendations

1. There is a need to review the costing framework as recent developments in the economy mean that the allocations as contained in the GPRS II costing framework may be outdated. Once this is done there is still the need for Government to ensure that actual spending on the various thematic areas are consistent with the budgeted figures on an annual basis
2. The speed with which releases and actual expenditures are captured by line officers at MOFEP needs to be improved.

CHAPTER SEVEN

IMPLEMENTING THE GPRS II AT THE DISTRICT LEVEL

7.1 MONITORING AND EVALUATION OF DISTRICT MEDIUM TERM DEVELOPMENT PLANS

7.1.1 Introduction:

In order to contribute effectively towards the achievement of the objectives of the GPRS II, Metropolitan, Municipal and District Assemblies (MMDAs), have since 2006 been supported by the National Development Planning Commission (NDPC) to prepare Medium Term Development Plans (MTDPs) for implementation. They were also assisted to prepare an M&E plan to monitor and evaluate the implementation of the Plan. This chapter reviews the progress made on the implementation of the GPRS II at the district level and the main sources of funding for the implementation of the MTDPs. It also reviews the trends in revenue generation over the period as well as critical interventions and poverty reduction programmes at the district level.

7.1.2 District Monitoring and Evaluation Activities in 2008

As part of the mechanism for monitoring progress of implementation of the GPRS II at the district level, MMDAs are required to prepare district Annual Progress Reports (APRs) which feed into the National Annual Progress Report prepared by the NDPC. As at April 2009 only 86 out of the total of 138 MMDAs in the country had submitted their Annual Progress Reports to the National Development Planning Commission (NDPC). This represents 62% response rate and 10% increase over that of 2007 during the same period (Table 7.1). However by end of December 2008 the total number of 2007 districts APRs received by NDPC were 90.

Table 7.1: Number of Districts that Submitted Annual Progress Reports in 2008

Region	2007			2008		
	Number of Districts in Region	Number of Districts Submitted APRs		Number of Districts in Region	Number of Districts Submitted APRs	
		No.	%		No.	%
Northern	18	9	50	18	11	61
Upper East	8	7	87.5	8	7	88
Upper West	8	8	100.0	8	8	100
Greater Accra	6	5	83.3	6	5	100
Eastern	17	10	58.8	17	16	94
Volta	15	7	46.7	15	6	40
Western	13	9	69.2	13	8	67
Central	13	10	76.9	13	5	38
Ashanti	21	11	52.3	21	13	62
Brong-Ahafo	19	2	10.3	19	5	26
Total	138	78		138	86	

Source: 2008 District APRs submitted to NDPC, 2009

Analysis of the district APRs submitted to NDPC reviews a number of weaknesses in key areas including reporting on sources of funding for the implementation of programmes and projects, disbursement of funds, the 20 core indicators and critical development issues. The lack of comprehensive reporting on these issues, coupled with the inability for all MMDAs to submit their APRs to NDPC on time, make it difficult to draw meaningful conclusions on the overall progress that the MMDAs are making towards the implementation of the GPRS II at the district level.

Table 7.2: Analysis of Level of Compliance of MMDAs to the Prescribed APR Reporting Format

No	Vetting Criteria	Complied fully	Complied partially	None compliance
1	Introduction	77	7	14
2	Update on project/programme register	74	9	15
3	Update on sources of revenue	66	23	9
4	Update on disbursement of funds	50	27	21
5	Update on the twenty core indicators	38	44	5
6	Update on critical development issues	69	14	15

7.2 OVERVIEW OF PROGRESS MADE ON KEY INDICATORS IN 2008

Twenty national core indicators, in addition to district-specific indicators, were monitored by the MMDAs to assess progress of implementation of the GPRS II at the district level. Only 38 of the 86 MMDAs (28%) who presented their District APRs by the due date (April, 2009), provided data on the 20 core indicators. While there were increases in the yields of some selected crops, livestock production, households with access to electricity, portable water and telecommunication, there was a decrease in maternal mortality rate per 100,000 live births. Also there was improvement in gender parity at the primary and junior secondary school levels in some MMDAs over the past three years. However, these figures must be interpreted with caution due to the multiplicity of challenges related to the measurement, and collection of the data. The main challenges related to the quality of the data on the indicators revolve around the following:

- lack of uniform definitions of indicators;
- lack of baseline data on some of the indicators;
- lack of adequate trained personnel for monitoring and evaluation;
- inadequate logistical support for data collection;
- low appreciation of the value of monitoring and evaluation; and
- inadequate capacity to develop monitoring information system

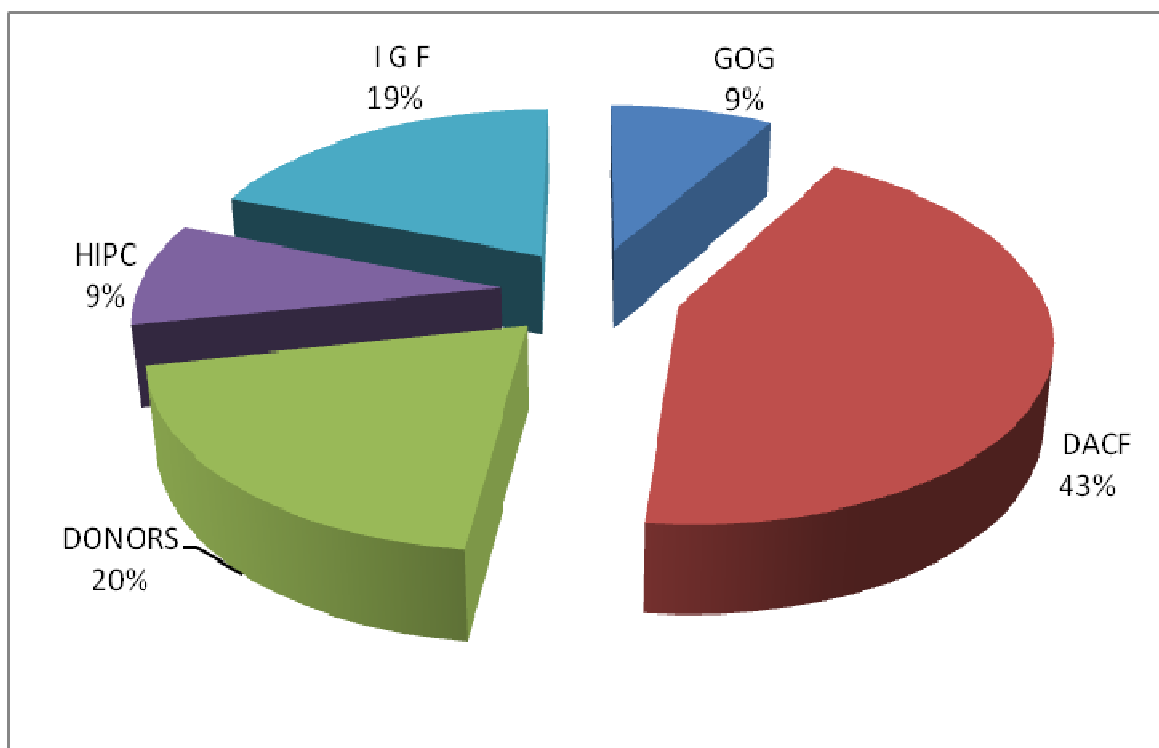
7.3 FINANCING THE IMPLEMENTATION OF THE DISTRICT MEDIUM TERM DEVELOPMENT PLANS

7.3.1 Sources and Level of Revenue Inflows to MMDAs in 2008

The main sources of revenue for MMDAs in 2008 were the District Assembly Common Fund (DACF), HIPC Fund, Internal Generated Funds (IGF), Donor Grants, and Central Government

transfer/Grants (GoG). The DACF, has since 2006 been the leading revenue contributor to the MMDAs and continued to increase on annual basis. In 2008, the DACF constituted 43% of the overall resources to the MMDAs, followed by donor inflow and IGF 20% and 19% respectively. The central government and HIPC transfers to the MMDAs represented 9% each (Figure 7.1).

Figure 7.1: Main Sources of Revenue for MMDAs

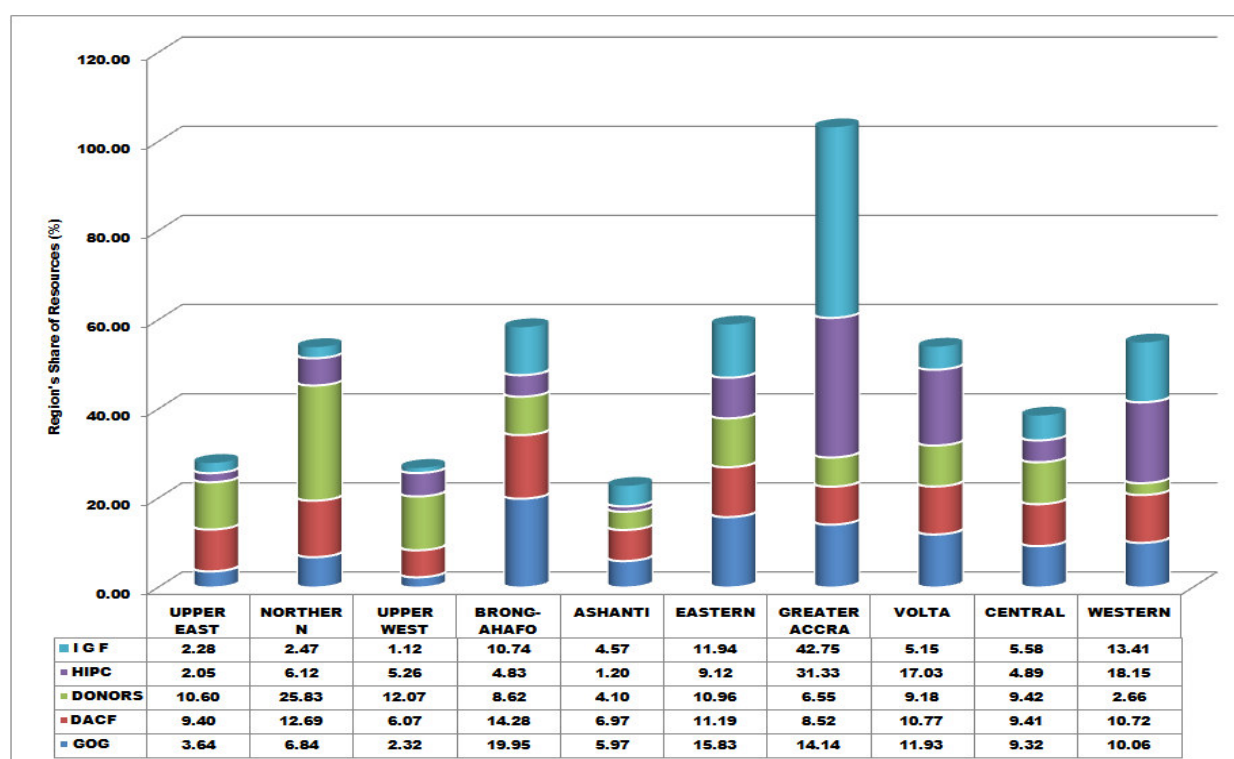


Source: DACF Secretariat, 2008

On a regional basis most of the Gh¢107,001,481.55 from the DACF in 2008 went to Brong-Ahafo (14.3%), Northern (12.7%), Eastern (11.2%), Volta (10.8%), and Western (10.7%) regions, while 25.8% of the total donor inflow of Gh¢49,390,138.03 to MMDAs went to Northern region, 12.1% to the Upper West region, 10.6% to Upper East region, 11% to the Eastern region, 9.4% to the Central region, and 9.2% to the Volta region.

On the other hand, most of the Gh¢21,180,348.05 total central government transfers (GOG) in 2008 went to Brong-Ahafo (20%), Eastern (15.8%), Greater Accra (11.9%), Western (10.1%) and Central (9.3%) regions, while most of the total IGF of Gh¢47,380,612.25 for the year came from Greater Accra region (42.8%), Western region (13.4%), Eastern region (11.9%), and Brong-Ahafo region (10.7%) (Figure 7.2).

Figure 7.2: Regional Share of MMDAs Revenue Sources, 2008



Source: DACF Secretariat, 2008

Table 7.3: Main Sources and Levels of Funding for MMDAs in 2008

REGION	GOG	DACF		DONORS	HIPC	TOTAL GRANTS	IGF	
	GRANTS	ASSEMBLY	MP'S			RECEIVED	ESTIMATES	ACTUAL
UPPER EAST	771,313.00	9,635,317.35	418,985.80	5,237,709.29	459,682.17	16,523,007.61	866,030.30	1,079,055.10
NORTHERN	1,448,201.23	12,999,026.65	575,471.93	12,758,486.69	1,369,892.63	29,151,079.13	1,897,010.30	1,168,423.02
UPPER WEST	492,302.82	5,998,495.04	493,534.92	5,962,779.69	1,178,024.89	14,214,072.48	836,514.02	528,581.15
BRONG-AHAFO	4,226,206.86	14,484,664.29	791,054.78	4,256,458.15	1,081,043.3	24,839,427.33	4,572,404	5,086,564.9
ASHANTI	1,264,072.27	7,023,274.17	435,522.7	2,025,288.16	269,000.00	11,017,177.30	1,952,402.30	2,166,912.93
EASTERN	3,353,736.97	11,044,442.36	928,119.62	5,412,597.45	2,042,070.07	22,780,966.47	6,400,565.77	5,657,168.35
GREATER ACCRA	2,993,946.44	8,678,336.45	433,691.94	3,236,659.66	7,011,785.47	22,354,419.96	35,798,229.42	20,257,267.38
VOLTA	2,527,470.04	10,856,540.17	662,186.62	4,533,301.00	3,811,234.18	22,390,732.01	4,196,378.47	2,439,140.84
CENTRAL	1,973,038.78	9,489,162.54	580,690.88	4,651,471.67	1,095,138.67	17,789,502.54	2,418,481.04	2,641,753.73
WESTERN	2,130,059.64	10,895,604.84	577,358.50	1,315,386.27	4,062,194.07	18,980,603.32	6,335,152.84	6,355,744.85
Total	21,180,348.05	101,104,863.86	5,896,617.69	49,390,138.03	22,380,065.45	200,040,988.15	65,273,168.46	47,380,612.25

Source: MLGRD 2008

The practice of carrying forward the fourth quarter installment of the DACF into the new financial year tends to hamper effective and efficient implementation of the activities identified in the District Medium Term Development Plans. The DACF Secretariat started releasing the fourth installment of the DACF for 2008 to the MMDAs in April 2009 at a time when, the

MMDAs were supposed to have started implementing the 2009 development activities. It is imperative to re-iterate the need to review the policy on the release of the DACF to re-align with the financial year, beginning from January to December every year.

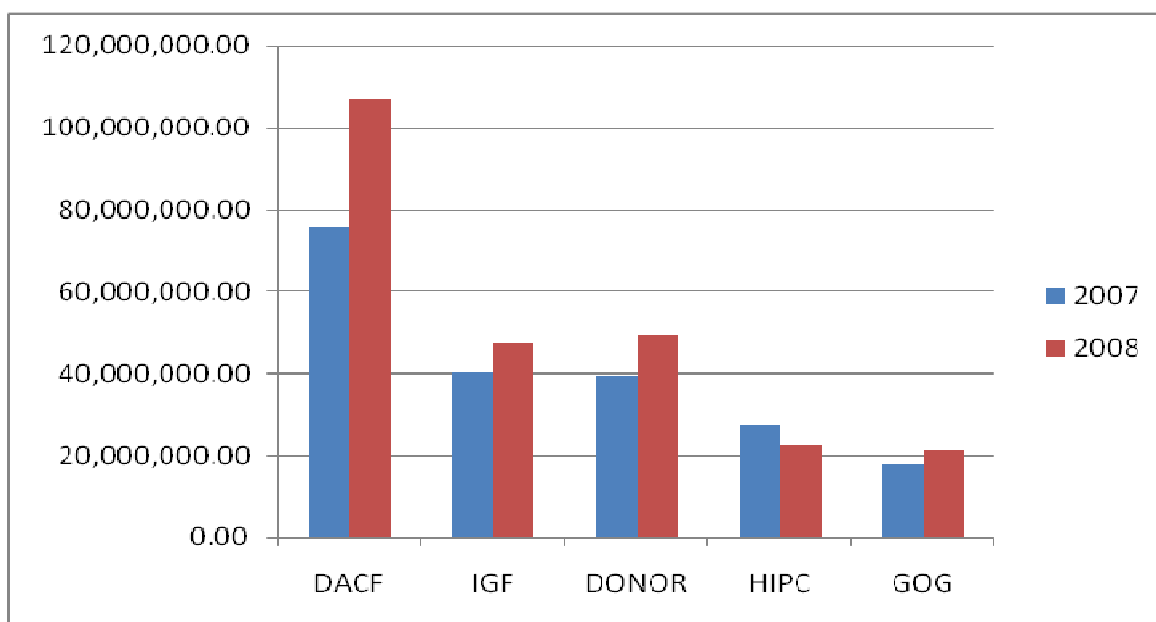
Donor funds shifted from 3rd position in 2007 to the 2nd in 2008, while the IGF moved to 3rd position. HIPC revenue maintained its 4th position as in 2007 but tied with GoG funds. With the exception of the HIPC funds, all the other sources of revenue increased in 2008 over the 2007 levels.

Table 7.4: Trends in Major Sources of Revenue for MMDAs

Sources of Revenue	2007		2008	
	Amount	Rank	Amount	Rank
DACF	75,496,000.94	1 st	107,001,481.55	1 st
IGF	40,043,240	2 nd	47,380,612.25	3 rd
DONOR	39,600,080	3 rd	49,390,138.03	2 nd
HIPC	27,479,260	4 th	22,380,065.45	4 th
GOG	17,857,030	5 th	21,180,348.05	5 th

Source: MLRDE 2008

Figure 7.3: Trends in Major Revenue Sources, 2007 – 2008

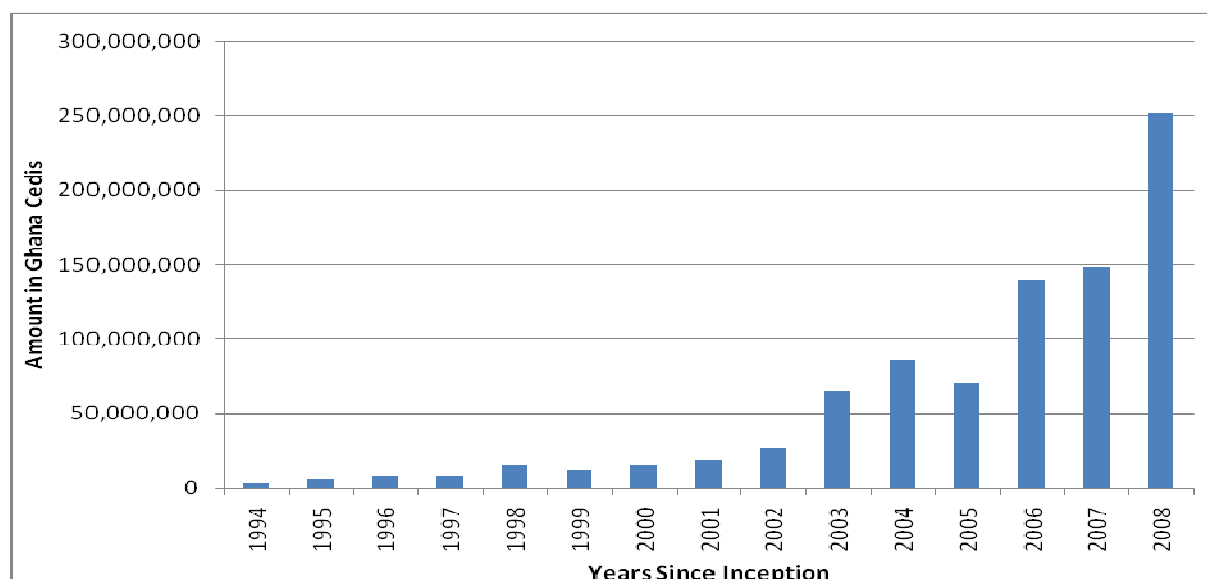


Source: DACF Secretariat, 2008

7.3.2 The District Assembly Common Fund

The District Assembly Common Fund (DACF) which was established in 1994 continued to be the leading revenue source for MMDAs in 2008. Figure 7.4 shows the trends and percentage changes in allocations of the DACF to the MMDAs since its inception in 1994. With the exception of 1999 and 2005, the allocations of the DACF continued to increase on annual basis. In 2008, the total release of DACF to MMDAs increased by 69% over the 2007 level.

Figure 7.4: Trends in Growth of DACF, 1994 – 2008



Source: DACF Secretariat, 2008

7.3.3 Sharing Formula for the DACF Allocations to the MMDAs

The formula for the allocation of DACF to the MMDAs remained the same in 2008 as in 2007. Equality and need formed the basis for the allocation (Table 7.6). However, there were variations in the allocations to the sectors, with health, water, and population density attracting upward adjustments, while education and revenue improvement were reviewed downwards in 2008. Allocation for tarred roads was excluded from the formula for 2008 due to the inability to get accurate data on this in the districts.

Table 7.5: Formula for DACF Allocation, 2007 – 2008

No	Principles		Indicator		% of DACF Allocated	
	2007	2008	2007	2008	2007	2008
1	Equality	Equality	Equal Sharing of percentage of DACF among all MMDAs	Equal Sharing of percentage of DACF among all MMDAs	50%	50%
2	Need	Need	Pre-determined breakdown of lump percent of DACF allocated for health, education, water, and roads	Pre-determined breakdown of lump percent of DACF allocated for health, education, water, and roads	i. Health: - Health facilities (6%) - Doc/Pop Ratio (7%) - Nurse Pop ratio (7%) ii. Education: - Education facilities (7%) - Teacher/Pupil Ratio (7%) iii. Water - Water coverage (4%)	i. Health: - Health facilities (6%) - Doc/Pop Ratio (8%) - Nurse Pop ratio (8%) ii. Education: - Education facilities (5%) - Teacher/Pupil Ratio (6%) iii. Water - Water coverage (7%)

No	Principles		Indicator		% of DACF Allocated	
	2007	2008	2007	2008	2007	2008
					iv. Roads: - Tarred road (2%)	iv. Roads: - Tarred roads: Dropped as a result of unavailability of data
3	Responsiveness		Revenue improvement		5%	4%
4	Service pressure		Population Density in the District		5%	6%

Source: DACF Secretariat, 2008

NB:

- a) Equality: A percentage of the DACF that is shared equally among the districts
- b) Need: No. of Schools, Pupil/teacher ratio, No. of Health facilities, doctor/population ratio, nurse/population ratio
- c) Responsiveness: Improvement in internal revenue collection of the districts
- d) Service pressure: Population density in the district

DACF Utilization Guidelines for the Period 2006 – 2008

The utilization guidelines for the DACF was reviewed in 2008 (Table 7.6). The National Youth Employment Programme was the only component that had an upward adjustment, increasing from 20% in 2007 to 30% in 2008 from 20% in 2007. The District Response Initiative on HIV/AIDs, Malaria Prevention, Sports and Culture, and Strengthening of sub-district structures experienced significant reductions in allocations.

It appears the rationale for the 59% lump sum provision for other projects is to give flexibility to the MMDAs to determine their own priorities and make the appropriate funding allocations to optimize development needs and objectives. However, it has been observed that the discretion has been exploited by both the Ministry of Local Government Rural Development and Environment and the MMDAs to the disadvantage of the establishment of economic ventures, provision of social services and environmental management. Mandatory deductions were made from the 59% of the DACF for products/ goods/ services procured on behalf of the MMDAs by the MLGRDE. At the MMDA level, it would therefore be desirable to have separate ceilings for Administration expenditure to ensure that adequate proportion of the 59% is allocated to economic ventures, provision of social services and environmental management.

Table 7.6: DACF Utilization Guidelines 2007 and 2008

No.	Item	Proportion of DACF		
		2006	2007	2008
1	Human Capacity Building	2%	2%	1%
2	National Youth Employment	-	20%	30%
3	National Youth and Employment programme, productivity improvement, and employment generation (Poverty Reduction)	15%	-	-
4	Self Help Projects	10%	5%	2%
5	District Education Fund	2%	2%	2%
6	Establishment and Strengthening of Sub-District Structures	5%	5%	2%
7	District Response initiatives on HIV/ AIDS	1%	1%	0.5%
8	Malaria prevention	1%	1%	0.5%
9	People with Disabilities	5%	2%	2%

No.	Item	Proportion of DACF		
10	Sports and Culture	-	3%	1%
11	Other Projects (Economic Ventures, Social Services, Administration and Environment	59%	59%	59%

Source: DACF Secretariat, 2008

7.3.4 Internally Generated Funds (IGF) Performance for the Period 2006 -2008

IGF Comparison among MMDAs:

Tables 7.7 – 7.9 show the performance of MMDAs with respect to Internally Generated Funds (IGF) over the period 2006 - 2008.

Accra Metropolitan Assembly continued to lead in the mobilization of internally generated funds. Although IGFs have been on the increase since 2006, none of MMDAs have been able to achieve the annual targets.

Table 7.7: Performance of Metropolitan Assemblies in IGF for 2006-2008

No.	Metropolitan	2006 IGF (in Gh¢)	Ranking in 2006	2007 IGF (in Gh¢)	Ranking in 2007	2008 IGF (in Gh¢)	Ranking 2008
1	AMA	7,431,817.96	1 st	10,010,371.68	1st	11,567,133.39	1st
2	Sekondi – Takoradi	2,985,579.40	3 rd	9,817,727.80	2nd	6,692,143.09	2nd
3	TMA	3,683,524.87	2 nd	3,732,996.60	3rd	4,124,569.57	3rd
4	Tamale	88,706.27	5 th	178,639.70	5th	265,073.49	5th
5	Cape Coast	210,532.45	4 th	381,898.55	4th	604,851.03	4th

Among the Municipal Assemblies, Ga East and Ga West rated 1st and 2nd respectively. Yendi, Wa, Sekyere South and Akuapim municipalities, on the hand, showed consistent declines in internal revenue generation between 2006 and 2008. It is interesting to note that some District Assemblies and Municipalities generate more internal revenue than some Metropolitan Assemblies.

In the case of the District Assemblies, Akuapim North, Dangme West, and Tarkwa Nsuaem continued to perform well in the mobilization of internally generated funds between 2006 - 2008.

Table 7.8: Performance of Municipal Assemblies in IGF for 2006-2008

No	MUNICIPAL ASSEMBLY	2006 IGF (in Gh¢)	Ranking in 2006	2007 IGF (in Gh¢)	Ranking in 2007	2008 IGF (in Gh¢)	Ranking 2008
1	Kwahu West	149,430.18	9 th	188,485.07	9 th	258,156.64	9 th
2	Birim Central	170,897.33	8 th	205,979.59	8 th	282,196.01	8 th
4	New Juaben	550,150.40	4 th	675,902.34	1 st	848,933.12	3 rd
5	East Akim	98,472.56	13th	148,580.34	10 th	242,875.25	10 th
6	Akuapim South		-	214,815.00	7 th	214,388.00	12 th
7	Yendi	52,294.24	15 th	88,394.75	16 th	86,896.21	18 th
8	Bolgatanga	1,011,000	1 st	99,001.84	15 th	166,302.00	14 th
9	Wa Municipal	191,051	7 th	124,423.88	13 th	150,647.50	15 th

No	MUNICIPAL ASSEMBLY	2006 IGF (in Gh¢)	Ranking in 2006	2007 IGF (in Gh¢)	Ranking in 2007	2008 IGF (in Gh¢)	Ranking 2008
10	Dormaa	100,000.00	12 th	126,000	12 th	214,800	11 th
11	Ga West	706,952.27	3 rd	659,167.67	2 nd	1,066,460.90	2 nd
12	Ga East	727,709.87	2 nd	520,349.87	3 rd	1,243,568.59	1 st
13	Bekwai	269,020.93	5 th	255,933.92	4 th	290,063.86	7 th
14	Adansi South	91,075.84	14 th	142,131.63	11 th	174,469.76	13 th
15	Offinso South	218,064.00	6 th	230,989.00	5 th	336,050.00	6 th
16	Bosomtwe	130,895.99	10 th	219,642.43	6 th	138,037.33	17 th
17	Sekyer South	105,707.57	11 th	109,433.20	14 th	150,105.52	16 th
18	Adentan *	-	-	-	-	394,109.31	4 th
19	Ga South *	-	-	-	-	347,205.52	5 th

*Newly Created Municipalities

Table 7.9: Performance of District Assemblies in IGF for the Period 2006-2008

NO	DISTRICT ASSEMBLIES	2006 IGF (in Gh¢)	Ranking in 2006	2007 IGF (in Gh¢)	Ranking in 2007	2008 IGF (in Gh¢)	Ranking 2008
1	Jaman South		-	113,324.00	24 th	134,235.71	30 th
2	Nkoranza South	166,701.63	12 th	238,771.89	10 th	184,122.09	23 th
3	Jaman North	63,167.11	25 th	98,818.92	27 th	135,243.38	29 th
4	Mpohor Wassa East	147,160.99	13 th	224,601.02	12 th	536,303.89	8 th
5	Nzema East	121,093.39	18 th	114,688.22	23 rd	185,439.95	22 nd
6	Bibiani-Anhwiaso B	87,241.98	21 st	136,534.37	22 nd	355,708.93	11 th
7	Jomoro	876,493.43	2 nd	1,187,484.44	3 rd	1,584,740.00	3 rd
8	Wassa West		-	264,054.38	8 th	219,750.94	17 th
9	Ahanta West	112,149.34	19 th	152,481.00	21 st	306,041.00	12 th
10	Tarkwa Nsuaem	741,055.07	4 th	1,595,430.24	1 st	1,845,257.55	2 nd
11	Efutu Municipal	226,884.24	9 th	307,126.15	6 th	135,644.37	28 th
12	Asikuma Odoben Brakwa	423,041.55	6 th	77,853.00	31 st	92,414.91	37 th
13	Mfanteman		-	159,461.12	18 th	209,691.52	18 th
14	Fanteakwa	661,777.77	5 th	80,726.81	29 th	839,702.31	4 th
15	Kwahu South	90,000.00	20 th	250,000	9 th	195,480.33	20 th
16	Kwaebibirem		-	179,318.01	16 th	233,276.13	16 th
17	Yilo Krobo	132,407.30	16 th	217,422.48	15 th	286,543.07	15 th
18	Asuogyaman	85,039.05	22 nd	101,233.72	26 th	117,126.68	32 nd
19	Kwahu North	176,931.61	10 th	269,528.95	7 th	288,510.88	14 th
20	Akuapim North	839,031.00	3 rd	1,218,379.55	2 nd	1,858,945.99	1 st
21	Suhum Kraboa Coat	137,864.00	14 th	155,291.00	20 th	188,372.00	21 st
22	West Akim	174,455.42	11 th	225,108.48	11 th	446,935.46	10 th
23	Atiwa	53,402.00	29 th	105,325.94	25 th	155,604.66	24 th
24	South Dayi	51,765.00	30 th	52,853.00	38 th	128,623.00	31 st
25	South Tongu	64,012.06	24 th	96,231.00	28 th	70,305.75	41 st
26	Krachi East	60,746	26 th	79,675	30 th	99,204.54	35 th
27	Krachi West	56,157.10	28 th	44,208.94	41 st	79,935.04	39 th
28	Central Gonja	29,289.50	37 th	55,621.00	36 th	96,449.80	36 th
29	East Gonja	17,580.09	44 th	28,571.80	46 th	54,228.59	44 th
30	Swala-Tuna-Kalba	14,680.90	45 th	28,227.44	47 th	52,583.30	45 th
31	Zabzugu-Tatale	23,580.78	41 st	26,389.86	48 th	20,362.37	57 th

NO	DISTRICT ASSEMBLIES	2006 IGF (in Gh¢)	Ranking in 2006	2007 IGF (in Gh¢)	Ranking in 2007	2008 IGF (in Gh¢)	Ranking 2008
32	Nanumba North	18,372.24	43 rd	22,166.13	50 th	27,702.68	53 rd
34	Bole	40,936.88	34 th	63,706.28	32 th	111,317.71	34 th
35	Savelugu-Nantom	21,167.83	42 th	42,446.95	43 th	40,576.97	50 th
36	Bongo	59,086.38	27 th	57,100	35 th	74,670	40 th
37	Talensi-Nabdam	13,207.70	46 th	23,687.60	49 th	23,662.22	55 th
38	Kassena/Nankana	136,180.98	15 th	157,174.68	19 th	113,663.62	33 rd
39	Builsa	45,053.40	32 nd	40,597.86	45 th	50,956.45	48 th
40	Bawku West	43,040.00	33 rd	50,840.00	40 th	69,765.25	42 nd
41	Garu-Tempane		-	59,161.55	34 th	61,555.11	43 rd
42	Wa East	38,000.00	35 th	43,140.77	42 nd	51,860.17	46 th
43	Wa West	30,594.36	36 th	18,990.40	51 st	16,773.99	60 th
44	Sissala East	50,000.00	31 st	55,533.00	37 th	39,760.24	51 st
45	Sissala West	26,768.46	40 th	17,295.95	52 nd	84,149.16	38 th
46	Jirapa	128,172.82	17 th	220,031.28	13 th	51,724.58	47 th
47	Nadowli	28,590.44	38 th	41,620.00	44 th	27,594.38	54 th
48	Lawra	28,000.54	39 th	50,966.80	39 th	50,095.94	49 th
49	Dangme East		-		-	628,314.20	6 th
50	Dangme West	275,627.59	7 th	319,482.41	5 th	628,314.20	6 th
51	Atwima Nwabiagya		-	176,032.30	17 th	290,560.30	13 th
52	Kwabre	246,157.56	8 th	339,912.40	4 th	477,087.06	9 th
53	Amancie Central		-		-	206,404.96	19 th
54	Ahafo Anor North	76,091.98	23 rd	60,011.42	33 rd	11.17	61 st
55	Bosomtwe	130,895.99	1 st	219,642.43	14 th	138,031.33	27 th
56	Ledzorkuku-Krowor *	-	-	-	-	661,579.94	5 th
57	Kpandai *	-	-	-	-	154,376.57	25 th
58	Sunyani West *	-	-	-	-	140,541.83	26 th
59	Upper Denkyira West*	-	-	-	-	17,424.85	58 th
60	Agona East*	-	-	-	-	30,759.70	52 nd
70	Nkwanta North*	-	-	-	-	17,424.85	58 th
71	Akyeamansa*	-	-	-	-	21,856.14	56 th

*New Districts

IGF Performance on Regional Basis:

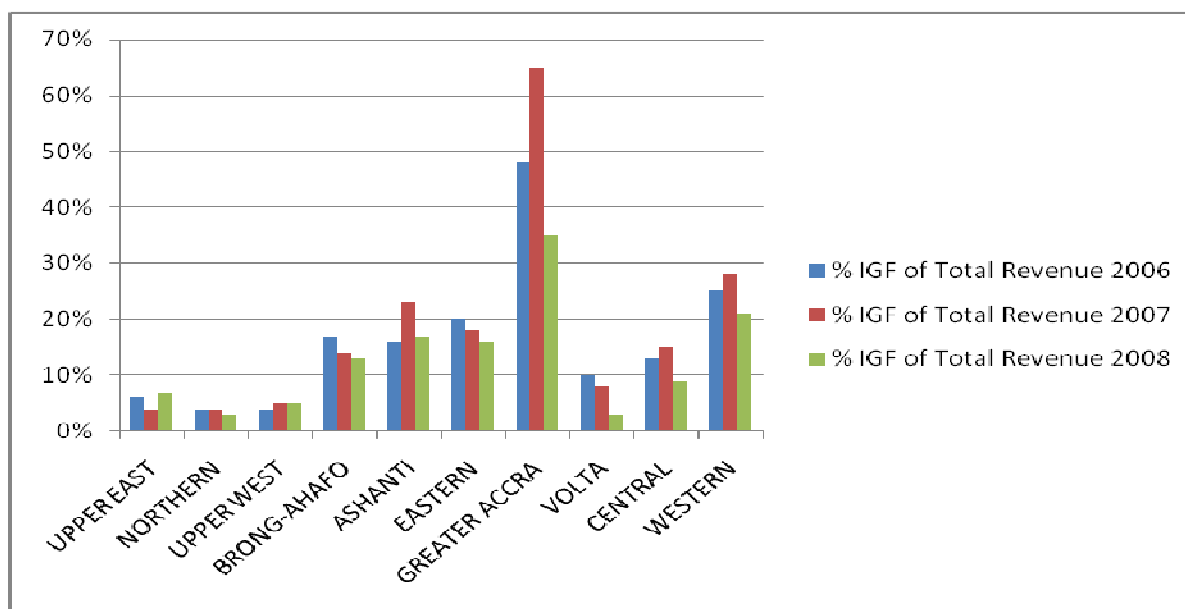
All the regions experienced increases in IGF in 2008 over their levels in 2007 (Table 7.10 & Figure 7.5). However, none of the MMDAs achieved the target for IGF in 2008, resulting in budget deficits. Expressed as a percentage of total revenues accruing to MMDAs in 2008, the IGF declined from an average of 18.4% in 2007 to 16.3% in 2008. MMDAs in the Greater Accra Region made the lowest IGF contributions to their total revenue in 2008, thus experiencing an overall decrease of 41% from the 2007 level. However, the Central, Western, Ashanti, Brong Ahafo and Upper East Regions experienced modest increases in IGF above the 2007 contributions to their total revenues in 2008.

Table 7.10: Internal Revenue Generation (IGF) Performance for the Period 2006 -2008

	Total Grants Received	Actual IGF	Total Revenue	% IGF of Total Revenue	% IGF of Total Revenue	% IGF of Total Revenue
REGION	2008	2008	2008	2008	2007	2006
UPPER EAST	16,523,007.61	1,079,055.10	17,602,062.71	6%	4%	7%
NORTHERN	29,151,079.13	1,168,423.02	30,319,502.15	4.0%	4%	3%
UPPER WEST	14214072.48	528581.15	14742,653.63	4%	5%	5%
BRONG-AHAFO	24839427.33	5086564.9	29,925,992.23	17%	14%	13%
ASHANTI	11,017,177.30	2,166,912.93	13,184,090.23	16%	23%	17%
EASTERN	22,780,966.47	5,657,168.35	28,438,134.82	20%	18%	16%
GREATER ACCRA	22,354,419.96	20,257,267.38	42,611,687.34	48%	65%	35%
VOLTA	22,390,732.01	2,439,140.84	24,829,872.85	10%	8%	3%
CENTRAL	17,789,502.54	2,641,753.73	20,431,256.27	13%	15%	9%
WESTERN	18,980,603.32	6,355,744.85	25,336,348.17	25%	28%	21%
Total	200,040,988.15	47,380,612.25	247,421,600.40	163%	184%	129%
Mean % IGF of Total Revenue				16%	18%	13%

Source: MLGRDE, 2008

Figure 7.5: IGF Expressed as a Percentage of Total Revenues for MMDAs, 2006 – 2008



Source: MLGRDE, 2008

Variances of Regional Estimated IGF Against Actual for the Period 2006-2008:

With the exceptions of the Central and Upper East Regions which exceeded the estimated IGFs, all the regions experienced shortfalls in 2008, ranging from a high of 56% for the Upper West

Region to a low of 6% for Western Region (Table 7.11 and Figure 7.6). The shortfalls contributed to the inability of the MMDAs to implement most of the activities identified in their MTDPs implementation in 2008.

The shortfalls in the IGFs were attributed to a number of challenges facing the MMDAs. Most of the MMDAs lacked accurate data on landed property, such as buildings and market shares. This contributed to high evasion of property taxes. Some of the MMDAs also reported of low economic activities, thus narrowing their tax base.

There is also wide spread poverty in some of the regions, particularly, the three Northern Regions. As a result most of the people are unable to pay the levies imposed by the MMDAs. Others are unwilling to pay taxes because they feel that the MMDAs are not using the revenue to provide the requisite social services desirable to them.

Another important factor contributing to the low internal revenue generation by the MMDAs is the high level of revenue leakage. This is due to a combination of factors including the collusion of some revenue collectors and tax payers to under pay levies imposed, issuance of fake receipts, direct diversion of revenue by some revenue collectors for personal benefit, and the lack of requisite expertise/qualification for effective revenue collection. Furthermore, public education on the importance of internal revenue generation is quite low and contributes to negative public attitude towards payment of taxes and levies imposed by the MMDAs. Finally, most MMDAs lack adequate logistical support for revenue collection. Although some MMDAs have established revenue task forces, they are not adequately equipped with means of transport to facilitate full coverage of MMDAs operational areas.

It must be noted however that some of the MMDAs have initiated a number of measures, including the following to step up internal revenue generation:

- Formation of Revenue Tasks Force;
- Provision of logistical support;
- Provision of periodic training for revenue collectors to building their capacity in book keeping ;
- Intensification of enforcement of demand notices and follow-up on defaulters;
- Institution of annual incentives and award schemes for revenue collectors and deserving staff;
- Periodic update of data on revenue sources ; and
- Development of comprehensive revenue data base.

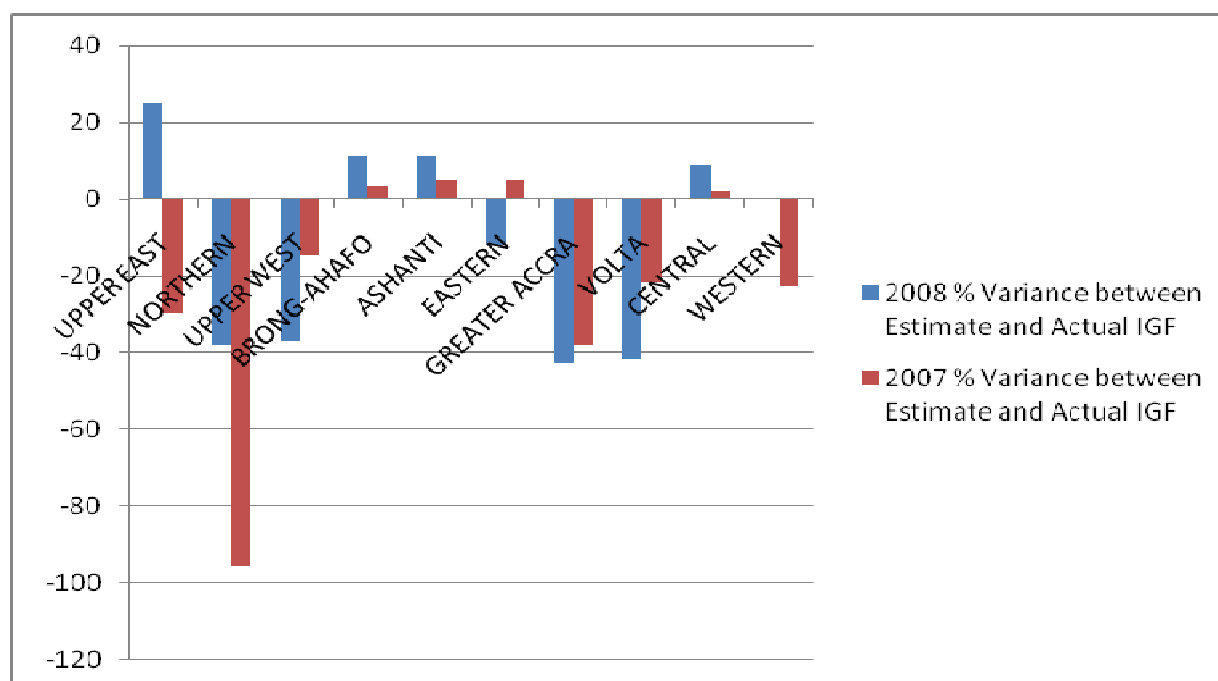
Table7.11: Variances between Regional Estimated and Actual IGF for 2008

Region	IGF for 2008		2008	2007
	Estimates	Actual	% Variance Between Estimate and Actual IGF	% Variance Between Estimate and Actual IGF
Greater Accra	31,223,609.90	19,992,629.60	-36%	- 38%
Eastern	6,287,715.55	5,419,336.11	-14%	5%
Volta	3,923,801.47	2,251,730.51	-43%	-22%
Central	2,342,414.04	2,563,918.88	9%	2%
Western	6,335,152.84	5,934,545.89	-6%	-23%

Region	IGF for 2008		2008	2007
	Estimates	Actual	% Variance Between Estimate and Actual IGF	% Variance Between Estimate and Actual IGF
Ashanti	12,830,842.98	9,892,929.12	-23%	5%
Northern	1,821,539.2	1,031,343.62	-43%	-96%
Upper West	545,053.12	241,273.36	-56%	-15%
Upper East	770,114.30	936,464.13	18%	-30%
Brong-Ahafo	5,983,141.30	4,688,874.94	-22%	3%

Source: MLGRDE, 2008

Figure 7.6: Variances between MMDAs Estimated and Actual IGFs for 2008



Source: MLGRDE, 2008

7.3.5 HIPC Funds Disbursement and Utilization

HIPC funds constitute one of the major sources of revenue for the MMDAs. The formula used for the allocation of HIPC funds to the MMDAs by Government is presented in Table 7.12. In 2008, there was an upward adjustment of the direct allocation to the MMDAs to 10% from 5% in 2007 for the use of MPs. The additional five percent (5%) was taken from the contingency allocation of 10% made in 2007.

As the HIPC allocations for MPs' projects increase over the years, it will be necessary to provide detailed reports on the type of projects that the funds have been applied to and the impact on the socio-economic development of the people in the respective constituencies in the MMDAs.

Table 7.12: Formula for HIPC Funds Allocation in 2008 Compared to 2007

No.	Item	2008		2007	
		% Allocation	Amount (Ghc)	% Allocation	Amount (Ghc)
1	Proportion of HIPC funds allocated to Domestic Debt Reduction	20	31,880,000	20	44,216,600
2	Sectoral Programmes/ Activities	65	103,640,000	65	143,704,000
3	Direct release to MMDAs for use by MPs for projects in their respective constituencies	10	15,940,000	5	11,054,200
4	Contingencies	5	7,971,722	10	22,108,300
Total		100%	221,083,000	100%	221,083,100

Source: MOFEP, 2008

7.4 Update on MMDAS Interventions and Poverty Reduction Programmes

A summary of critical interventions and poverty reduction programmes undertaken by the MMDAs in 2008 is presented in Table 7.13. This is based on data obtained from the APRs submitted by sixty-two MMDAs to the NDPC.

Table 7.13: Interventions and Poverty Reduction Programmes Implemented by MMDAs in 2008

No.	Interventions	Number of MMDAs Implementing
1	National Health Insurance Scheme	11
2	School Feeding Programme	19
3	Capitation Grant	16
4	National Youth Employment Scheme	17
5	Business Development Initiative	11
6	Guinea Worm Eradication Programme	6
7	Free Ride Mass Transit for Children	7
8	Land Under Irrigation	5
9	LEAP	2
10	Buruli Ulcer	1
11	Rural Electrification Project	1

7.4.1 National Health Insurance Scheme

The MMDAs who reported on the National Health Insurance Scheme (NHIS) indicated an increase in coverage of the communities and patronage in 2008 over the 2007 figures. There was also improvement in the provision of resources to facilitate the implementation of the scheme.

However, the health service providers, as was the case in 2007, continued to experience delays in re-imbursement for services provided to the beneficiaries of the NHIS. Renewal of client membership was also delayed in some MMDAs, thus resulting in the denial of access to health care services to some community members. Also, some MMDAs reported of high cost of drugs which made it difficult for clients, especially under situations where they had to pay upfront for drugs to be re-imbursed later.

Continued public education is required to promote increase in community subscription to the Scheme in the MMDAs.

7.4.2 School Feeding Programme

The School Feeding Programme (SFP) is reported to have continued to contribute to steady increase in enrollment in public schools in beneficiary MMDAs in 2008. The effect of the SFP is also reflected in the improvement in gender parity in education at the primary and secondary school levels in some MMDAs.

However, increased enrollment has led to over-crowded classrooms, which has tended to undermine effective teaching and learning as teachers spend less quality time to address individual student needs and also reduce the frequency of home work in order to cope with the large class size. Inadequate funding for the SFP and the delays in the release of approved funds for programme implementation remained key challenges in 2008.

Due to these delays, the foodstuff suppliers use loans with high interest rates to purchase and supply food to the schools to be re-imbursed later. The interest rate charges are passed onto the programme which invariably increases the cost of operations. This results in the provision of poor quality food to the children.

Other reported challenges associated with the SFP include inadequate access to potable water for some schools and insufficient cooking utensils for the preparation of the food. Notwithstanding the above challenges, the Programme is highly commendable and should not only be sustained but also expanded to cover all the MMDAs in order to enhance Ghana's chances of attaining the Millennium Development Goal (MDG 2) achieving universal primary education.

7.4.3 Capitation Grant

Similarly, MMDAs reported positive outcomes from the implementation of the Capitation Grant policy in 2008. Enrollment, retention, as well as general maintenance of school facilities registered significant improvements.

However, the Grant was generally considered to be inadequate by the MMDAs as was indicated in their 2007 Annual Progress Reports. There was also no improvement in the delays in the release of the Capitation Grants to the schools.

There is urgent need to review the Grant upward to meet current cost of items of expenditure for which the Grant is being provided as well as enhance the chances of optimizing the benefits of the policy.

7.4.4 National Youth Employment Programme

The MMDAs acknowledged the important role of the National Youth Employment Programme (NYEP) is playing in provision of employment opportunities for the youth in the areas of education, health, water and sanitation, agriculture, environmental health and social welfare. However, the youth unemployment situation remains alarming in most MMDAs. This has

contributed to the drift of the youth to the urban centres, thus creating undue pressure on existing social services and reducing the quality of life of the people.

The NYEP needs to be scaled- up and sustainable funding arrangement put in place to provide increased job opportunities for the large numbers of young people that are completing secondary, technical/vocation and tertiary education annually.

7.4.5 Business Development Initiative

Private sector development remains the greatest hope for creating employment opportunities in Ghana. This underscores the importance of the Business Development Initiative being promoted by the MMDAs. The MMDAs reported on the facilitating roles they continued to play in the provision of training, technical and credit support to various groups, especially, disadvantaged and vulnerable segments of society, to undertake productive and income generating activities in 2008.

The Initiative brought together in a collaborative fashion, NGOs, Development Partners, Financial Institutions and the MMDAs to provide, among other things, incentives for business development. The National Board for Small Scale Industries (NBSSI) played a critical role in the provision of technical and credit support to various women and vulnerable groups to start businesses in handicrafts, carpentry, hairdressing, catering and dress making in many MMDAs in 2008.

It has, however, been observed that the rate of interest charged on micro-credits by the micro-finance institutions is too high, thus acting as disincentive for people to take full advantage of the Business Development Initiative in the MMDAs.

7.4.6 Guinea Worm Eradication Programme

Reports from the most affected districts of the Northern Region (Table 7.14) revealed significant decreases in the number of cases of guinea worm in 2008 compared to 2007. However, the situation in Tamale Metropolitan Assembly remains a serious concern. This calls for the need to sustain and intensify the Programme activities in the target areas in the Northern part of the country.

Table 7.14: Reported cases of Guinea Worm

DISTRICTS	CASES	
	2007	2008
Tolon Kumbungu	388	75
East Gonja	123	27
Tamale	265	159

7.4.7 Free Ride Mass Transit for Children

The 2008 reports from the MMDAs on the Free-Ride Mass Transit for Children were mixed. Some MMDAs indicated that the programme has contributed to a reduction in the cost of transportation borne by parents and truancy among school children. Others have, however,

downplayed the impact of the programme, pointing to some irregularities in its operations and the limited number of routes that the buses ply, thus leaving out a majority of the children in the target areas from benefiting.

The lack of accurate data on the operations of the programme to assess the number of school children actually benefiting from it in the MMDAs, makes it difficult to determine its true impact. It appears the programme is more suitable for urban areas where there are concentration of several schools than in rural and peri-urban areas where there are few schools with limited road networks.

7.5 Data Collection Challenges

The following specific data collection challenges were identified from MLGRDE and the DACF:

- delays in response to data request
- unavailability of reliable data on the newly created districts. Available data still reflects only the parent district assembly and not the newly created district
- the available district level data is not disaggregated
- lack of collaboration between DACF office and central sources for data
- lack of current population data at the MMDA level. Existing data are projections based on the 2000 Population and Housing Census
- geographical areas for MMDAs not clearly demarcated, thereby leading to overlaps in data collected
- late submission of monthly DACF expenditure returns and annual supplementary budgets by beneficiary MMDAs and RCCs for reporting purposes
- low incentives for staff of the DACF
- inadequate budget allocation from central government for effective and efficient delivery of service
- lack of power to sanction MMDAs who misapply the DACF

7.6 Summary of Policy Recommendations

Most of the policy recommendations made in the 2007 Annual Progress Report have not been addressed, hence the need to re-iterate them.

Determine Appropriate Timeframe for the Submission of District APRs:

In order to enhance the chances of obtaining APRs from all the MMDAs for the preparation of the National Annual Progress Report, the submission of the district APRs should be extended to end of April every year. This would give the MDAs and MMDAs more time to complete their annual reports for the preceeding year. This will also make it possible for up-to-date data on DACF to be obtained for the reports since the last quarter data on the DACF are not available until April. This should be complemented with follow-ups by NDPC to provide technical support to the MMDAs to prepare the APRs in line with the stipulated guidelines.

Promote Effective Coordination of the Administration of Finances of MMDAs:

The MDAs involved in the release and accountability processes of funds to the MMDAs should, as a matter of urgency, develop protocols to promote effective reporting relationships and coordination among themselves and the MMDAs. The critical MDAs for this to happen include the Ministries of Local Government and Rural Development, Finance and Economic Planning, District Assemblies Common Fund Secretariat, and the Controller and Accountant General's Department.

Review District Performance Indicators:

In order to enhance effective monitoring and evaluation of the implementation of development programmes at the MMDAs level, a thorough review of the core performance indicators should be conducted. The output of this review should include a set of selected indicators that are feasible and easy to measure and collect by all MMDAs. The NDPC should play a leading and facilitating role in collaboration with the cross-sectoral planning groups to let this happen.

Strengthen Monitoring and Evaluation Capacities of the RPCUs and DPCUs of MMDAs:

A comprehensive monitoring and evaluation capacity building needs assessment should be conducted to develop and implement appropriate training programmes for the RPCUs and DPCUs. This will enhance the knowledge and skills of RPCUs and DPCUs for effective monitoring and evaluation of the Medium Term Development Plans of MMDAs. Again this should be facilitated and coordinated by the NDPC.

Conduct Periodic Impact Studies at the MMDAs Level:

As part of efforts to determine the extent of progress being made at the MMDAs level towards the achievement of the objectives of the GPRS II, impact studies should be conducted every other year in selected MMDAs. The NDPC should play a coordinating role in galvanizing support from Development Partners for this to happen.

Provision of adequate Funding Support for Data Collection in the MMDAs for the Preparation of the APR:

It has been observed that the APRs submitted by the MMDAs have a lot of data gaps which fail to tell the complete story. However, due to lack of adequate funding support for the preparation of the national APRs, it has not always been possible to conduct follow-up field visits to verify and/ or obtain the relevant missing data/ information. Against this background, it is recommended that adequate funding support should be provided by MoFEP to facilitate the conduct of rapid small-scale interviews in selected MMDAs during the preparation of the National Annual Progress Report each year to enrich the data and, most invariably, improve the quality of the overall report.

Develop and Implement Sanctions for Failure to Prepare APRs:

In order to ensure that all MMDAs prepare and submit APRs and in a timely fashion to the NDPC, NDPC, MOFEP and the Ministry of Local Government and Rural Development should institute a sanction mechanism for non-compliance.

Table 7.15: Policy Recommendations and Actions Taken in 2008

No	Policy Recommendations	Action Taken in 2008
1.	Review, operationalize and standardize the Core District Indicators to facilitate easy collection of data for comparative purposes.	<ul style="list-style-type: none">• This was carried out by NDPC in collaboration with RPCUs, DPCUs and Development Partners
2.	Provide technical support to refine all District Monitoring and Evaluation Plans in order to make them operational.	<ul style="list-style-type: none">• Technical Support was provided to all DPCUs and RPCUs by NDPC to enable them prepare and implement the M&E Plan
3.	Strengthen the monitoring and evaluation knowledge and skills of the RPCUs and DPCUs.	<ul style="list-style-type: none">• This was done during the M&E regional training workshops but a comprehensive M&E Manual has been designed by the NDPC to further strengthened the M&E capacity of the RPCUs and DPCUs
4.	Provide adequate separate budgetary item for district monitoring and evaluation activities.	<ul style="list-style-type: none">• This has also been done by the NDPC when it asked all DPCUs to prepare M&E plan and adequately budget 2% to 3% of the DMTDPs budget for M&E activities
5.	Bring together MMDAs, Ministry of Local Government, Rural Development and Environment, and the District Assembly Common Fund Secretariat to review the management mechanisms to ensure timely disbursement to the Districts. The issues of deductions at source and sharing of data on the DACF, and HIPC fund disbursement should be reviewed to promote mutual understanding and agreement.	<ul style="list-style-type: none">• This is still outstanding even though it was on the work programme of the M&E Division for 2008
6.	Institutionalize quarterly review meetings at the Metropolitan, Municipal and District levels to promote regular sharing of information and learning among key stakeholders for improved performance.	<ul style="list-style-type: none">• The was no action on this policy recommendation in 2008
7.	Impose sanctions on MMDAs for failure to provide quarterly review and annual progress reports.	<ul style="list-style-type: none">• NDPC, DACF, and Ministry of Local Government had informal discussion on this policy recommendation but there was no formal action even though it was on the work programme of the M&E Division

APPENDICES

APPENDIX I: IMPLEMENTATION OF 2008 BUDGET INITIATIVES

The table below provides the various policy initiatives outlined in the 2008 Budget Statement and Economic Policy and the extent to which these initiatives have been implemented.

Level of Implementation of Selected 2008 Budget Initiatives

2008 BUDGET INITIATIVES	ACTION TAKEN IN 2008
Improving Regulatory Structures for Doing Business <ul style="list-style-type: none"> Review the functions of regulatory agencies to remove overlaps, Scale down on the number of regulatory authorities Establish benchmarks for good practices 	<p>The Registrar General's Department has captured information on 95% of all registered businesses in the Departments database thereby reducing the search of business information to just about 30 seconds</p>
Importation and Use of Incandescent Lamps <ul style="list-style-type: none"> Introduce legislation seeking to phase out the importation and use of incandescent lamps in Ghana 	<p>Legislation not introduced. However, the Ministry in collaboration with Energy Commission and Energy Foundation procured and distributed 6 million compact florescent lamps (CFLs) as a load reduction measure to reduce the impact of power shortage in 2007</p>
Promoting Alternative Energy Sources <ul style="list-style-type: none"> Develop and facilitate the passage of a Renewable Energy Law Develop and enforce standards and codes for renewable energy technologies. 	<p>It is at formulation stage</p> <p>No action taken</p>
National Transportation Policy <ul style="list-style-type: none"> Government will adopt an integrated Transport Policy which combines various modes (road, rail, maritime including inland water transport and aviation) 	<p>A National Transport Policy document to guide the preparation of future integrated transport development plans and programmes was approved by Cabinet</p>
Financial Sector Strategic Plan (FINSSP II) <ul style="list-style-type: none"> Undertake a comprehensive review of FINSSP with a view to identifying the next generation of financial sector reforms. The review is expected to result in an updated FINSSP document (FINSSP II) to guide financial sector development for the next five years. 	<p>Review underway</p> <p>Anti-Money Laundering Act, 2008 (Act 749) passed with Anti Money Laundering Regulations (L.I. 1925)</p>
Development of the Bond Market <ul style="list-style-type: none"> Government will issue for the first time a 10-year domestic bond in 2008. Government will rationalize the issuance calendar to achieve issue predictability and to encourage secondary trading between issues. 	<p>Due to the food crisis in 2008, which triggered high inflation, the shift to longer term securities was unsuccessful as there was strong preference for short term instruments by domestic investors. However, Government issued the Golden Jubilee Bond of</p>

2008 BUDGET INITIATIVES	ACTION TAKEN IN 2008
<p>Enhancing Access to Agricultural Finance</p> <ul style="list-style-type: none"> • Tax incentives to financial institutions to increase not only the flow of credit to the sector but also to reduce interest rates on agricultural loans to the 5%-10% range and to lengthen maturities of term loans to between 5 and 10 years • The development of an Agricultural Investment Fund/Farm Credit Corporation with a 100% agriculture focus to provide a range of financial services such as working capital and term loans, insurance and leasing. <p>National Switch and Biometric Smartcard Project</p> <ul style="list-style-type: none"> • The Bank of Ghana is establishing a national switch (the E-ZWICH) to allow the establishment of a common platform for all payments transactions in the country <p>Promoting Financial Literacy</p> <ul style="list-style-type: none"> • Establish a financial literacy programme, anchored by an Annual Financial Literacy Week to raise awareness of the range of products and services available to consumers and the rights and obligations of consumers and service providers to help Ghanaians better understand and manage their finances. <p>Promoting Long Term Investment by Insurance Companies</p> <ul style="list-style-type: none"> • Review the regulatory framework to enable insurance companies restructure their investment portfolios to reflect the current economic environment. <p>Fiscal Responsibility Act</p> <ul style="list-style-type: none"> • Government intends to begin the process of introducing a Fiscal Responsibility Bill <p>Special Initiative on Sustainable Development of Northern Ghana</p> <ul style="list-style-type: none"> • Government of Ghana is preparing a medium to long-term development strategy that will transform the economy and society of Northern Ghana • Government has earmarked an amount of GH¢25.0 million as seed money for the establishment of a Northern Ghana Development Fund, and will encourage Development Partners to contribute to the Fund <p>Managing Future Oil Resources</p> <ul style="list-style-type: none"> • Task Force set up to prepare a Master Plan for the Emerging Oil industry will examine the social and economic implications of Ghana becoming an oil producing country and present proposals that will, among others, ensure that oil revenues will be used for 	<p>GH¢20 million in 2008, redeemable in 2013.</p> <p>No Action taken</p> <p>No Action taken</p> <p>Introduced the E-Zwich payment system under the Government's Financial Sector Reform Project through the EMCB-FSR Project</p> <p>Financial Literacy Week celebrated culminating in the National Financial Literacy Quiz competition for Senior High Schools in Ghana</p> <p>Life insurance components of Insurance companies separated from general insurance and set up as companies on their own National Insurance Commission issued new solvency guidelines for the industry</p> <p>Still under formulation as at the end of 2008</p> <p>Northern Ghana Development Fund established with seed money of GH¢25 million</p> <p>Conference on the utilization of oil resources held.</p>

2008 BUDGET INITIATIVES	ACTION TAKEN IN 2008
<p>economic diversification for the benefit of all Ghanaians</p> <ul style="list-style-type: none"> • The task force will identify the requisite legal and regulatory framework as well as the infrastructure and human resource needs of the new sector <p>Establishment of a Stabilization Fund</p> <ul style="list-style-type: none"> • Government will design a Stabilization Fund to serve as a measure to insulate the economy from external shocks specifically the unpredictability of export earnings from our major exports, i.e. cocoa, gold, timber and oil in the near future • The funds will be invested to ensure protection as well as the growth of the Fund. <p>Excise Tax on Phone Airtime</p> <ul style="list-style-type: none"> • Abolish import duty and import VAT on all mobile phones imported into the country and introduce a more effective means of taxing mobile phone usage. • Impose a specific excise duty per minute of air time use. <p>Easing the Burden of Importing Vehicles</p> <ul style="list-style-type: none"> • Announce new policies for imported vehicle valuation and age penalties that will reflect a significant simplification of the existing regime and ease the financial burden of vehicle acquisition. <p>Tax on Stated Capital for Companies</p> <ul style="list-style-type: none"> • Government will initiate a comprehensive review of the stamp duty on stated capital with a view to eliminating its negative impact on the capitalization of companies 	<p>No action taken.</p> <p>Import duty and import VAT abolished and a specific duty per minute of time use (i.e Communication Service Tax) imposed .</p> <p>Still under review as at the end of 2008</p> <p>Review begun in 2008</p>

APPENDIX II: STATUS REPORT ON POVERTY REDUCTION SUPPORT CREDIT (PRSC) 2008 AND THE MULTI-DONOR BUDGETARY SUPPORT (MDBS) 2008

Multi-Donor Budgetary Support (MDBS) is the Official Development Assistance (ODA) arrangement under which some development partners (DPs) collectively make financial contribution directly to the annual budget of the Government of Ghana (GOG). Specifically the donors coordinate their financial support or resources behind the country's medium term development strategy (i.e. GPRS). This form of direct budget support indicates a move away from the previous arrangement where individual donors funded selected sectors and/or projects only.

In March 2003, GoG signed a framework memorandum with nine DPs to govern the first year of budget support operation. The signatories included the African Development Bank, Canada, Denmark, European Union, Germany, Netherlands, Switzerland, United Kingdom and the World Bank. The arrangement has been designed in such a way to allow new partners into the mechanism at any given time. Thus, France which was initially an observer, became a signatory of the Framework Memorandum and a provider of budget support from 2005. The IMF, JICA, USAID, UNDP and UNICEF have had and continued to have observer status, virtually from the beginning of the arrangement.

The primary objective of the MDBS is to improve aid effectiveness through the creation of a harmonized mechanism for the disbursement of budget support to assist the implementation of the government's medium term development framework (i.e. GPRS). Under the MDBS initiative is a common structure for dialogue between the MDBS partners and Government based on a programme of twice-yearly substantive discussions, including a formal annual progress assessment. It established a disbursement schedule explicitly linked to the budget cycle and created a common set of benchmarks for assessing progress, based on a Performance Assessment Framework (PAF) matrix. In the first year of implementation, the World Bank disbursed against a separate PRSC matrix of policy triggers and targets but from 2004 disbursements have been based on a single harmonized PAF matrix.

A critical component of Ghana's MDBS arrangement has been the establishment of a two tranche system of disbursement, which is based upon a 'base payment', disbursed in the first quarter of the fiscal year against satisfactory outcome of the annual PRGF review in the previous year and a 'performance payment' linked to the achievement of a set of explicitly defined 'policy triggers'. A 50/50 split between these tranches was envisaged, although the performance tranche was designed to be disbursed in full or in part, depending on the number of trigger conditions fulfilled. It was explicitly agreed in the Framework Memorandum that the 'triggers for performance-based disbursement should be realistic, within the power of the GoG to achieve and limited in number (see appendix iii below for summary of triggers and targets).

The choice of performance triggers has been made through an annual process of negotiation between GoG and the MDBS partners. In 2003, the MDBS triggers covered PFM, the budget process, decentralization, public sector reforms and other governance issues only. In 2004, when the MDBS and PRSC PAFs were merged, the scope of the triggers was widened to cover policy actions related to growth, income and employment as well as service delivery. These triggers comprised a sub-set of a bigger group of policy targets, derived from the pre-existing PRSC matrix.

The year 2005 was the first time in which there was an input from the GoG into the initial proposals for targets and triggers, although again these remained close to those already defined in the PRSC. By 2006, a functional structure of sector working groups was in place, comprising mainly sector MDA and sector DP representatives; these groups developed first proposals on the PAF, which were screened by MoFEP before being agreed between MoFEP and the MDBS partners.

The 2009 MDBS/PRSC review entailed a holistic assessment, with the purpose of looking beyond individual sectoral indicators to gain a broader understanding of overall progress. The holistic assessment informs the disbursement decision with regard to the MDBS base component (for those DPs that operate two components).

The review concluded that there had been good overall progress in the implementation of GPRS II over the previous year, and this was evidenced by the fact that: (i) most of the fourteen sector groups indicated that there had been good overall progress over the previous year; and (ii) three quarters of the targets and triggers in the MDBS PAF for 2008 were either met or partially met.

Private Sector Development (PSD): In the private sector component of the PAF, it was observed that advances were made with respect to reforming Government services and creating a better enabling environment for private sector growth⁸. But while progress has been steady, it has not been transformational and key challenges remain. For example, macroeconomic factors are having negative impacts on private sector competitiveness and growth, and they are worsening the cost of credit for SMEs and decreasing competitiveness of Ghana's non-traditional exports. It also concluded that Ghana's performance in investment climate assessments was less impressive than earlier years⁹, with the performance reflecting stagnation and the lack of depth of some reforms. While the larger firms assessed Ghana's investment climate as relatively favorable, the impact of reforms particularly on the smaller and medium enterprises was limited. The review concluded that the assessment of progress against one of the PAF target on private sector development target was partially met.

Energy: In the energy sector it was observed that Ghana is likely to recover somewhat from the shocks that it faced in 2008 with oil prices having fallen sharply and good rains enabling more hydro-power generation in 2008. It was observed that new thermal power generation plants at Tema (both public and private) were nearing completion and would provide a safety margin in the event of drought in the coming years, inspite of high cost of running them on oil in the absence of gas. Financial performance of ECG was a major source of concern as high inflation¹⁰ was eroding the tariff increases granted in late 2007. However, VRA saw some improvements financially and was expected not to require government operating subsidies (should the oil price remain below US\$65/bbl). Major contingent liabilities in the oil distribution sector were present, as the Tema Oil Refinery and BOST continued to build up substantial short-term debts to banks and suppliers.

Subsequently the sector was assessed based on two disbursement triggers (i.e. formulation of national energy policy and action plan by end of 2008; and improvement in power sector financial performance in line with the Comprehensive Financial Recovery Plan), and it was concluded that they were not fully met.

⁸ For example, imports and exports procedures have been reduced by almost a third, the time taken for registering a limited liability company in Accra averaged a week in 2008 and in most cases it takes less than three months to get a judgment at the commercial court in Accra.

⁹ Ghana ranked amongst the top ten reformers in WB CODB 2006 and 2007, however in 2008, Ghana ranked less favourably in both the CODB survey and Global Competitiveness Report and did not feature in the top ten in 2008.

¹⁰ Core inflation at end January 2009 stood at 17.5%.

Trigger	Conclusion of review
<p>Improve power sector financial performance in line with the Comprehensive Financial Recovery Plan inter alia in the following areas:</p> <ul style="list-style-type: none"> (a) Improvement of operating ratios of VRA and ECG (b) Reduction of short term indebtedness of VRA (c) Reduction of VRA and ECG arrears to suppliers and creditors 	<p>Reassessment (trigger not fully met). The Financial Recovery Plan was not yet available. The contracting of consultants was being finalised. With regards to the specific areas of financial performance, the review noted improvements for both ECG and VRA. The financial position of the companies benefited from both benign global developments (falling oil prices from mid 2008 and good rains) as well as concerted Government action (e.g. tariff increases). The absence of the Financial Recovery Plan meant that DPs could not consider the trigger as met. It was agreed to include this trigger in a reassessment in the September 2009.</p>
<ul style="list-style-type: none"> (a) Formulate National Energy Policy and an Action Plan by end 2008 with milestones for its implementation. (b) Submit to Cabinet by end 2008 a Framework for soliciting, selecting and managing private investment in power generation (Independent Power Producers) (c) Submit to Cabinet a draft renewable energy bill 	<p>Reassessment (trigger not fully met).</p> <ul style="list-style-type: none"> (a) The review noted that the National Energy Policy was presented to, and approved by, Cabinet in December 2008. This part of the trigger was therefore considered as met. (b) The review considered a revised IPP framework prepared by the Energy Commission in February 2009. It is understood that GoG considers the draft framework as work in progress, with a view to completing it by the September. This part of the trigger could therefore not be considered as met. (c) While much work had been done to develop a renewable energy policy, this is also still work in progress. At the time of the review, a revised draft was expected from the consultants. This would be the basis for stakeholder consultations. This part of the trigger could therefore not be considered as met. <p>In summary, it was concluded that parts (b) and (c) would be included in a reassessment exercise in the September 2009.</p>

Agriculture: In this sector, it was observed that even though some sub-sectoral and regional disparities persist, overall progress was largely satisfactory with crop and livestock sub-sectors leading the growth of the sector. It was also observed that though global food price pressures have eased and there was a good harvest, domestic prices remain higher than recent averages. Fertilizer subsidy introduced in 2008 via a voucher scheme, led to substantial increases in production, while some evidence exists that suggested that there was a slowdown in exports as a result of the global economic downturn.

An assessment was made against one PAF target on agriculture (establishment of a baseline for GoG agriculture expenditure), and concluded that the target was partially met.

Natural Resources Management and Environment: It was observed that progress in this sector in 2008 has been largely satisfactory with a number of achievements by sector agencies. As a result of the engagement through NREG Sector Budget Support, the dialogue between sector Ministries, Departments and Agencies (MDAs) and the Ministry of Finance and Economic Planning (MOFEP) has been strengthened. Enhanced budgetary and planning processes are emerging, and future policy coherence is

expected to be supported by the Environmental Advisory Council. Operational action plans have been agreed upon covering key cross-sector challenges, including improved public finance management, climate change and sustainable land management.

However, it was suggested that a comprehensive national environmental monitoring and evaluation system is needed, and this should be linked to national development priorities, consistently reporting on ENR progress, identifying emerging issues and informing strategic decisions. Also, improvement in the level and transparency of revenue collection and distribution in the mining and forestry sectors was raised as critical issue. Greater predictability of funding has been beneficial and the Government has indicated that NREG funds will be 'ring-fenced' in 2009. There is further need for NREG to be better incorporated within the budgeting process and aligned with MTEFs in order to strengthen policy focused budgets.

The review assessed progress against one PAF target on natural resource management and environment (submission to Cabinet of a paper on the establishment of a new inter-sectoral forum on natural resources, environment and sustainable development), and concluded that the target was partially met.

Education: On education, it was observed that significant progress has been made in the key indicators of access, especially at the primary level, though further effort is required in the area of completion and education attainment. The Capitation Grant was observed to have had a positive effect on increasing admission and access for primary school pupils, though there are issues with quality of learning in basic education. Also there are lingering disparities in both the supply and demand for education and training services and this impacts on the quality indicators. Incentives for teachers to go to deprived regions and other forms of targeted support are needed to improve teacher-student ratios.

Accordingly the review assessed progress against two targets in the education sector, of which one was partially met (technical and vocational training) and one was not met (gender parity index, where the target for primary GPI was not met and the data for JSS and SSS was not available). The review also considered the following two disbursement triggers:

Trigger	Conclusion of review
<p>Improve equity and access to basic education (by reducing disparities in education service delivery, increasing resources for deprived districts and improvement in infrastructure in schools); indicators:</p> <ul style="list-style-type: none"> • <u>Deprived districts</u> NER (primary): 77.7% • <u>National averages</u> NER (primary): 81.6% 	<p>Trigger met. EMIS data confirmed that both the target for deprived districts and the target for the national average were met, with a narrowing of the gap between the two indicators. The actual figures are as follows:</p> <ul style="list-style-type: none"> • <u>Deprived districts</u> NER (primary): 84.04% • <u>National average</u> NER (primary): 84.69%
<p>Improve the quality of learning through in-service training on the new curriculum (30% of teachers) and supply of textbooks for core subjects to all primary schools; indicator: 1:1 in 3 core text books in all the 53 deprived districts</p>	<p>Trigger met. It was not possible to use the EMIS data for confirming progress as the text books reached the districts after the EMIS survey had been conducted. Instead, the Ministry of Education used alternative data, namely information on the procurement and distribution of the text books. This indicated that a total of 2.2 million new text books had been made available to the deprived districts. When added to the stock of existing books, this yielded a ratio of 3.4 books per pupil.</p>

Health: Overall progress in the health sector was adjudged good. After years of stagnating, the preliminary findings of the Ghana Demographic Health Survey indicate an almost 30% decrease in U5 mortality from 111/1,000 (1999-2003) to 80/1,000 live births (2004-2008). The increased access to health services is attributed largely to increased coverage of the NHIS. The Government allocation to the health sector is close to the Abuja target of 15% of public spending, but the per capita expenditure on health (as captured by the MOH's financial statement) increased only marginally from 2007 to 2008 and has stagnated over the past two years. An overall increase in donor funds especially in the areas of Malaria, HIV/AIDS and TB has helped to improve overall performance of these disease control programmes. The timely release of GoG and DP funds remains a challenge and this affects service delivery adversely. There is continued need to prioritise maternal health. Weak health systems (commodities procurement, distribution systems, human resources - including supervision and distribution) are reasons why the existing demand remains unmet.

In this regard it was suggested that District Health Systems should be strengthened with particular focus on the Northern Region. Also there has been a call for an inter-ministerial collaboration, as well as consolidation of PFM in the sector of which the support of MOFEP is critical.

The review assessed progress against three targets in the health sector (satisfactory overall performance as measured by the holistic assessment, alignment of the budget cycle of the Ghana AIDS Commission, and budget execution of item 3), and concluded that all three targets were met. The review also considered the following disbursement trigger:

Trigger	Conclusion of review
Percentage of children fully immunized by age one (Penta-3 coverage as proxy indicator) greater than 85%	Trigger met. The review concluded that the actual rate of immunization was 87%.

Social Protection: The review concluded that the Vulnerability and Exclusion sector made very good progress in 2008. The LEAP cash grant was inaugurated and rolled out to around 26,200 households (18,000 emergency recipients and 8,200 regular recipients), exceeding the target of 7,000 households envisaged. The Social Protection and Livelihoods Technical Committee (SPLIT) was created to coordinate how social protection interventions reach the poorest people, however the National Social Protection Strategy is still awaiting cabinet approval, even though funding has been provided to implement several aspects of the strategy since 2007. In addition to targets in the PAF, activities in the sector include the use of the single registry by at least two MDAs and the creation of an M&E framework for LEAP. In 2009, sector members are expected to focus on improving the LEAP and on supporting the SPLIT to clarify its aims and activities.

The review assessed progress against two PAF targets, of which one was fully met (rollout of the LEAP programme) and one was partially met (strengthening the Department of Social Welfare).

Water and Sanitation: The review assessed progress against one target on sanitation (development of targets, strategy and investment plan) and concluded that it was not met. The review also considered the following disbursement trigger:

Trigger	Conclusion of review
57% access to safe water in rural communities and small towns, as defined in CWSA 5-year investment plan	Trigger met. CWSA figures show that the coverage in 2008 was 57.14%.

Good Governance: In the area of Good Governance a major achievement of 2008 has been the holding of Presidential and Parliamentary elections in a competent, transparent and professional manner. Results of the elections have led to a peaceful transition to a new government, the 3rd of its kind since the adoption of the 1992 Constitution. During this period the laws of the country continued to receive attention from the Ministry of Justice, with many new laws on the drafting table.

Development partners have been actively engaging civil society groups, the judiciary, parliament and other independent governance institutions (IGI), with the desire to harmonize and align their support to the IGIs, and to have a wider dialogue with civic engagement on selected themes of the GPRS II/APRM. New government plans and actions with regard to constitutional reform, more efficient and depoliticized governance structures (e.g. separation of powers between MoJ and AG) will guide the way forward for the good governance agenda.

The review assessed progress against one PAF target in the area of good governance (implementation of priority actions in the Domestic Violence Plan), and concluded that it was not met. The review also considered the following disbursement trigger:

Trigger	Conclusion of review
Begin prosecution of cases arising out of 2004/5 Public Accounts Committee (PAC) reports	Trigger met. The review concluded that five prosecutions had been started, of which one was concluded and two were still ongoing.

Decentralization: A number of activities were carried out in 2008 that contributed to some progress having been made in this sector. A draft Decentralization Policy Framework Paper underwent public consultation in early 2008. Emerging issues relating to the status of the regions, human resource management, etc were discussed with DP participation, with the intention to finalize the document. The Government initiated the District Development Facility (DDF), increased the District Assembly Common Fund (DACF) from 5% to 7.5% of domestic revenues and approved an Intergovernmental Fiscal Framework (IGFF) and action plan. In support of the DDF, all MMDAs participated in the first annual “Functional and Organizational Assessment” (FOAT) mechanism. The Local Government Service (LGS) was officially launched and a roadmap for the decoupling of the LGS from the Civil Service, as well as schemes of service were developed.

It was observed that failure to adopt a clear Policy Framework (in all domains: political, functional and resources, both financial and human) and timeframe with realistic objectives over the past 2 years has limited momentum and decreased confidence and certainty of how MMDAs are to be mandated. The lack of a policy framework has also precluded alignment of DP support.

The review assessed progress against two targets on decentralization, and concluded that the one relating to the implementation of the Decentralization Policy was not met, while the one on Inter-Governmental Fiscal Framework could not be fully met. Given that this is a disbursement trigger for the African Development Bank, it was decided that the three parts which could not be considered as met (a, c and d) be included in the reassessment. The review also considered the following disbursement trigger:

Trigger	Conclusion of review
Strengthen the capacities of the Local Government Service Secretariat through: (a) Submission of Cabinet endorsed Legislative Instrument (LI) to	Reassessment (trigger not fully met). The conclusions of the review were as follows: (a) Met (a verification letter and a copy of the LI was shared during the review)

Parliament (b) Approval and adoption of Human Resource Management Policy for MMDAs (c) Approval of LGS organogram (d) Recruitment of staff and fill positions, as per budget and approvals	(b) Not met (work on a draft concept note was underway, which would be subject to further work and ultimately result in the HR policy) (c) Met (the organogram has been approved and a copy provided) (d) Met (a memo distributed during the review indicated that the recruitment of additional staff had taken place) In summary, the review noted significant progress in this area, with three of four sub-targets met. However, in light of the importance of the HR policy, it was concluded that this part (b) would be included in a reassessment.
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Public Sector Reform: There is consensus that public sector reform is essential for Ghana's growth and achievement of the Millennium Development Goals. Yet, while a PSR strategy has been in place, progress has been mixed, and barriers to implementation persist. In particular, there have been a number of initiatives requiring Cabinet and Parliamentary approval which have been delayed by six months or more. This was due in part to the slow-down in government business in the months prior to the elections. In addition, the abolition of the Ministry of Public Sector Reform and the Ministry of Parliamentary Affairs (which was the parent ministry for the Office of the Head of the Civil Service) means that there has been no Minister available to present proposals to Cabinet. Consequently, there has been less progress overall during 2008 than might have been expected in moving forward from last year's assessment.

The review assessed progress against one target in the area of public sector reform (performance management), and concluded that it was not met. The review also considered the following disbursement trigger.

Trigger	Conclusion of review
Submit to Cabinet a proposal of a Comprehensive public sector pay reform (including the new pay range structure and budgetary implications)	Reassessment (trigger not fully met). The review noted that much work had been done in this area over the past year. In particular, the technical work on the single spine was completed, consultations were held, and the three responsible ministries (MPSR, MOFEP and MMYE) collaborated on a Cabinet proposal. However, the review also concluded that the memo was not submitted to Cabinet, that Government is still in the process of considering the consultants' recommendations for the introduction of the single spine, and no public sector worker has been transferred to the single spine to date. Hence, the trigger cannot be considered as fully met.

Public Financial Management: While Ghana was commended for having established sound regulatory frameworks in most PFM areas in the past, performance in 2008 seems to confirm observations in 2007 that implementation proves to be the real challenge. Except for revenue performance which has been strong, implementation of reforms in the agreed PFM areas was observed to be slow and often behind schedule.

More generally, there is concern about the future outlook given a less favourable macro-economic situation today as well as the oil revenues expected by late 2010, which are likely to strain PFM systems even more. DPs wish to express their willingness to intensify PFM dialogue with Government to have a regular and substantial exchange on key developments in the sector in order to support the activities of the Government in the areas of PFM.

The review assessed progress against four PFM targets, of which one was met (widening the tax net), one was partially met (internal audit) and two were not met (procurement and sub-vented agencies payroll). The review also considered progress for one disbursement trigger:

Trigger	Conclusion of review
<p>Improve budget implementation by setting benchmarks and strengthening MDA capacity by:</p> <p>(a) setting up by the end of 2008 a budget monitoring system with the view of reducing the time lag between MDAs' requests and releases to them in 2009</p> <p>(b) Establishing baseline and target to reduce the discrepancies between expenditure request by MDAs and their updated procurement plans and cash forecasts piloting with 5 key MDAs namely MOH, MOESS, MLGRDE and MLFM</p>	<p>Trigger met. The budget monitoring system was set up. Quarterly reports from MOFEP's Budget Division are delivered and include baselines and targets for budget monitoring.</p>

Monitoring and Evaluation: The overview of the sector shows a generally improving situation, with both the time taken to produce the national APR and the quality of the report improved since 2003. The number of indicators reported on has increased systematically from 62% in 2005, to 70% in 2006 and 87% in 2007. Simplified versions of the 2006 and 2007 APRs were also prepared and distributed to a wide range of stakeholders to improve the dissemination and utilisation of the report.

A number of inherent challenges still remain though, given the cross-cutting nature of this sector. Monitoring and Evaluation systems at the MDA level remain unaligned and unharmonized with the national M&E framework, which leads to duplication and replication across Government. The recurrent budget for M&E and statistics activities remain low, with concerns that the 2010 Housing and Population Census may be delayed due to delays in mobilising funds for implementation.

The review assessed progress against two PAF targets, of which one was met (strengthening National Statistics Database) and one was partially met (widening the use of evidenced-based policy making).

Overall 6 out of the 10 disbursement triggers in the 2008 column of the PAF for 2008-10 was deemed met. This includes the following:

- Education: Net primary enrolment (deprived districts and national level)
- Education: Availability of text books in deprived districts
- Health: Immunisation
- Water: Access to safe water in rural areas and small towns
- Governance: Follow-up to PAC recommendations

- Public Financial Management: Budget monitoring system and report

The 4 triggers which the review concluded were not met include the following:

- Energy: Financial recovery plan
- Energy: Policy, IPP framework, and renewable energy bill
- Decentralisation: Local Government Secretariat
- Public Sector Reform: Pay reform

Appendix II below gives the summary of status of MDBS/PRSC Measures/Triggers/Activities.

APPENDIX III: SUMMARY OF STATUS OF MDBS/PRSC MEASURES/TRIGGERS/ACTIVITIES

I. PROMOTING GROWTH, INCOME & EMPLOYMENT

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
A. Improving the Environment for Business and Financing Development while Protecting the Poor - Private Sector Development			
<i>A1. Improve Ghana's position in global and regional markets; and enhancing efficiency and accessibility to national markets.</i>	<p>1. A minimum of 4 out of 5 key milestones for 2008 in the PSD Strategy Rolling Work plan (2008-2010) carried out as programmed.</p> <p><u>Milestone A</u> - Multi Standards agency plan for Standards Quality Assurance Accreditation & Metrology for Ghana's goods approved by Cabinet.</p> <p><u>Milestone B</u> - Establish culture training plan for PSD delivery agencies.</p> <p><u>Milestone C</u> - Establish Trade Tariff Regime Advisory Board as a precursor to the establishment of the Ghana International Trade Commission</p> <p><u>Milestone D</u> - Automate 5 circuit courts to additionally deal with commercial cases.</p> <p><u>Milestone E</u> - Establish rapid response unit at MPSR to deal with private sector enquiries of public sector agencies.</p>	2008 PSD Performance Assessment Report, validated by PSDS Working Group at sector-level annual Joint Review Meeting.	<p><u>Milestone A</u> - Work has progressed significantly but the Ghana Standards Plan (SQAM) is yet to be presented to Cabinet.</p> <p><u>Milestone B</u> - Training Plan for the Culture Change programme prepared (copy available).</p> <p><u>Milestone C</u> - Most of the work towards meeting the target has been concluded except the formal inauguration of the Board, which has been put on hold partly due to the change in Government.</p> <p><u>Milestone D</u> - 4 out of the 5 automated circuit courts are operating in Cape Coast, Takoradi, Koforidua and Kumasi. Sunyani is yet to be fully operational.</p> <p><u>Milestone E</u> - Rapid Response Unit established with 3 staff. It is located on the first floor of the PSR building.</p>
B. Improving the Environment for Business while Protecting the Poor - Energy			
<i>B1. Improve financial performance of power utilities.</i>	<p>2. Improve power sector financial performance in line with the Comprehensive Financial Recovery Plan inter alia in the following areas:</p> <p>(a) Improvement of operating ratios of VRA and ECG.</p> <p>(b) Reduction of short term indebtedness of VRA.</p> <p>(c) Reduction of VRA and ECG arrears to suppliers and creditors.</p>	<p>(a) (Unaudited) Accounts of VRA and ECG.</p> <p>(b) Comprehensive Financial Recovery Plan.</p>	<p>The process for procuring the Consultant was completed last year. The contract was expected to be awarded by end-March 2009. However, there were delays in the contracting of the Consultant.</p> <p>The Contract was subsequently awarded on 1st June 2009. An inception report is expected to be submitted within 3 weeks and the final report in 12 weeks, both effective from 8th June 2009.</p> <p>Even though work on the Financial Recovery Plan was delayed, Government last year purchased six cargos of crude oil to assist the VRA address their financial problems. The tariff adjustment also enabled ECG to improve on its payments to VRA. These have contributed to improving the financial position of both VRA and ECG.</p>

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
B2. Provide support to modernize and expand power infrastructure.	3. (a) Formulate National Energy Policy and an Action Plan by end 2008 with milestones for its implementation.	(a) Publish National Energy Policy and Action Plan.	The National Energy Policy was presented to, and approved by Cabinet in December 2008. The Policy has been recalled from Parliament and is currently under review to provide for the regulatory and revenue management framework for the oil and gas sector.
	(b) Submit to Cabinet by end 2008 a Framework for soliciting, selecting and managing private investment in power generation (independent Power Producers).	(b) Letter from Ministry of Energy confirming Cabinet submission.	The Framework for the operations and licensing of Independent Power Purchasers has been developed by the Energy Commission but is still in draft form dated February 2009. The draft is currently being reviewed and is expected to be finalized by end August 2009. Note: <i>The Energy Commission Act 541 of 1997, and the 2002 Cabinet Approval of the Power Sector Reform, empowers the Energy Commission to formulate Regulations for the above without recourse to Cabinet again, since Regulations are not new policies. There is therefore no need to submit the Framework to Cabinet for approval.</i>
	(c) Submit to Cabinet a draft renewable energy bill.	(c) Letter from Ministry of Energy confirming Cabinet Submission.	The Ministry of Energy contracted a Consulting Company to draft a renewable energy law including regulations for renewable energy development. The final report on the electricity component of the Bill has been submitted and a stakeholder meeting has been scheduled for end-June 2009. The Terms of Reference for the Biomass component has been prepared and submitted to the World Bank for approval before the process for the selection of a consultant is initiated. The study and stakeholder consultations are expected to be completed in November 2009 after which a submission would be made to Cabinet.
C. Improving Performance of the Rural Sector in the Interest of the Poor			
C1. Agricultural sector budget.	4. Establish baseline for budget allocations (2008) and expenditure (2007) for the agriculture sector in order to have a comprehensive definition by GoG of the sector.	Public Expenditure and Institutional Review (PEIR) Report and approved budget estimates for agriculture-related MDAs.	1. Draft PEIR report reviewed by MOFA management. Consultants finalizing report with management's comments. 2. Sector Plan aligned to long term National Plan. Sector Plan currently undergoing SEA process according to NDPC guidelines (copy of SEA work plan available). The SEA is expected to be completed by end of June 2009. 3. MDAs currently working with guidelines to provide cost for areas identified for their contribution to the sector. This will be collated by consultants to arrive at the total investment cost.

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
<i>C2. Improve cross-sectoral natural resources and environmental management.</i>	5. Submit a paper to Cabinet on intersectoral forum on natural resources, environment and sustainable development.	Transmittal letter to Cabinet. Records of meetings of working group to prepare intersectoral forum.	Process was delayed to accommodate the change in Government.

II. HUMAN DEVELOPMENT AND BASIC SERVICES

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
A. Education			
<i>A1 – Increase access to and participation in education and training at all levels.</i>	<p>6. Improve equity and access to basic education (by reducing disparities in education service delivery, increasing resources for deprived districts and improvement in infrastructure in schools).</p> <p><i>Indicators:</i></p> <p>Primary NER: In deprived districts: 77.7% National : 81.6%</p>	EMIS 2008/09; Sector Performance Report 2008 (Finance Section); District Performance Reports.	<p>Deprived Districts (NER-primary) – 77.9% National Average (NER-primary) – 3.4</p> <p>a) Implementation of the work programmes of the Pilot Programmatic Scheme of the Education Sector Project in deprived Districts.</p> <p>b) Construction of schools under trees - The 'Schools under Trees' Project involving 230 No. 6-Unit Classroom Blocks and 147 No. 3-Unit Classroom Blocks which started last year will be completed in 2008. A total amount of GH¢10 million has been earmarked and most of the projects are in deprived districts.</p> <p>c) Reconstruction of 67 schools which collapsed during the Northern floods in 2007. Contracts have been awarded and work is in progress.</p>
<i>A2 – Bridge gender gap in access to education.</i>	<p>7. Implement specific measures to achieve gender parity particularly in areas with low enrolment of girls, including deployment and training of female teachers and provision of sanitation facilities.</p> <p><i>Indicators:</i></p>	EMIS 2008/09; Sector Performance Report 2008.	<p>Gender Parity targets were not met despite EMIS showing some improvements.</p> <p>a) Posting of teachers is now based on the district sponsorship scheme, where teacher trainee graduates are posted back to their sponsoring district. The</p>

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
	Gender Parity Index: Primary: 0.97 JHS: 0.92 SHS: 0.83		<p>objective is to ensure that the quota scheme in enrolment of teacher training colleges allows for districts with low PTRs to enroll trainees for future postings and females are very much encouraged.</p> <p>b) Provision of gender friendly toilets/urinals.</p> <p>c) Provision of safe and clean water.</p> <p>d) Organised Girl Camps - Orientation and capacity building held for 206 girls from deprived areas with low GPI to develop their life skills and become assertive to make decisions and be able to set goals and achieve them. Similar Girl Camps have been held for all the 3 Northern regions.</p> <p>e) The EQUALL project has supported 250 girls in 7 districts in the 3 Northern Regions with school uniforms, bags, and food rations.</p> <p>f) 34,754 girls in P6 to JHS3 from 802 schools benefit from the take home food ration.</p> <p>g) WFP/GES School Feeding Programme is covering a total of 41,324 school children (49% of whom are girls from P1 to P6) in 80 schools in the 3 Northern Regions.</p>
A3 Improve quality of teaching and learning	<p>8. Improve the quality of learning through in-service training on the new curriculum (30% of teachers) and supply of textbooks for core subjects to all primary schools.</p> <p><i>Indicators:</i> 1:1 in 3 core text books in all the 53 deprived districts.</p>	EMIS 2008/09; Sector Performance Report 2008; Samples of new text books in core subjects.	<p>a) Contracts for all basic textbooks were awarded and delivery started in September 2008. All primary core textbooks have been delivered to district education offices. A total of 2.2 million new text books has been made available to the deprived districts, When added to the stock of existing books, there is a ratio of 3.4 books per pupil.</p>
			<p>b) A national Training of Trainers (ToT) organized to train 3,317 district trainers for basic levels, who will in turn, train classroom teachers in the effective use of the developed / revised syllabuses.</p> <p>c) Districts are organizing training workshops to transfer skills to classroom teachers.</p>
A4. Improve Science and Technology Education.	<p>9. Expand the scope of delivery of technical and vocational education and training to ensure skills development towards higher levels of employment, productivity and income.</p> <p><i>Indicators:</i> Costed Programme of work for the National Apprenticeship Programme developed and implementation started.</p> <p>Costed Plan for TVET finalized and implementation commenced.</p>	Costed TVET Plan; Costed Programme of Work for National Apprenticeship Programme	<p>a) A costed plan for the Apprenticeship Programme has been finalized for implementation.</p> <p>b) The ESP revision exercise is on-going and TVET as a level of education would be addressed including the costing over the period of the new ESP to be developed. A draft ESP is currently under discussion at the sector level.</p> <p>c) Costed implementation plan for the TVET is still under preparation.</p>

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
B. Health			
<i>B1. Bridge equity gaps in access to health and nutrition services and accelerate progress towards achieving MDGs 4, 5, & 6</i>	10. Satisfactory performance of the health sector as defined and measured through the holistic assessment (HA). (The details, methodology and exact elements/targets of the HA and definition of satisfactory performance should be reviewed, refined and jointly agreed during or shortly after the April 2008 Health Summit.)	Annual review report and related Aide Memoir.	The holistic assessment tool has been developed and adopted by the health sector. The tool was applied to the 2008 independent performance review. The holistic assessment for the health sector was successfully implemented and provides an important evidence-based crosscut of the performance in the health sector.
	11. Percentage of children fully immunized by age one (Penta-3 coverage as proxy indicator) greater than 85%.	Annual review report and related Aide Memoir.	As at December 2008, 817,154 had been immunized against Penta 3 representing 87% coverage.
<i>B2. Ensure sustainable financing arrangements that protect the poor</i>	12. Align the budget cycle of Ghana Aids Commission to that of GoG: Multi-sectoral 2009 APOW completed and incorporated into the national budget (including the HIV/AIDS budget allocations of at least 4 MDAs).	Finalized multi-sectoral APOW and 2009 MTEF Budget Estimates.	Planning and budgeting cycle of the GAC has been aligned with the GoG cycle. 2009 APOW has been finalized. HIV and AIDS budget allocation made for MOWAC, MOH, MOE and MLGRD. Copy of Annual Programme of Work available.
	13. Budget execution rate of item 3 (Consolidated Fund, HIPC, NHIF, Health Fund and SBS) is greater than 75%.	Budget execution report on 2008 budget of MOH in comparison with budget execution report on 2007 budget.	Budget execution as at December 2008 is 115% . GoG/SBS - 39,526 NHIF - 177,410 HIPC - 1,556 Total budget for 2008: 198,038
C. Social Protection			
<i>C1. National Social Protection Strategy.</i>	14. National Social Protection Strategy (NSPS) being implemented, with: 7,000 extreme poor households receiving LEAP social grants on a regular basis by the end of 2008.	a) Single Register Reports. b) Ghana Post Payment returns to allow for cross checking. (c) MMYE Monitoring Reports.	9000 extremely poor households benefitting from Leap Social Grants on a bi-monthly basis currently. In addition, over 17,000 households are currently receiving Emergency LEAP payments to alleviate impact of food price rises.
	15. MMYE & Department of Social Welfare (DSW) to develop effective systems to co-ordinate and implement the National Social Protection Strategy.	(a) DSW Monitoring Reports show that at least 3 priority actions out of 7 in the Capacity Building Plan have been implemented in 25 districts.	a) Institutional Strengthening Plan finalized and funding secured from DfID to commence implementation. Progress in 3 priority areas: (i) Skill training of district and regional staff to implement LEAP in at least 25 districts completed. (ii) Basic logistics and equipment in place in at least 21 districts to enable effective LEAP implementation and scale up. (iii) Communication and sensitization done on LEAP (normal and emergency) and Social Protection in at least 21 districts.

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
		(b) MOUs signed with at least 4 MDAs providing complementary SP services targeted at the extreme poor to ensure co-ordinated interventions. (c) Social Protection Unit established in the Ministry.	b). MOU with Ghana Post signed. MOUs to be signed with 4 MDAs are being finalized. MDAs Social Protection and Livelihood Technical Committee (SPLiT) developed to facilitate linkages with complementary services. c) Social Protection Unit established and functional at MMYE.
D. Water and Sanitation			
<i>D1. Accelerate the provision of safe water</i>	16. 57% access to safe water in rural communities and small towns, as defined in CWSA 5-year investment plan.	CWSA Annual Report.	National coverage for water supply as at end 2008 is 57.14%.
<i>D2. Accelerate the provision of adequate sanitation.</i>	17. The Environmental Health and Sanitation Directorate of MLGRDE, in close collaboration with CWSA, GSS, and NDPC develop targets, a strategy and an investment plan for improving access to sanitation.	a) National Environmental Strategy with baseline and targets for access to improve latrines in rural and urban areas.	a) Baseline data on environmental sanitation collected in all 138 MMDAs by district teams made up of environmental Health Officers and coordinated by district and regional planning and coordination units. Validation of data ongoing. Draft interim National Environmental Sanitation Strategy and Action Plan (NESSAP) prepared.
		b) Strategic investment plan submitted to Cabinet for approval.	b) Draft framework for Investment Plan being developed. A National Sanitation Technical Working Group established to facilitate setting of targets and indicators on sanitation. <u>Next Steps (given as at end 2008. Timeline being revised.)</u> Establishment of baseline by 28th February 2009. Definition of indicators and targets by 31st March 2009. Facilitate the development of District Environmental Sanitation Strategy and Action Plans (DESSAP) in all MMDAs by 31st March 2009. Finalise NESSAP by 30th May 2009. Finalise Strategic Environmental Sanitation Investment Plan (SeSIP) by 15th June 2009. Submission of SeSIP to Cabinet by 30th June 2009.

III IMPROVING GOVERNANCE AND PUBLIC SECTOR MANAGEMENT

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
A. Governance-Attorney General Department			
<i>A1. Improve governance and public accountability.</i>	18. Begin prosecution of cases arising out of 2004/5 Public Accounts Committee (PAC) reports.	Records from Financial Court Registry	Proceedings on criminal prosecution are ongoing in one case in Accra, and another in Sekondi in the Western region.
	19. MOFEP and MOWAC to ensure that at least three among the relevant MDAs (MOH, MOI, MMYE, MLGRDE, MOJ&A-G) plan for and make specific budget allocation for implementing 2009 priority actions in the Domestic Violence (DV) Plan	2009 Budget Statement and 2009 MTEF Budget Estimates.	The Ministry of Justice is the only MDA to have allocated specific funds in its budget for gender mainstreaming, equivalent to GH¢10,000. None of the other relevant MDAs provided their budget allocations for implementing priority activities in the DV Plan.
B. Governance - Decentralization			
<i>B1. Develop and implement a coherent and comprehensive decentralization strategy which consolidates administrative, fiscal and political policy objectives.</i>	20. (a) Begin implementation of the Comprehensive Decentralization Policy following Cabinet endorsement and public dissemination.	(a) Cabinet endorsement of comprehensive policy and implementation plan including MDA specific actions.	(a) The Policy has been finalized but due to the previous Government policy of not approving new policies, the document was not re-submitted for Cabinet approval.
	(b) Formation and functioning of IMCC as defined in the comprehensive policy.	(b) Minutes and workplan of Inter-ministerial Coordinating Council (IMCC).	The Document has since been given to the new Minister for review.
	21. Implement the inter-governmental fiscal framework (IGFF) including:		
	(a) Establishment of the DDF and funds disbursed.	Report from Administrator of DACF.	(a) Steering Committee (SC) of DDF established. The first FOAT assessment result approved by the SC. Revised formula for the allocation of the facility approved by the SC. Government's contribution of \$10 million was transferred on 14th May 2009.
	(b) Analysis of the 2008 disaggregated budgets to determine the quantum of transfers to MMDAs.	Report on the analysis by MOFEP.	(b) Draft report ready
	(c) New MMDA accounting manual will be finalized and distributed.	Manual approved and distributed by CAGD.	(c) MMDA accounting manual was re-developed and a draft is ready.
	(d) New Chart of Accounts for MMDAs will be finalized and approved.	Approved Chart of Accounts by Minister for MOFEP.	(d) Chart of Accounts has been completed and is awaiting approval.
	22. Strengthen the capacities of the Local Government Service Secretariat through: (a) Submission of Cabinet endorsed Legislative Instrument to Parliament.	Copy of votes and records of proceedings from Parliament.	a) The LI for the integration of departments into MMDAs has been passed by Parliament.
	(b) Approval and adoption of Human Resource Management Policy for MMDAs;	Copy of MLGRDE Minister's letter of approval.	b) Concept paper has been prepared for the development of the HR Policy and establishment of HR Dept in MMDAs. The HR Policy is expected to be drafted by September 2009.

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
	(c) Approval of LGS organogram; and (d) Recruitment of staff and fill positions, as per budget and approvals.	Copy of approved organogram by Minister of MLGRDE. At least 50% of staff increase over year compared to end-2007 baseline and further increase in line with approved organogram reflected in 2009 budget allocations.	c) LGS organogram approved. d) Staff strength has increased from 12 (2007 baseline) to 27. Staff list available.
C. Governance-Public Sector Reform			
<i>C1. Increase the capacity of the Public and Civil Service for accountable, transparent, timely, efficient and effective performance and service delivery: Pay Reform</i>	23. Submit to Cabinet a proposal of a Comprehensive public sector pay reform (including the new pay range structure and budgetary implications).	Forwarding letter to Cabinet.	Government has begun the review of the Public Sector Pay Reform Policy. A 3-day stakeholder consultative meeting, which was held in May 2009, has agreed on 1st January 2010 as the effective implementation date of the Single Spine Pay Policy. It is expected that by end-June 2009 the technical work on the Policy would have been completed and submitted to Cabinet.
<i>Improve HRM in the Public Service.</i>	24. New Policy and Guidelines on Performance Management System for Civil Servants submitted to Cabinet.	Forwarding letter to Cabinet on the new Policy Guidelines.	Cabinet Memorandum on the New Performance Policy has not yet been submitted.
D. Governance- Public Financial Management			
<i>D1. Improve public expenditure management.</i>	25. Improve budget implementation by setting benchmarks and strengthening MDA capacity by: (a) setting up by the end of 2008 a budget monitoring system with the view of reducing the time lag between MDAs' requests and releases to them in 2009;	(a) Report on the Systemic analysis of the budget execution process from initial request for funds to receipt of funds; including flow charts on the processes; Indicating baselines and benchmarks. The reports to indicate the standards required and time lag for the processes. Services charters or manuals to define enforcement and monitoring mechanisms to be put in place.	Budget monitoring system has been established. Final Report has been prepared by the Consultant. Stakeholder meetings have been held and the Report reviewed. Final Report, as well as the Service Charter have been submitted.

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
	(b) Establishing baseline and target to reduce the discrepancies between expenditure request by MDAs and their updated procurement plans and cash forecasts piloting with 5 key MDAs namely MoH, MoESS, MLGRDE, MOFA and MLFM.	(b) Budget division quarterly reports on MDA MTEF budget releases, MDA cashplans and MDA request and the actual releases to MDA.	Quarterly budget release reports have been prepared. Monthly cash flow reports have also been prepared for the purpose of monitoring budget releases against MDA requests. Subsequently, 1st - 4th Quarter Reports have been submitted. Starting from 2009, cash flow forecasts were used to prepare actual cash flows through Bank of Ghana (BoG) to update the cash flow forecasts. This shows variances that also indicate the lag between projected flows of MDAs and date of actual payments by BoG.
	26. 75% of Subvented Agencies (114) have their payroll migrated to GoG mechanized payroll including key subvented agencies (Police, Defence, tertiary institutions)	IPPD 2 Report.	Migration was suspended due to problems with the payroll system. CAGD undertook an upgrade on the system, however the period of upgrade took longer than expected. System upgrade has been completed, and migration exercise will continue from the 2nd quarter of 2009. As at end 2008, a total of 63 organizations (representing approx 55%) have been migrated.
<i>D2. Strengthen budget execution and reporting</i>	27. Continue to ensure provisions of the Public Procurement Act are fully implemented and applied using PPA's PPME assessment covering 66% of entities and at least 66% of total procurement by value. Improvement in the following areas: Use of appropriate procurement methods 80% Publication of tender notices (NCB & ICBs) 80% Publication of award of contract. 80%	Reports generated by PPME Assessment Tool	At the time of the review, preparatory activities had begun with the selection of 760 procurement entities to be assessed. However there was a delay due to insufficient funding. The PPME assessment has since been undertaken and the Final Report submitted on 15th June 2009. Publication of award of contract - 83% Publication of tender notices - 85.94% Use of appropriate procurement methods - 88.9%
	28. Internal Audit Unit operational as shown by: 25% of expected internal audit report received on time with: 35% of agreed actions implemented	The annual report of the IAA as submitted to the President for presentation to Parliament.	Report submission is about 26.5%, exceeding the target of 25% with 17.2% of agreed actions implemented.
<i>D3. Strengthen Tax Administration</i>	29. Continue to widen the tax net by increasing: (a) The number of VAT retailers by 50% of 2007 figures. (2007 - 9,610)	IRS and VATS Flash Reports	(a) Registered an additional 13,465 resulting in an increase of 142% as at end December 2008. <u>Registered retailers:</u> - converted 9,765 - registered 13,465

Policy Objective	PRSC-7/MDBS 2008	Means of Verification for PRSC-7/MDBS 2008	Implementation Status
	(b) the number of self-employed by 2.5%; (2007: 52,575) (c) the number of companies by 4% over 2007 figures. (2007 -18,714)		(b) Self-employed fell below the target of 53,889 due to the removal of all dormant cases from the register. 52,978 self-employed as at December 2008. (c) Companies increased by 9.4% as at end December 2008. Companies - 20,225
E. Governance -Strengthening the Capacity to Monitor and Evaluate the Policy Agenda			
<i>E1. Strengthen M&E system.</i>	30. Widen the use of evidence based policy making across sectors and districts including: Sectoral APRs available from at least 6 sectors including water, health, education and agriculture; and gender disaggregation of indicators (to be agreed by MOWAC, NDPC and GSS).	Widening use of EBPM verified by: National M&E plan published, all sectors and districts have an M&E plan in place, sectoral APRs with disaggregated data available from at least 6 agreed sectors.	a) The Final M&E Plan for the GPRS II was published. b) Nearly all districts have M&E plan in place and about 90 districts, constituting about 65% of the current total number of districts prepared APRs in 2007. The 2008 APRs for the district started in January 2009 and 86 of them were submitted to NDPC by end of April, 2009. c) Preparation of sector M&E plans still faces some technical challenges. NDPC organized orientation workshop for the sectors to prepare their respective M&E plans in the first quarter 2008. The expectation was to get all sectors to complete the preparation of their respective M&E plans in 2008 and go on to use the M&E plans to prepare their 2008 APRs by end of March 2009. So far only MOFA has submitted their draft M&E plan to NDPC. Therefore the objective of getting the 4 key sectors (i.e. Health, Education, Water and Agriculture) to prepare their respective APRs as agreed in the PAF cannot be fully met in 2009.
	31. Strengthen National Statistical Database including: (a) National Strategy for Development of Statistics (NSDS) submitted to Cabinet and GSS Corporate Plan approved by GSS board. (b) Conduct DHS survey, including gender disaggregation of indicators (to be agreed by MOWAC, NDPC and GSS) on a timely and regular basis.	Strengthen National Statistical Database verified by: (a) Forwarding letter to Cabinet from GSS. Approved GSS Corporate Plan. (b) DHS 2008 fieldwork completed.	Both the NSDS and the GSS Corporate Plan have gone through stakeholder consultations and have been approved by the GSS board of directors. Cabinet approval has also been obtained and the GSS launched them in November 2008. DHS field work has been completed.

APPENDIX IV: STATUS REPORT ON THE IMPLEMENTATION OF THE POA OF THE AFRICAN PEER REVIEW MECHANISM (APRM)

As an instrument for promoting the principles of good governance, the African Peer Review Mechanism (APRM) has since its establishment provided the platform for various actors and democracy enhancing institutions to engage with each other. During the year under review, National Governing Council of the National African Peer Review Mechanism in Ghana has devoted a considerable part of its work to creating platforms for non-partisan discourse among Ghanaian citizens through a number of country-wide dissemination and validation workshops.

To provide the institutional context for civil society dialogue with the public sector, the Governing Council promoted the formation of District APRM Oversight Committees across the country, consisting mainly of voluntary associations of civil society and public sector actors. These Committees are essentially, the agencies for education, sensitization and the monitoring of the implementation of the Programme of Action at the local level.

PROGRESS OF POA IMPLEMENTATION

In its fourth year of implementation the APRM has made significant contributions to the entrenchment of Democracy and Good Political Governance, Economic Governance and Management and Corporate Governance.

Theme 1: Democracy and Good Political Governance

This section reports on Government commitment to the objectives and principles of protecting and promoting democracy, good political governance, human rights and the rule of law.

Ratification of Conventions

The situation on the ratification of protocols remains the same as in 2007. Four out of Seven Conventions were ratified in 2007. The other three remained unratified as at the end of 2008. Those ratified are:

- Amendments to the Constitutive Act of the AU, 2003
- AU Non-Aggression and Common Defense Pact, 2005
- Protocol on the Rights of Women, 2003 and
- AU Convention on Preventing and Combating Corruption, 2003.

The three that remain on the Agenda for ratification in 2008 are;

1. Protocol on the African Court of Human and People's Rights, 1998
2. Protocol on the African Court of Justice, 2003
3. Protocol to the OAU Convention on the Prevention and Combating Terrorism, 2004

Chieftaincy

Even though there is concern about the adverse effect of the numerous chieftaincy conflicts on development efforts, the participation of chiefs in Alternative Dispute Resolution and in Peace Councils have been lauded as positive.

Decentralization

The main milestone with regard to Decentralization in 2008 related to fiscal decentralization. The Ministry of Local Government and Rural Development in collaboration with the Ministry of Finance prepared an Inter-Governmental Fiscal Framework which seeks to address the issue of revenue and expenditure assignment between the national and the sub-regional levels. The Framework and its Implementation Plan was submitted to cabinet for approval.

Access to Justice

The Judicial Service made efforts to mainstream alternative Dispute Resolution procedures in order to enhance access to justice. In this regard, it conducted nationwide training of Mediators and established mediation desks in some district courts. An ADR Secretariat has been established within the Judicial Service. Commercial Courts continue to use ADR as a compulsory initial step in the resolution of commercial disputes.

The Judicial Service established a Judicial Complaints Unit headed by a Supreme Court Judge to address public complaints. The Service also promoted the sitting of the courts on Saturdays to enable it attend to all outstanding cases in the law courts.

Resourcing Governance Institutions

Except for the National Media Commission, all governance institutions reported increases in budgetary allocations.

Protecting the Rights of Women

The Ministry of Women and Children's Affairs and the Attorney General's Office initiated work on a Property Rights of Spouses Bill as a sequel to the Domestic Violence Act passed in 2007.

Women in Administration and Politics

Government affirmed its commitment to promote increased representation of women in public life. Most of the women appointed to high positions in 2007 were supported to keep their offices. Several women were encouraged to contest for the 2008 elections. Even though the outcome of the election revealed a drop in the number of women in parliament (from 25 to 20), more women signed up as candidates than in previous elections.

Theme 2: Economic Governance and Management

The Macroeconomic Framework

The economy continued to show signs of improvement over the period. Real GDP growth increased significantly from 5.7% in 2007 to 7.2% in 2008. The increase was achieved despite the hikes in crude oil and food prices and the continuing effects of the energy crises experienced in the previous year.

Positive growth rates were recorded in almost all sectors in 2008, contrary to what pertained in 2007 where the economy recorded substantial declines in the manufacturing (-2.3%) and electricity and water production (-15%) sectors. Growth in the agricultural sector peaked at 5.1%, and was largely driven by 5.82% growth in crops and livestock sub-sector, while the industrial sector also continued its upward trend to reach 8.1%, compared with 7.4% in 2007. Despite the improvements the industrial sector remains the smallest after the agricultural and services sectors, with a relative share of the GDP of about 25.9%. The services sector

experienced the highest growth rate of 9.25%, even though that represented a little reduction from the 10.05% growth rate achieved in 2007. The wholesale and retail trade, hotels and restaurants sub-sector recorded the highest growth of 10.16%, followed by government services sub-sector (9.7%).

Fiscal policies in 2007 and 2008 focused mainly on maintaining and improving the debt situation in spite of the oil price hikes and the energy crises. It also concentrated on mobilizing domestic and foreign resources to implement the activities in the GPRS II.

Improving debt management

Government maintained its objective of reducing the levels of public debt. The public debt had increased from about US\$5,310.55million in 2006 to US\$7,405.5million in 2007 and further to US\$8,073.3million in 2008. The debt-GDP ratio however increased from 41.9% in 2006 to about 50.3% by end 2007 and to 51.9% in 2008.

To enhance public debt management, the Ministry of Finance and Economic Planning pursued the following policy objectives:

- Maintained a healthy mix of both concessional (minimum grant element of 35%) and non-concessional loan financing.
- Mobilized more programme type aid and sought more grants to finance poverty and growth enhancing activities.
- Maintained up to date information on contingent liabilities.
- Published the updated compendium of donor policies to serve as a reference point of information regarding policies of development partners.
- Facilitate the amendment of the loans Act of 1970 by Parliament to make it more relevant to current circumstances.

Improving public transactions

The Bank of Ghana in collaboration with the Association of Bankers introduced the National Switch (E-Zwich) and the biometric Smartcard (E-Zwich smartcard as part of the Ghana Interbank Payment and Settlement System (GIPSS) project. The bank also created a common platform for ATMs, credit cards, money transfers, as well as accelerated transaction settlement with automated cheque clearing.

Improving Public Procurement

To improve public procurement, the Public Procurement Board undertook retooling of the Public Procurement Model of Excellence software to take account of concerns raised during the External Review of Public Financial Management exercise. The Board also undertook preparatory work for the assessment of 500 Procurement Entities and organized training programmes for these Entities in the posting of Tender and Contract award notices on the Public Procurement website. Further, the Board consulted with the Association of Ghana Industries on the Domestic Content Bill.

The Public Accounts Committee of Parliament continued its policy of public hearing of the Auditor General's report as a way of increasing transparency in the public procurement process.

Improving Tax Administration

Various measures were implemented to improve on the non-tax revenue. The Tax Policy Unit of the Ministry of Finance and Economic Planning undertook a review of the existing exemption regimes under the various enactments with the view of scaling down the exemption drain on national revenue, improving coverage and compliance.

Various policies were initiated by the Revenue Agencies Governing Board to enhance revenue generation. Among these were the development of a strategic plan for the RAGB, training in computer skills for staff of IRS, CEPs and VAT, education for the general public on the rights and responsibilities of taxpayers, computerization and the establishment of electronic transactions price database for the IRS and CEPs operations, administration of the rent tax and tax stamps in all districts, and the connection of more organizations to the GCNet among others. To improve revenue collection and ensure efficiency, the import duty and VAT on all mobile phones imported into the country were abolished. However, a specific excise duty per minute of air time use was introduced as a more effective means of taxing mobile phone usage. Also a bill to effect the shift from ad valorem excise duty rates to specific excise duty rate was passed.

Collaboration for Macro-economic Progress

The process of collaboration between the Ministry of Finance and Economic Planning (MOFEP) and the National Development Planning Commission (NDPC) in the formulation of the national budget continued to be strengthened. The two institutions now meet regularly to align the annual budgetary allocations with the Growth and Poverty Reduction Strategy. This process is making public expenditure management more efficient.

Theme 3: Corporate Governance

Developing Single Corporate Governance Guidelines

The need to harmonize and develop unified corporate governance guidelines was recognized and the Security and Exchange Commission is working towards this objective. The following existing mandatory and voluntary codes need to be harmonized:

- Companies Code, 1963 (Act 179)
- Corporate Governance Manual of the Securities and Exchange Commission
- Institute of Directors Code of Ethics for Directors
- Ghana Business Code
- Corporate Governance Guidelines of parent companies of local branches of Multinational companies.

Business Registration

The Registrar General's Department opened its new offices in March 2008. The office is equipped with onsite bank facilities to enable customers complete the registration process in a relatively shorter time. The new office and the facilities are also intended to halt leakages that were previously associated with payments to staff of the Department.

The business registration software used by the RGD is now available at the front office allowing the office to automatically create a database on all categories of business registrations.

The Department also started the process to decentralize its operations by opening offices in Kumasi, Takoradi and Tamale. In addition the RGB began using the services of post offices nationwide to deliver business registration services. Registrations forms can be purchased, filled and submitted to the post offices to be forwarded to the RGB for further processing.

Commercial Dispute Resolution

The Commercial court established in 2005 has helped to reduce the time for dispute resolution considerably. The evidence suggests that cases that prior to the establishment of the court took between 10-15 years now take only 3 months. The Judicial Service constructed and commissioned a Court of Appeal in Kumasi in 2008

bringing the number to two. The Service intends to use one of the Courts as a commercial court. It also continued to promote Alternative Dispute Resolution procedures to mediate in minor cases of dispute.

Improvements in Infrastructure

Road congestion and traffic jams, indiscipline among commercial drivers, poor rail networks, absence of river transport and other forms of transport services constrain the efficient operation of corporate institutions. Government in response undertook a number of projects and programmes to minimize the challenges of poor infrastructure. Among these are:

- The construction of by-passes along major routes in Regional capitals
- Provision of street lights and traffic wardens along major streets
- Education of pedestrians on road crossing
- Regular maintenance and upgrading of the road network
- Rehabilitation of the Accra Tema Nsawam Network for Passenger and Freight usage
- Replacing overaged ferries
- Upgrading Airstrips and Airports
- Establishing a Transit and Cargo Tracking System.

Other improvements were registered in the energy and water sectors.

Theme 4: Socio-Economic Development

Improvements in Health Indicators

The HIV/AIDs prevalence rate decreased from 2.2% in 2007 to 1.9% in 2008. With assistance from the British government, the government of Ghana introduced a free maternal care policy in 2008 that has contributed to a reduction in the rates of infant and maternal mortality. Programmes to combat malaria and other communicable diseases were also undertaken.

Education

The Government continued the implementation of the education reform programme. This has helped to increase enrolment at all levels of education and is contributing to improving quality. Improvements have occurred especially in access of girls to education.

Unemployment

Government continued the implementation of a number of employment generating initiatives. Among these are the following;

- The National Youth Employment Programme
- National Forest Plantation Programme
- Mass Cocoa Spraying Programme
- National Service Scheme and Volunteer Programme
- Community-based initiatives by NGOs

Challenges

The challenges that still undermine the realization of the principles of good governance are listed below:

- 1) About a third of the total prison population of 14,000 constitutes remand prisoners, the majority of whom have been on remand over a period ranging from 5 to 15 years

- 2) The election of Metropolitan, Municipal and District Chief Executives is yet to be effected
- 3) There are no strict guidelines relating to the utilization and accounting for the Internally Generated Funds of the MMDAs
- 4) Though budgetary allocations to governance institutions have improved actual disbursements have continuously fallen below the allocated levels.
- 5) While institutional space has increased for civil society to engage in public discourse, there is no structured or formalized arrangement that seeks to foster partnership and participation of civil society in national dialogue and decision-making
- 6) The attainment of single digit inflation and stability of the cedi remains a major challenge given the internal and external shocks
- 7) Inflation rose from 12.8% as at end of 2007 to 18.1% as at the end of 2008
- 8) Limited funds have stalled the completion of affordable housing projects for public servants

APPENDIX V: GHANA'S PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS

Ghana is making progress in many areas towards the attainment of the Millennium Development Goals (MDGs) even though some outstanding issues remain for which critical attention is required. The country is on track to meet the income poverty, hunger, primary completion, gender parity at school, access to water and debt sustainability goals (MDG1a, MDG1b, MDG2, MDG3, MDG7a and MDG 8 respectively) by 2015.¹¹ Available data on child (MDG4) and maternal mortality (MDG5) indicates the country is back on track in achieving these goals after being off-track for the past three years. Protecting the gains made in these areas so far must be a key priority of government for the next years. Although reliable data is not currently available to adequately assess the MDG on sanitation (MDG7b), it is believed to be still off-track and require more efforts.

Goals	Will goal be reached?				State of supportive environment			
Extreme poverty and hunger Halve the proportion of people below the national poverty line by 2015	Probably	Potentially	Achieved	Lack of data	Strong	Fair	<i>Weak but improving</i>	Weak
Halve the proportion of people who suffer from hunger	Probably	Potentially	Achieved	Lack of data	Strong	Fair	<i>Weak but improving</i>	Weak
Universal primary education Achieve universal access to primary education by 2015	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	<i>Weak but improving</i>	Weak
Gender equality Eliminate gender disparity in primary and junior secondary education by 2005	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	<i>Weak but improving</i>	Weak
Achieve equal access for boys and girls to senior secondary by 2005	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	<i>Weak but improving</i>	Weak
Under-five mortality Reduce under-five mortality by two-thirds by 2015	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	<i>Weak but improving</i>	Weak
Maternal mortality Reduce maternal mortality ratio by three-quarters by 2015	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	<i>Weak but improving</i>	Weak
HIV/AIDS & Malaria Halt and reverse the spread of HIV/AIDS by 2015	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	<i>Weak but improving</i>	Weak
Halt and reverse the incidence of malaria	Probably		Unlikely	Lack	Strong	Fair	<i>Weak but</i>	Weak

¹¹ When at least two observations are available after 1990, with a sufficient number of years separating them, the World Bank determines whether a country is on or off track to meet a given MDG by 2015. To do so, it compares the progress recorded so far with that needed to reach the MDG, under the assumption that progress becomes increasingly difficult the closer countries get to the goal. Technically, this is equivalent to comparing the annual growth rate between 1990 and today with the constant growth rate required to reach the MDG in 2015 from the situation in 1990.

	Potentially	of	data	improving
Ensure environmental sustainability Integrate the principles of sustainable development into the country policies and programmes and reverse the loss of environmental resources. Half the proportion of people without access to safe drinking water by 2015	Probably	Potentially	Unlikely	Lack of data
	Probably	Potentially	Unlikely	Lack of data
Global partnership for development Deal comprehensively with debt and make debt sustainable in the long term	Probably	Potentially	Unlikely	Lack of data

QUANTIFIABLE PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS

Goals/Targets	Indicator	MDG target							
		Baseline	2003	2004	2005	2006	2007	2008	2015
Goal 1. Eradicate extreme poverty and hunger									
a. Halve the proportion of people below the poverty line by 2015	-Proportion below extreme poverty (national basic food needs) line (%)	36.5 (1991/92)	26.8 (1998/99)	Na	Na	18.2	Na	Na	18.5
	-Proportion in overall poverty (national basic food and non-food needs) line (%)	51.7 (1991/92)	39.5 (1998/99)	Na	Na	28.5	Na	Na	25.9
b. Halve the proportion of people who suffer from hunger	-Under five children who are malnourished (Underweight)	30% (1988)	22.0%	Na	Na	18.0%	Na	13.9%	15%
Goal 2: Achieve Universal primary education									
Achieve universal access to primary education by 2015	Net Primary Enrolment ratio (%)	45.2% (1991/92)	-	55.6%	59.1%	69.2%	81.1%	83.7%	100%
Goal 3: Promote Gender equality and Empower Women									
a. Eliminate gender disparity in primary and junior secondary education by 2009	Ratio of females to males in primary schools (%)	0.92 (2001/02)	0.77	0.93	0.95	0.95	0.96	0.96	1.0
	Ratio of females to males in senior secondary school	0.62 (1990)	0.88	0.88	0.88	0.93	0.91	0.92	1.0
b. Achieve equal access for boys and girls to senior secondary by 2009	Percentage of female enrolment in SSS (%)	Na	Na	Na	43.5%	49.5%	Na	Na	1.0
Goal 4: Under-five Mortality									
Reduce under-five mortality by two-thirds by 2015	Under-five mortality Rate (per 1000 live births)	119 (1993)	111	Na	Na	111	Na	80	53
Goal 5: Maternal Mortality									
Reduce maternal mortality ratio by three-quarters by									

Goals/Targets	Indicator	MDG target							
		Baseline	2003	2004	2005	2006	2007	2008	2015
2015	- Maternal mortality ratio (Institutional) (per 100,000 live births)	216 (1990)	205	187	Na	197	224	201	54
	- Maternal mortality ratio (survey) (per 100,000 live births)	740 (1990)	Na	Na	503 (MOH)	Na	Na	580 (DHS)	185
Goal 6. Combat HIV/AIDS & Malaria									
a. Halt and reverse the spread of HIV/AIDS by 2015	HIV prevalence Rate among pregnant women	1.5% (1999)	3.6%	3.1%	2.7%	3.2%	2.6%	1.9%	<1.5%
b. Halt and reverse the incidence of malaria	Under Five Malaria case fatality (Institutional)	3.7% (2002)	Na	3.6	2.7	2.8	2.1	1.9%	-
Goal 7: Ensure Environmental Sustainability									
a. Integrate the principles of sustainable development into the country policies and programmes and reverse the loss of environmental resources.	a. Proportion of land area covered by forest (ha/annum)	7,448,000 (1990)	Na	Na	5,517,000	Na	Na	Na	>7,448,000
b. Half the proportion of people without access to safe drinking water by 2015	b. Annual rate of deforestation	135,400 (1.82%) (1990)	50,000 Na	50,000 Na	115,400 (1.89%)	Na	Na	Na	<1.82%
	Proportion of population with access to safe drinking water -Urban -Rural	...%	Na 46.4%	Na 51.7%	55.0% 52.0%	56.0% 53.18%	58.0% 54.9%	55.0% 57.1%	
Goal 8: Global partnership for development									
Deal comprehensively with debt and make debt sustainable in the long term	-Public Debt as % of GDP:								
	• Total	-	-	-	77.1	41.9	50.3	51.9	<50%
	• Domestic debt	-	-	-	17.9	24.8	26.4	27.1	
	• Foreign debt	-	-	-	59.2	17.1	23.9	24.8	
	- External Debt service as a percentage of exports of goods & services	7.8% (1990)	5.2%	5.6%	5.8%	3.2%	-	4.2%	Na

KEY POLICY MEASURES/STRATEGIES BEING IMPLEMENTED UNDER THE GPRS II TO SUPPORT THE ACHIEVEMENT OF MDGs

Ghana started monitoring the Millennium Development Goals (MDGs) in 2002 and has since taken measures to address the challenges confronting the achievement of these goals. Policies to be implemented in order to attain the Millennium Development Goals (MDGs) have been mainstreamed into the National Development Policy Framework the Growth and Poverty Reduction Strategy (GPRS II). The status of key policy measures and strategies relating to these goals are accordingly discussed and reported upon as an integral part of the text and tables of annexes to the APR 2008:

Goal 1: Eradicate Extreme Poverty and Hunger

Results from the fifth round of the Ghana Living Standard Survey (GLSS 5) suggest that national poverty incidence has declined from 39.5% in 1998/99 to 28.5% in 2005/2006, while the level of extreme poverty declined from 36.5% to 18.2 over the same period. In absolute terms, the total number of poor decreased from 7.2 million in 1999 to 6.2 million in 2006, making Ghana the first country south of the Sahara to achieving the MDG of reducing poverty by half. Even though new data is not available to determine the trend for 2008, Ghana is expected to sustain the gains since analysis suggest that real GDP growth rates equivalent to or higher than 5% is sufficient to maintain the trajectory. Ghana recorded an unprecedented GDP growth rate of 7.3% with agriculture, where the bulk of the poor are, recording 5.1% in growth in 2008 compared to 2.5% recorded in 2007.

With the global high prices of food, the domestic price of food rose substantially against that of non food items between November 2007 and July 2008. As a result, the urban poor and near poor suffered in 2008, as they consume more imported goods than rural households and did not benefit from additional income from increased agricultural prices. However the purchasing power of the poor was partly protected by tax exemptions on fuel and food instituted in 2008 and still operational, and by a scaling up of safety nets (including additional health and educational benefits, direct cash transfers to the extreme poor, and subsidies for fertilizers in food insecure regions).

The bulk of poverty is concentrated in the three northern regions which now comprise about 80 percent of the poor. Efforts to address the special needs of these lagging regions had been initiated in the recent past, and there are ongoing efforts to accelerate them in the context of an ambitious Savanna Accelerated Development Plan, a national initiative which is supported by several DPs including the Bank.

Some of the major interventions implemented in 2008 to support the objective of achieving the MDG 1 include the following:

- prioritizing implementation of a community-based health and nutrition services package for children under the age of two and for pregnant and lactating women;
- introduction of supplementary feeding programmes to ensure that adequate nutrition and growth rates do not suffer as a consequence of the food and oil price shocks experienced last year.
- introduction of subsidy on fertilizers for small-holder farmers to agriculture production;
- introduction of lifeline payments to support consumption of electricity by poor households and about Gh¢13.40 million (US\$11.17 million) for safety net payments in various strategic areas such as Self Help Electrification Programme;
- introduction of tax exemptions on imported key staples including rice, maize, oil, etc;
- expansion of the direct cash transfers under the Livelihood Empowerment Against Poverty (LEAP) programme to cover more poor households;
- strengthening the Capitation Grant programme
- expansion of the school Feeding Programme

- establishment of the Northern Development Fund to bring more targeted development to the northern region, and bring the poverty gap between the north and the south.

The improved macroeconomic management that created the necessary fiscal space for public investment in agriculture, education, health and infrastructural development was challenged by the instability in global economic environment in 2008. This notwithstanding, government continued to maintain its pro-poor policy orientation as reflected in high levels of poverty reduction expenditures for the year 2008. Poverty reduction expenditures of government increased from Gh¢ 1,050.77 million in 2007 to Gh¢1,584.28 million in 2008, constituting 22.3% of total government spending.

Goal 2: Universal Primary Education

Key policy measures and strategies implemented in 2008 to increase enrolment rate in basic schools include the construction/rehabilitation of classrooms; strengthening the Capitation Grant programme; and expanding coverage of the School Feeding Programme.

Ensuring availability of adequate number of classrooms in good condition is important for achieving the goal of universal basic education. According to the Ministry of Education, an estimated 28% of both public primary and JHS classrooms needed major repairs in 2007/2008. The following infrastructure projects were carried out in basic schools during the year under review:

Classrooms -	5,854
Toilet/Washing Facility -	793
Teacher Accommodation -	807
Dual Desks -	180,236

- The implementation of the capitation grant has led to considerable growth in enrolment in public basic schools nationwide. The increase in enrolment however has in turn increased the pupil: teacher ratio, particularly in deprived schools.
- During the 2007/2008 accademic year a total of 476,083 pupils in 975 schools across the country benefitted from the School Feeding Programme, representing 6.3% increase over the 2006/2007 academic year level of 447, 714 pupils. Under the programme food items (such as corn soy blend, palm oil and salt) were also supplied to support 30,000 students in 80 primary schools in 34 districts in the 3 Northern Regions. This was complemented by the GES/WFP Project in the 3 northern regions, where take home rations (maize, palm oil, and salt) were distributed to 41,324 school children (49% are girls from P1 – P6) in 80 schools.

Goal 3: Gender Equality

Activities undertaken by government in 2007/08 to enhance the achievement of gender parity included:

- community mobilization and sensitization to create awareness of the importance of girls' education;
- developing and disseminating communication material to educate people about the importance of girls' education,
- organizing radio/television programmes;
- vacation camp for girls from rural/deprived communities;
- girls Education Week celebration at district and national levels;
- take home food ration for some girls in the 3 northern regions;

- provision of scholarships in the form of educational materials;
- provision of bicycles for girls commuting long distances;
- introduction of complementary education in districts with low enrolment; and,
- formation of girls' clubs.

Goal 4: Under-five Mortality

In a renewed effort to improve the efficiency in service delivery in 2008 as well as reduce the prevailing high level of maternal mortality in the country, the following initiatives were implemented.

- enhanced service delivery effort was directed to include the recruitment and retention of staff in hard to reach districts;
- provision of staff accommodation in deprived districts;
- improving productivity of the health workforce;
- the establishment of five new health assistants training institutions at Tapa, Asangragua, Nalerugu, and Dunkwa-on-Offin
- the accreditation of two Midwifery training schools started at Tarkwa and Tamale.
- a supervised delivery designate that a skilled health professional is present at birth;
- continued expansion of the NHIS;
- emergency obstetric care available in case of emergency;
- improving access to antenatal care(ANC) service to ensure favorable birth outcomes for mother and child and reduce child and maternal mortality. ANC coverage has increased from 89.5% to almost 90% in 2008.

Goal 5: Maternal Health

To reduce the current high maternal mortality in the country, the following initiatives were implemented:

- declaration of maternal mortality as a national emergency, with the subsequent introduction of a programme of free health care for pregnant women, including deliveries in July, 2008;
- introduction of a combination of interventions at the district level to increase supervised delivery, including targeting pregnant women for NHIS registration, raising community awareness through CHPS zones, Community Health Officers outreach education and mobilization of community leaders among others;
- improving access to reproductive health services through development, at least, one fully functional and well equipped hospital in each district to handle maternal health complications;
- expansion of community-based health service delivery;
- continuous training and upgrading of skills of people engaged in traditional maternal health service delivery;
- continued advocacy for district assemblies and District Health Management Teams (DHMTs) to dedicate a percentage of their resources for MNC;
- initiating the process of making maternal death a notifiable event backed by legislation; and
- improving access to antenatal care (ANC) services to ensure favourable birth outcomes for mother and child and reduce child and maternal mortality.

Goal 6: HIV/AIDS and Malaria

Interventions in the following areas were scaled-up and strengthened in 2008 to increase access to HIV/AIDS services:

- the number of persons with advanced HIV infection receiving ARV combination therapy increased from 13,429 in 2007 to 18,032 in 2008;
- training of 75 health care workers from district level facilities in the management of HIV and AIDS;
- monitoring, supervision and supporting sites providing ART services and also assessing potential sites for ART accreditation;
- providing nutritional support for PLHIVs;
- strengthening referrals and collaboration between facilities and communities to increase ART uptake and adherence;
- the number of service delivery points providing ARV combination therapy increased from 48 in 2007 to 110 in 2008;

The following are some of the interventions implemented by the National Malaria Control Programme of the Ghana Health Service to manage the disease:

- improving malaria case management in all health facilities
- promoting home-based care with emphasis on symptoms detection and early treatment
- promoting the utilization of Insecticide Treated Nets (ITN)/Materials, particularly among pregnant women and children under five years
- scaling up the implementation of the Intermittent Preventive Treatment (IPT) nationwide (IPT provides chemoprophylaxis for women during pregnancy)
- intensifying public education to promote malaria intervention using the mass media

Goal 7: Environmental Sustainability

In the urban water sub-sector, the Ghana Water Company Limited (GWCL) completed the following water expansion projects during the year:

- the East-West Water Transfer Interconnection was completed to improve water supply to the eastern parts of Accra in areas like Achimota, Taifa, Dome, Tantra Hill, Ofankor, and Amasaman;
- the Kwanyaku Water Supply Expansion Project (Phase 1) was completed and output of water increased from 3 million gallons to six million per day;
- the Bafikrom Water Supply Expansion Project was completed and commissioned;
- the Tamale Water Supply Expansion Project was completed to serve 250,000 extra people in the project area; and
- the Cape Coast Water Supply Expansion Project was completed and commissioned to supply water to all towns en route to Cape Coast through Elmina and Komenda.

In addition, on-going urban water projects in 2008 included:-Kumasi Water Supply, Sunyani Water Supply Expansion, Koforidua Water Supply, Kasoa Water Supply, Konnongo Water Supply Rehabilitation and Expansion, Mampong Ridge Water Supply, Damango Water Supply, and Assin Fosu Water Supply Projects.

Goal 8: Global Partnership for Development

The main strategy for domestic debt management in 2008 was to deepen the money market, maintain the domestic debt stock at sustainable levels, and to improve on the performance in 2007. Subsequently the government continued to deepen efforts to reduce its debt burden through:

- the reduction of domestic debt servicing costs;
- extending the maturity profile of the domestic debt stock;

- shift from the heavy reliance on short term domestic financing to longer term maturity bonds open to non-resident investors. This was to help diversify the investor base in government securities and to avoid bunching up of maturing debt in the short term;
- maintaining the acquisition of loans at concessionary rate with a minimum grant element of 35%;
- seeking more programme aid to support the implementation of the budget;
- implementing measures to minimise the cost of external borrowing, including the margin of risk on variable rate lending and the insurance premium on export credit facilities;
- improving the price mechanism for the issuance of debt in order to lower borrowing costs;
- promoting and facilitating the development of the domestic capital markets;
- pursuit of stable price and exchange rate policies;
- restructuring and strengthening the revenue collection institutions of the central government and the MMDAs; and
- improving the collection of Non-Tax Revenues (NTR).